FACT SHEET: The Impact of the American Rescue Plan after One Year

March 9, 2022

One year after President Biden signed the American Rescue Plan Act into law, our country is in the midst of one of the strongest periods of economic growth in a century. Enacted during a severe public health and economic crisis, the American Rescue Plan has made a difference in the lives of millions of Americans – expanding access to COVID-19 vaccines and testing, providing economic relief that has kept millions of children out of poverty, preventing evictions and foreclosures, and helping small businesses keep their doors open. The Department of the Treasury is proud to administer over $1 trillion in programs and tax credits under the American Rescue Plan, as well as other recovery programs authorized in prior legislation.

While much work remains to make sure this recovery reaches all Americans and rebuilds our economy stronger than before, the first year of the American Rescue Plan has been a remarkable success. The American Rescue Plan accelerated the economic recovery throughout 2021 and made it more resilient to challenges: one analysis found that the law resulted in 4 million more jobs and nearly doubled GDP growth – and that without it, the United States would have come close to a double-digit recession in spring 2021. Its results have also been historically equitable, with major progress against child poverty, food insecurity, and unemployment for low-income communities and communities of color.

One year after the passage of American Rescue Plan (ARP), new data show how ARP gave families, businesses, and governments the resources needed to weather the public health and economic crisis, accelerate the recovery, and build a stronger foundation for the future. Treasury has also released new highlights showing the myriad ways that State and Local Fiscal Recovery Funds (SLFRF) are making a difference in communities across the country.

- A majority of states and nearly 800 cities and counties are using SLFRF to respond to public health impacts of the pandemic.
  - These governments reported nearly 2,000 distinct projects to fight COVID-19 through vaccinations, testing, surge capacity at hospitals, protecting nursing homes and

congregate settings, purchasing PPE, and many other efforts.

- SLFRF is directly funding at least 76,000 state, local, and Tribal government staff on the frontlines of the response, from hospital workers to public health departments to law enforcement.

- ARP funds are helping families, workers, businesses, and state, local, and Tribal governments weather economic harms throughout the pandemic – and emerge stronger.
    - Over 740,000 essential workers – like teachers, nurses, police officers, and grocery workers – have received premium pay, or bonus pay on top of their regular wages, through SLFRF. Premium pay offers these workers extra compensation to recognize their risk and sacrifice during the pandemic.
    - Over 380 state, local, and Tribal governments are using SLFRF funds to address disparities in communities hardest hit by the pandemic – planning 1,460 distinct projects to invest in affordable housing, quality education, and public health to reduce the health, economic, and educational disparities that left them more vulnerable to COVID-19.
    - Last year, more than 36 million families with more than 61 million children were sent over $92 billion in relief through the Advance Child Tax Credit.
    - Treasury estimates that more than 16 million workers will benefit from ARP's expansions to the Earned Income Tax Credit, including more than 8 million workers who would not have received any credit in absence of the expansion.
    - Treasury has also disbursed more than 170 million Economic Impact Payments totaling over $400 billion under the ARP.
    - $20 billion has been administered by Treasury to Tribal Nations to jumpstart their recovery and invest in transformative initiatives for their economies.
- ARP programs have built a new, nationwide infrastructure for eviction prevention and housing stability.
    - Through Emergency Rental Assistance (ERA) programs and SLFRF, state, local, and Tribal governments made over 5 million payments in rent, mortgage, and utility assistance as of January 2022.
        - These governments have made approximately 4.3 million ERA payments to eligible households as of January 2022 and have served 770,000 households with rent, mortgage, or utility assistance through SLFRF.

