



ADVANCING EQUITY THROUGH THE AMERICAN RESCUE PLAN

MAY 2022



THE WHITE HOUSE
WASHINGTON



“Our country faces converging economic, health, and climate crises that have exposed and exacerbated inequities, while a historic movement for justice has highlighted the unbearable human costs of systemic racism. Our Nation deserves an ambitious whole-of-government equity agenda that matches the scale of the opportunities and challenges that we face.”

- President Biden



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Preface

In March 2021, less than two months into his Administration, President Biden signed into law the landmark American Rescue Plan Act (ARP). ARP included historic funding to address the devastating impacts of the COVID-19 pandemic and became a major opportunity to deliver on the President’s commitment to advance equity through a concerted, whole-of-government approach.

We knew that the implementation of this historic piece of legislation would be one of the first tests of the President’s *Executive Order on Advancing Racial Equity and Support for Underserved Communities*. That is why from day one the American Rescue Plan Implementation Team, charged with overseeing the distribution and implementation of \$1.9 trillion in relief funds, has worked hand-in-hand with the Domestic Policy Council, which is charged with implementation of the Executive Order. This has occurred alongside work with our partners at Office of Management and Budget, the National Economic Council, Gender Policy Council, and other key teams at the White House.

Over the past year, the work of our teams, critical partners across the government, and external stakeholders has put ARP on track to deliver the most equitable recovery of any federal stimulus package in U.S. history. ARP drove the largest year of job growth on record, with record drops in unemployment for Black and Hispanic workers, as well as those entering the labor market or facing long-term unemployment. It reduced child poverty to the lowest levels on record in 2021 and kept millions of Americans in their homes.

As this report details, at every step of implementation the Biden-Harris Administration prioritized equitable delivery and has shown a willingness to respond to lessons learned and input from a broad set of stakeholders. This report underscores not only the breadth of work undertaken by federal agencies and external partners to ensure that the impact of the American Rescue Plan is being felt by those most in need but also the amount of work that still lies ahead. These pages lay an important foundation as we continue to work to ensure an effective and equitable recovery.

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Introduction

The Biden-Harris Administration is on track to deliver the most equitable recovery in U.S. history. This fact did not occur by chance. Rather, this achievement is the result of great care and attention to advancing equity through the design and the implementation of programs funded through the American Rescue Plan Act of 2021.

On his first day in office President Biden signed *Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government (EO 13985)*. This action represents the first time a president affirmatively directed a whole-of-government approach to prioritizing equitable access to, and implementation of, federal programs and services.

Federal agencies were tasked with assessing current practices and developing a plan to address the barriers that underserved communities and individuals may face in accessing federal programs, procurement, and contracting opportunities. More than just a directive to agency heads, this action marked the beginning of a new governing approach with a day one focus on implementation—one that heightens the federal government’s responsibility to develop policies and programs that deliver resources and benefits that reach everyone, and to dismantle barriers that have created disparities in outcomes for people of color, rural and Tribal communities, and other underserved groups and communities in America.

On March 11, 2021, less than two months after signing EO 13985, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (ARP). ARP included historic funding for over 200 programs and services designed to counteract the public health, economic, and broader societal harms of the COVID-19 pandemic and became the Administration’s first opportunity to advance equity through the implementation of major legislation.

Major components of ARP were explicitly designed to respond to the disproportionate negative impacts of the pandemic on underserved communities. It included provisions and funding intended to both stem the impact of the pandemic while also strengthening and reimagining societal structures and institutions to help the nation build a more equitable society. These goals are represented in significant—at times historic—funding for existing programs, the creation of new equity-focused programs, the expansion of eligibility for critical programs, and the institution of new provisions that have guided the equitable allocation of resources.

And yet, while ARP holds the promise for an equitable recovery, implementation is critical to ensuring individuals and communities meaningfully experience the intended impact. Underscoring the importance of implementation on equitable access, when President Biden announced the appointment of his American Rescue Plan Coordinator four days after signing the bill into law, he emphasized that equity would be a key focus of implementation. Equity—along with integrity and efficiency—was defined as a core pillar of successful implementation, and is a demonstration of the Biden-Harris Administration’s equitable governing approach.



“It’s one thing to pass a historic piece of legislation like the American Rescue Plan, and it’s quite another to implement it. And the devil is in the details. It requires fastidious oversight to make sure the relief arrives quickly, equitably, and efficiently with no waste or fraud in your bank account, in your mailbox, to the local business in your community and to your child’s school.”

