The American Rescue Plan
What it means for New York’s towns

On March 11, 2021 – almost a year to the day New York State shutdown – President Biden signed the American Rescue Plan (ARP) Act of 2021, the much anticipated federal COVID-19 relief bill. A summary of some of the key provisions impacting towns is below. ***Please note that the figures provided for individual towns are estimates only – actual amounts may vary. The Department of Treasury will be issuing further guidance and details.***

Estimated Funding for State and Local Governments

**Overall:** $360 billion in direct financial relief for state and local governments, including $65 billion for America’s cities, villages and towns, and $65 billion for counties

**New York State:** New York State will receive $12.6 billion, New York’s metropolitan cities will get $6.14 billion, counties will receive $3.9 billion, and smaller cities, towns and villages will receive $825 million

**75 percent Cap for non-entitlement communities:** If your town has a population of less than 50,000, the amount of money you receive cannot exceed 75 percent of your most recent budget as of January 27, 2020. Any amount in excess of 75 percent will be need to be returned to the Department of Treasury.

The estimated amount your town is set to receive can be found here

**A note about villages** – although villages are not listed separately, villages AND town governments will be receiving a direct allocation of federal assistance. The amount listed for the town INCLUDES money that will ultimately go to villages within the town. The Department of Treasury will determine how to distribute assistance between overlapping governments.

Fund Distribution

- Money will be distributed in two equal installments (tranches) over a two-year period
- Municipalities with a population of at least 50,000 (based on 2019 Census data) using a modified Community Development Block Grant (CDBG) formula will receive funds directly from the Treasury Department within 60 days of the President signing the bill (March 11, 2021).
- For CDBG non-entitlement communities (those with a population less than 50,000), the first installment will be sent to New York State within 60 days of the President signing the bill.
state then has 30 days to send the money to your town. If the state fails to distribute these funds, it will be penalized.

- The second installment will be sent 12 months after the first installment

**How and when can funds be spent?**

- ARP funds may be used for the following purposes:
  - For the provision of government services impacted by a reduction in revenue resulting from the pandemic;
  - Investments in water, sewer or broadband infrastructure;
  - To respond to the COVID-19 public health emergency or its negative economic impacts including assistance to households, small businesses, and non-profits or to assist impacted industries such as tourism, travel and hospitality;
  - For “Premium pay” to eligible essential workers. “Premium pay” means an additional amount up to $13 per hour. There is a cap of $25,000 for any single eligible worker.
- Municipalities may NOT use funds to cover pension costs.
- There is a deadline to spend funds by December 31, 2024.

For more information regarding this and other COVID-19 developments, please visit [www.nytowns.org](http://www.nytowns.org) and stay tuned to our social media pages.