    - Over 80 percent of payments made under ERA went to very low-income households. Approximately 40 percent of ERA beneficiaries self-identified as Black and approximately 20 percent as Hispanic.
    - Due to the Administration's efforts to prevent evictions, including the implementation of ERA programs, eviction filings have remained at roughly 60 percent of historical levels in the five full months since the eviction moratorium ended.
    - A new analysis by Princeton University's Eviction Lab finds that millions of renters avoided the threat of eviction last year due to the federal government's serious and unprecedented interventions, in significant part through the American Rescue Plan.
        - The analysis also finds that low-income and majority-Black neighborhoods that typically see a disproportionate share of eviction cases experienced the largest absolute reduction in filings.
- ARP investments are both helping small businesses survive the pandemic and fundamentally strengthening the environment for entrepreneurs, small businesses, and community development as the country recovers.
    - Over 270 state, local, and Tribal governments are using SLFRF to help small businesses in their communities weather the pandemic.
    - Recovery programs are expanding credit access in underserved communities – growing the economy and supporting entrepreneurship among Americans who have been locked out of opportunities in the past:
        - Treasury expects the State Small Business Credit Initiative will directly provide access to credit to approximately 100,000 small businesses.
        - Treasury has announced more than $8.7 billion in investments to dramatically scale up the work of 186 community financial institutions through the Emergency Capital Investment Program.

RESPONDING TO THE PUBLIC HEALTH AND ECONOMIC IMPACTS OF COVID-19

The COVID-19 pandemic caused dual crises: a public health emergency and a sudden, severe economic recession. In early 2021, one year into the pandemic, both crises continued to rage, and the Biden-Harris Administration took decisive action to turn the tide through the ARP. The ARP provides historic support for state, local, and Tribal governments to fight the pandemic – and for families and small businesses across the country to help weather its economic disruptions. Looking back one year after the passage of ARP, its programs not only changed the trajectory of the recovery – but also seized this moment to make smart investments that strengthen long-term growth and opportunity as our country rebuilds.

State, local, and Tribal governments have put ARP funds to work to protect public health. In the first nine months alone of SLFRF, reporting from the largest recipients[1] shows that:

- A majority of states and nearly 800 cities and counties are using funds to respond to public health impacts of the pandemic.
- These governments reported nearly 2,000 distinct projects to fight COVID-19 through vaccinations, testing, supporting hospital capacity, protecting nursing homes and congregate settings, purchasing PPE, and many other efforts. For example:
    - San Diego County, California has allocated $85 million to provide accessible COVID-19 testing through investments in the public health laboratory and regional testing system, developing expanded and equitable capacity for testing, and conducting culturally tailored outreach.
    - The State of Colorado allocated $165 million for COVID-19 vaccination, testing, treatment, staffing, and outreach activities across the state.
    - Baltimore, Maryland will use $10 million to increase COVID-19 vaccination and testing efforts, including creating an Immunization Office and a mobile vaccination team to increase vaccination rates among demographic groups with disproportionally higher rates of COVID-19.
    - The Turtle Mountain Band of Chippewa Indians in North Dakota spent $5 million to increase vaccination rates in Tribal communities and protect against COVID-19.
- SLFRF is also directly funding at least 76,000 state, local, and Tribal government staff on the frontlines of the response, from hospital workers to public health departments to law enforcement.

The ARP gave families, businesses, and governments the resources needed to weather the economic crisis – and accelerate the recovery. As the recovery strengthened throughout 2021, millions more workers have found jobs and seen their wages rise.

- The families of roughly 61 million children were sent the Advance Child Tax Credit (CTC) in the second half of 2021 alone. The ARP expanded the CTC and, for the first time, administered part of the credit through monthly payments to families. These payments made an immediate impact in helping families afford the essentials to raise children:

  - During 2021, more than 36 million families containing more than 61 million children were sent a total of over $92 billion.
  - Prior to the ARP, many needy families did not receive the full value of the tax credit because they earned too little. Treasury estimates that the hard-pressed low-income families of over 26 million children that previously would have gotten a smaller CTC than families with higher earnings will now receive the full expanded CTC.
  - Prior to the ARP, researchers found that over half of Black and Hispanic children were in families ineligible for the full CTC because of too little earnings.
  - As a result, experts estimate that the expanded CTC and other critical policies of the ARP brought child poverty to new record lows.
- The ARP expanded the Earned Income Tax Credit for workers without dependent children. The ARP nearly tripled — to $1,500 — the maximum credit for this group and made, for the first time, young workers between the ages of 19 and 24 and workers 65 and older eligible for this credit.
  - This was the first expansion of this credit for this group of hardworking individuals in nearly three decades.
  - Treasury estimates that more than 16 million workers will benefit from these changes, including more than 8 million workers who would not have received any credit in absence of the expansion. Treasury estimates the average value of the expanded EITC for these 16 million workers to be more than $800 under the ARP, an increase of more than than $700 than under prior law.
- Treasury has also disbursed more than 170 million Economic Impact Payments totaling over $400 billion under the ARP.
- State, local, and Tribal governments are also using Fiscal Recovery Funds to meet the needs in their communities through unemployment aid, job training, food banks and food programs, childcare, education services, and support for rent, mortgages, and utilities.
  - Over 740,000 essential workers have received premium pay, or bonus pay on top of their regular wages, offering extra compensation to recognize the health risks taken on and sacrifices made by teachers, nurses, police officers, grocery workers, public health workers, and so many others.
  - State, local, and Tribal governments have helped over 116,000 households with internet access, a vital necessity throughout the pandemic.

  - And governments are planning 1,460 projects to invest in underserved communities hardest hit by the pandemic to reduce the health, economic, and educational disparities that left them more vulnerable to COVID-19.
- State, local, and Tribal governments faced major revenue losses due to the pandemic – as well as significant costs for necessary response measures.
  - SLFRF funds are filling these budget gaps, preventing devastating cuts to public services and averting a repeat of the harmful austerity in the wake of the Great Recession:
    - Sarasota County, Florida is using $12.5 million to replace lost revenue and pay for fire department and emergency medical services staff.
    - Omaha, Nebraska is supporting police and fire department payroll costs to keep public safety staff employed and maintain service levels for residents.
    - Dekalb, Illinois was able to hire for staff positions that had been frozen due to budget constraints, including police officers, firefighters, and street and water maintenance staff.
    - Dallas, Texas is investing over $25 million in repairs and improvements to streets, bridges, alleys, and streetlights.
    - Kenai Peninsula Borough, Alaska is supporting the local school district and critical infrastructure projects for local schools and bridges.
    - The Omaha Tribe of Nebraska purchased a small grocery store to provide a market for small farmers, generate employment, and further food security in its rural food desert.

Treasury urges state, local, and Tribal governments to use ARP funds to confront the most pressing challenges that our economy and communities face:

- continuing to fight the virus,
- bringing more workers into the labor market,
- supporting the public employees who teach our kids and keep our communities safe, and
- making investments to build a more equitable economy through affordable housing, childcare, job training, and other drivers of economic mobility.

HOUSING STABILITY

The COVID-19 pandemic exacerbated the pre-existing housing crisis, putting millions of renters and homeowners at risk of losing their homes. The Biden-Harris Administration approached this crisis with the goal of not only preventing evictions during the public health emergency and through the economic recovery, but also with an eye towards building a nationwide eviction prevention infrastructure. One year after the passage of the ARP and months after the end of the Centers for Disease Control and Prevention's (CDC's) eviction moratorium, eviction filings remain at roughly 60 percent of pre-pandemic averages, and rental assistance and other eviction prevention measures enabled by the ARP continue to provide a lifeline to renters in need. The Administration has also provided unprecedented support to prevent foreclosures and help homeowners stay in their homes.

The Emergency Rental Assistance (ERA) programs have played a key role, as part of broader administration efforts, in preventing what many predicted would be an eviction tsunami after the expiration of the CDC's eviction moratorium.

- State, local, and Tribal governments have made approximately 4.3 million ERA payments to eligible households as of January 2022. Over 80 percent of these payments went to very low-income households. Approximately 40 percent of ERA beneficiaries self-identified as Black and approximately 20 percent as Hispanic.
- Due to the Administration's efforts to prevent evictions, including the implementation of ERA programs, eviction filings have remained at roughly 60 percent of historical levels in the five full months since the eviction moratorium ended.
- In addition, many grantees have invested ERA funds into other eviction prevention services, including the use of housing counselors and eviction diversion programs, further contributing to a lasting, nationwide infrastructure of eviction prevention. For example:
  - The City of Memphis and Shelby County's joint program includes a data sharing relationship with the local court system. This partnership affords ERA program administrators real-time information about neighborhoods with increased eviction activity, allowing more targeted outreach towards tenants and landlords. Using this data, the ERA program administrators have been able to foster effective relationships with larger apartment complexes and engage directly with tenants on the premises.