– President Biden announcing the American Rescue Plan Coordinator

Equitable Implementation of the American Rescue Plan

This report, *Advancing Equity through the American Rescue Plan*, offers insight into how the Biden-Harris Administration has approached ensuring the equitable implementation of one of the most ambitious legislative packages in generations. The report also provides a pathway for further actions toward ensuring federal programs and services advance equity and support for underserved communities.

Defining and Operationalizing Equity in Implementation

EO 13985 defines *equity* as “the consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment, such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.”

EO 13985 further lays out several principles for equitable implementation of government programs and services, and directs agencies to undertake processes to understand whether its programs and policies perpetuate systemic barriers to opportunities and benefits for underserved groups. This includes examining and addressing barriers to enrollment in and access to services, and to ensuring equitable allocation of resources, including through agency procurement and contracting opportunities. Moreover, EO 13985 requires that agencies engage with members of underserved communities to understand barriers and pain points to accessing government programs and services, and to address barriers that prevent data from being sufficiently disaggregated to measure equity outcomes.

With EO 13985 as the foundation, the Administration took additional early actions to underscore the importance of incorporating key equity principles and related considerations in ARP program design and implementation. This included the Office of Management and Budget (OMB) issuing memoranda M-21-20 on *Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of the Taxpayer Resources* and M-21-24 on *Promoting Public Trust in the Federal Government and Effective Policy Implementation through Interagency Review and Coordination of the American Rescue Plan Act* to provide high-level direction for agencies to consider equity in ARP implementation.¹ M-21-20 directs agencies to consider ARP programs in their execution of EO 13985 and to sufficiently consider the impact of internal controls aimed at strengthening payment integrity on equitable



program access, including by working with the Pandemic Response Accountability Committee (PRAC) and agency Inspector Generals. Agencies were also reminded, in the context of achieving equity-oriented results, that federal awarding agencies are required in 2 CFR part 200, *Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards*, to administer programs in a manner that promotes fair and equitable administration of financial assistance and to design programs with clear goals and objectives to facilitate meaningful results, given that, “Well-designed programs, with a focus on equity implications, represent a critical component of an agency’s implementation strategies and will contribute to longer-term outcomes responsive to the current crisis.”

To support agencies, and ensure accountability to equitable implementation, the ARP Implementation Coordinator appointed a Chief Data and Equity Officer, and developed an *equitable implementation framework* to assess progress and identify where additional effort was required throughout the implementation process. The framework, which synthesized EO 13895 principles and directions to agency heads through M-21-20 and M-21-24, included ensuring the following:

- **Goals:** Program goals and measurable targets are established, and programs track progress against these goals and targets.
- **Awareness & Access:** People are aware of and can easily access eligible programs and services, including underserved individuals and communities.
- **Allocating & Leveraging Resources:** Funds and other resources are allocated, leveraged and spent equitably.
- **Measuring Results:** Sufficient data is collected and analyzed to determine whether and how disparities change across key outcome measures, including for underserved populations.
- **Feedback:** Programs undergo regular internal review, including soliciting feedback from underserved individuals and communities for continuous improvements.
- **Evidence:** Programs are designed and implemented based on existing evidence of what works to advance equity, and data are collected and strategies are evaluated to build new evidence.

Executive Order 14020, Establishment of the White House Gender Policy Council, and Executive Order 14031, Advancing Equity, Justice, and Opportunity for Asian Americans, Native Hawaiians, and Pacific Islanders, also serve as valuable guideposts for Biden-Harris Administration implementation efforts.

Taking Stock of Progress

ARP funded more than 200 programs and services in order to jumpstart a strong and equitable recovery and to ensure the recovery would be durable to overcome lingering impacts of the pandemic. In order to begin to take stock of progress, in fall 2021 the ARP Implementation Team used the equitable implementation framework to conduct a review of selected ARP programs to understand progress to-date, and identify areas where federal agencies were planning to do more to ensure all eligible populations and communities are able to equitably access key resources and programs.



This report builds on that first-of-its-kind review process, and describes how the Administration is working to advance equity through the lens of 32 case studies of ARP programs. Using the case studies, the report describes describe the primary rationale and pandemic-related societal challenges that the program was meant to address; overview key program elements, with a specific focus on those that might advance equitable access; describe efforts that the Administration has taken alongside key partners to address challenges and equitably implement the program; highlight key equity outcomes; and offer a look ahead at forthcoming reporting deadlines, upcoming requests for proposals, evaluation efforts, and other planned implementation actions.