    Memphis and Shelby County have also contracted with a local nonprofit organization with experience providing legal services to tenants facing evictions, helping them to reach settlement and avoid evictions. Further efforts to expand tenants' access to legal services have included enlisting faculty and student volunteers from the local law school. The Memphis and Shelby County program expedites ERA applications that come through these channels, allowing many households to use ERA funds to remain stably housed rather than enduring the hardship of a court-approved eviction.

- The City of Philadelphia integrated their ERA program directly into the city's eviction court system. The court required defendants to apply for the city's ERA program before allowing the eviction to proceed. Further, all landlords who enrolled in the city's ERA program were automatically enrolled in the eviction diversion system, alerting them to the resources offered by the city to help avoid tenant evictions, such as nonprofit mediation services.
- Louisville, Kentucky has used a multi-pronged approach to eviction diversion that includes legal representation for tenants, community-based outreach, and collaboration with local courts. The city has allocated $400,000 of their ERA funding to enact a right to counsel program for tenants with children who are facing eviction. The city and nonprofit partners have also worked to target and reach out to Louisville residents at risk of eviction, including knocking on doors, sending texts, and making phone calls to encourage these tenants not to miss their court dates. To aid tenants who "self-evict", by moving when they receive an eviction notice, the city put in place a rapid-rehousing program that provides a rental deposit and the first month's rent to help people relocate.

Through the Homeowner Assistance Fund, Treasury has disbursed over $9 billion to keep families in their homes. Treasury has worked with states, territories, and Tribal governments to set up comprehensive foreclosure prevention programs using these funds while addressing immediate priorities, including increased utility costs, robust provision of housing counseling resources, and targeting of support to low-income areas and areas that have faced discrimination in housing markets.

- In 2021, the Biden-Harris Administration implemented a series of measures that protected homeowners from foreclosure, including a foreclosure moratorium and increased options for mortgage payment forbearance. As a result of these protections, foreclosure filings in 2021 were at a historic low with 29 percent fewer filings than in 2020 and 95 percent below the 2010 peak experienced in the previous economic downturn during the Great Recession.
- After these protections have lapsed, HAF was strategically designed so that state homeowner assistance programs would become fully operational early in 2022 in order to

provide assistance to homeowners that require further assistance to avoid foreclosure.

Recognizing the scale of these challenges, 351 state, local, and Tribal governments plan to use $11.3 billion in SLFRF funds for emergency and longer-term housing support, addressing the full spectrum of housing security needs. Together, these governments are:

- Helping keep families in their homes, serving 770,000 households with rent, mortgage, or utility assistance and over 105,000 with eviction prevention services, supplementing and building on relief available through ERA and HAF.
- Addressing the crisis of homelessness by expanding rapid rehousing, supports like mental health care, and permanent supportive housing.
- Building more affordable housing to address the root cause of housing insecurity.

HELPING SMALL BUSINESSES WEATHER THE PANDEMIC AND EMERGE STRONGER

While many businesses have faced strain throughout the pandemic, small businesses and minority-owned businesses have been hit especially hard. Since the beginning of the pandemic, 400,000 small businesses have closed, and the number of self-employed business owners has fallen more sharply among minority groups. The ARP and other recovery programs took decisive action to stabilize small businesses, helping them keep their doors open and staff on payroll. But beyond the immediate crisis, these programs are making transformational investments in expanding access to credit and entrepreneurship support in underserved communities. These programs will expand opportunity, strengthen the economy in places underserved for far too long, and increase our resilience to the next crisis.