The case studies included in this report represent a select range of ARP programs, including many of the large economic, health, nutrition, and educational programs that are uniquely positioned to advance equity through legislative design. In selecting the case studies, this report seeks to illustrate a range of policy areas and equitable implementation strategies, but it is not representative of all types of programs. Of the \$1.9 trillion in ARP funding, the 32 case studies in this report represent approximately \$850 billion in funding. Excluding the funds allocated for stimulus checks (also known as Economic Impact Payments) the programs in this report represent nearly 60 percent of ARP funding.

It should be noted that even those ARP programs not included as case studies in this report are also aimed at advancing equity. For example, ARP provided substantial investments in vaccination outreach to expand access and build public confidence, funded community health centers and rural providers to expand access to quality health care for our nation’s hardest-to-reach individuals and communities, and invested in critical programs to ensure the safety and protection of older adults and to support children and families affected by the pandemic. ARP also provided states with a new financial incentive to expand their state Medicaid programs to hundreds of thousands of low-income individuals. All of these programs have been critical to bringing the country through many of the most difficult moments of the pandemic, and were all designed and implemented with equity as a core value.

Among the case studies included in this report, only a small number have completed to date. Many programs have allocated initial rounds of funding but have more work ahead, including on technical assistance, reporting, and engagement. In other cases, programs were designed to be at earlier stages in their deployment at the time of this report. Each case study offers a section entitled “The Road Ahead,” which provides reflections on lessons-learned and describes key implementation activities still to be completed by the agency and grantees, including program reporting activities and future notice of funding opportunities. Where known, these sections also speak to future evaluations that the agency is considering to interrogate program outcomes across various populations.

The ARP Equity Learning Agenda

Evaluations, particularly when centered on questions that help illuminate the impacts of programs and related interventions on underserved communities, are a core component of equitable implementation. ARP is an ambitious package that funds a broad range of new innovations that are intended to advance equity and improve the lives of Americans.

Understanding how well these programs achieve their goals and how various equity strategies support those goals is of critical importance. While some of those questions can be answered through thoughtful reporting and administrative data collection, it is also important to conduct



well-designed and rigorous evaluations and other evidence-building activities where possible. To this end, as a complement to the agency specific evaluation efforts, an ARP Equity Learning Agenda developed with agency partners is included as an appendix to this report.

The ARP Equity Learning Agenda is both intended to underscore the Administration’s commitment to evidence-building as a core equity advancing activity, and to extend a call-to-action for non-federal actors to undertake complementary activities. These efforts will help further lay the foundation for future equitable policymaking and implementation efforts.

Achieving Equity Through a Whole-of-Community Effort

This report highlights the work that has taken place—including in partnership with civil society and the private sector—to advance equitable outcomes for all during the first year of ARP implementation. It offers reflections on lessons learned for future legislation and implementation efforts. The report is also a forward-looking document that highlights forthcoming actions and serves as a call for continued action by the broad range of federal and non-federal partners who are working to ensure resources get where they are intended and most needed. ARP has already delivered historic results in a short period of time, and it has set the country on a path for a durable and equitable recovery. This report marks those milestones and provides insight into the actions taken to advance equity, while outlining the work that lays ahead.

The American Rescue Plan’s Equity Mission was Heightened by the Context of COVID-19

The imperative for the American Rescue Plan to be both designed and implemented with an equity focus was strongly enhanced by the impact that COVID-19 was having in exacerbating existing disparities within the United States. As President Biden took the oath of office on January 20, 2021, the U.S. stood at a critical moment in the pandemic. The country was ravaged by loss of life, illness, economic hardship, and the trauma associated with a complete disruption to the routines of the past. Yet, it was painfully apparent that even though we were all facing the same storm we were not all in the same boat.