Over 270 state, local, and Tribal governments are using SLFRF to help small businesses in their communities weather the pandemic. For example:

- Concord, California provided commercial rent relief program to 95 small businesses with fewer than 25 employees that were financially harmed by the pandemic and had accumulated rental arrears.
- Illinois is using $300 million for small business economic relief, including through its Back to Business grant program that has already served more than 4,100 businesses, nearly 80 percent of which are in low-income areas and more than half of which are owned by people of color.
- Los Angeles has committed $25 million to the Restaurant and Small Business Recovery Program, which will provide $5,000 grants to 5,000 microenterprises and small businesses

for payroll, rent, and other business expenses. In 2021, the program assisted 1,630 small businesses, with priority for businesses in underserved areas.

- Buncombe County, North Carolina is helping food-based small businesses build capacity, including manufacturers, caterers, food truck operators, and farmers. The program will provide free technical assistance, training, and access to food business support facilities.
- The Tulalip Tribes in Washington established a $1 million Business Interruption Grant Program to support Tribal member businesses, such as commercial fishers and artisans, in their economic recovery.

Recovery programs for the hardest hit sectors have also helped keep hundreds of thousands of workers on the job. For example, Coronavirus Emergency Relief for Transportation Services (CERTS), authorized in December 2020, helped 1,462 transportation businesses, which faced devastating revenue losses during the pandemic, keep their doors open, their staff employed, and continue to meet the costs of running their business. In total, the program dispersed roughly $2 billion in grants, with 80 percent of funds expended in 2021 going to employee payroll. Together, the businesses employed over 200,000 workers when the pandemic struck, and 93 percent were small businesses.

The ARP also supported hundreds of thousands of jobs in hard hit sectors, specifically the airline industry. The Payroll Support Program, which was extended as part of the ARP, provided funds to support employee payrolls for certain air carriers and aviation contractors. The program has helped businesses retain hundreds of thousands of employees across the industry.

Treasury has announced more than $8.7 billion in investments to dramatically scale up the work of 186 community financial institutions through the Emergency Capital Investment Program. Increasing lending to small businesses, minority-owned businesses, and low- and moderate-income consumers in underserved communities will help create a virtuous cycle of growth and make a lasting change in local economies.

- Authorized in December 2020, the ECIP will provide $8.7 billion in capital directly to Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) headquartered in 36 states. Of these funds, $4 billion has been set aside for investments in smaller CDFIs and MDIs to help them continue to grow and provide equitable access to capital in their communities.
- ECIP investments are designed to support mission-motivated institutions to increase responsible investments in low- and moderate-income and minority communities that

have disproportionately suffered from the impacts of the pandemic. Treasury also expects that recipients will multiply the impact of ECIP by leveraging additional capital from private and philanthropic sources to further expand lending to their communities.

- These investments build on the $1.25 billion in COVID-19 relief funds Treasury awarded to 863 CDFIs in June 2021 through the CDFI Rapid Response Program, which provided necessary capital for CDFIs to respond to economic challenges created by the COVID-19 pandemic, particularly in underserved communities.

The State Small Business Credit Initiative (SSBCI) will complement these investments by helping states, the District of Columbia, territories, and Tribal governments develop sustainable, lasting programs that expand capital access in underserved communities.

- The $10 billion SSBCI gives states, the District of Columbia, territories, and Tribal governments the tools to support small business lending and startup equity investments, especially in parts of the country with marginalized communities working to develop an entrepreneurial finance ecosystem.
- These goals are represented in the applications that Treasury has received: Jurisdictions have proposed over 70 equity investment programs totaling over $2.9 billion and over 130 small business credit support programs totaling over $6.5 billion. Jurisdictions align programs with their own credit gaps and local economic development needs. Accordingly, programs range from loans to micro businesses and small manufacturers to investments in early-stage start-ups.
- Treasury expects that the SSBCI program will directly provide access to credit to approximately 100,000 small businesses.
- SSBCI also puts equity front and center, with $2.5 billion in allocations for businesses owned by socially and economically disadvantaged individuals and to reward jurisdictions that succeed in reaching these businesses, and with over $600 million for Tribal governments. The prior version of this program did not include these priorities for underserved groups and Tribes.

[1] Statistics drawn from quarterly Project and Expenditure Reports covering program implementation through December 31, 2021. Quarterly reporting is required from states, territories, cities and counties with either a population over 250,000 or an award over $10 million, and Tribal governments with an award over $30 million.