The ravaging unequal effects of the pandemic meant that underserved groups were acutely exposed to the harms of the virus as well as its economic and social impacts. COVID-19 quickly proved to be a disease that not only attacked the body, but one that preyed on the systemic long-standing inequities in American society. From 2018 to the end of 2020, U.S. life expectancy decreased disproportionately among racial and ethnic minority groups—decreasing by 3.88 years for Hispanic populations, 2.35 years for non-Hispanic Black populations, and 1.36 years for non-Hispanic White populations.² It should also be noted that American Indian or Alaska Natives are 2.2 times more likely to die from COVID-19 compared to Whites, 3.2 times more likely to be hospitalized, and 1.5 times more likely to contract COVID-19.³ New studies also reveal Asian Americans experience significantly higher excess all-cause mortality (3.1 times higher), case fatality rates (as high as 53 percent higher), and percentage of deaths attributed to COVID-19 (2.1 times higher) compared to non-Hispanic Whites.⁴

A 2021 National Institutes of Health study highlighted disparities in COVID-19 associated deaths for the many children in the United States under the age of 18 who lost a parent, custodial grandparent or grandparent caregiver who provided the child’s home, basic needs, and daily



care.⁵ Of the 120,630 children who are estimated to have experienced the death of a primary caregiver, 65 percent were children of racial and ethnic minorities.⁶

A review of income and death data from over 3,200 U.S. counties showed that Americans living in counties with the lowest median income died during the pandemic at almost two times the rate of those living in counties with the highest median income.⁷ This gap was further exacerbated during the Delta variant wave—during that period, people living in counties with the lowest median income died at five times the rate of those living in counties with the highest median income.⁸

While the pandemic affected communities across the country, it has exacerbated pernicious inequities along racial, ethnic, and socioeconomic lines. Disparate impacts are also apparent when examining outcomes by gender, foreign-born status, income, disability status, sexual orientation, geography, and more. Additional examples include the following:

- **Employment:** Workers experienced historic unemployment during the COVID-19 pandemic, with rates above 14 percent for all workers and as high as 18.5 percent in April 2020 for Hispanic workers and 16.7 percent for Black workers in May 2020.⁹ Women were disproportionately burdened, as they bore the brunt of COVID-19 school and childcare closures as well as additional care responsibilities. For mothers of young children, labor market recovery remains depressed even two years into the pandemic.¹⁰
 - 80 percent of job loss occurred among the lowest quarter of wage earners and workers with the lowest wages and hours, and Black and Hispanic women, and Asian Americans, Native Hawaiians, and Pacific Islanders in particular experienced disproportionate losses.¹¹
 - The pandemic led to rural unemployment rates at levels not seen since the Great Depression in the 1930s, peaking in April 2020 at 13.6 percent in rural areas—with the unemployment rate more than doubling in persistently poor rural counties compared to rural counties that were not persistently poor.¹²
- **Housing:** In January of 2021, 15 million people (one in five adult renters) reported to the Census Bureau that their household was behind on rent.¹³ Renters of color and families with children consistently reported higher rates of hardship in paying their rent throughout 2020 and 2021.¹⁴ In March 2021, 22 percent of Black and 20 percent of Hispanic renters could not pay the prior month's rent on time, an indication of potential future eviction. In contrast, nine percent of White renters said they could not.¹⁵ Even before the pandemic, 30 percent of rural households struggle with at least one major housing problem, such as physical deficiencies, high costs, or overcrowding in homes.¹⁶ Forty-seven percent of rural renters pay more than 30 percent of their income on housing and nearly half of rural renters pay more than 50 percent of their income on housing.¹⁷
- **Education:** High-poverty school districts and districts serving students mostly of color, and lower achieving districts were more likely than their respective counterparts to indicate that daily attendance in fall 2020 was substantially lower than in the previous year.¹⁸ Black and Hispanic students were more likely to remain remote through late 2020 than White students, with about 70 percent of Black students still remote compared with 49 percent of White students, and less likely to have what they needed to learn effectively (e.g., devices and internet access).¹⁹



- When schools and early education providers closed during the initial months of the pandemic, many children with disabilities and their families lost vital, specialized services. Initial reports suggest that children with disabilities have faced significant regression due to lack of services and inaccessible technology.²⁰
- Only an estimated 64 percent of households in nonmetro areas with persistent poverty had access to home internet with a subscription.²¹
- **Small Business:** An estimated 41 percent of Black-owned businesses closed from February to April 2020, while the overall decline was closer to half that, at 22 percent.²² The total number of people who were self-employed and working declined by 20.2 percent between April 2019 and April 2020—with the highest declines experienced by the Asian (37.1 percent) and Black (37.6) communities.²³ Small businesses provide 35 percent of employment in rural towns, compared to 27 percent in urban areas.²⁴ Small business and rural economies were particularly hard hit during the pandemic—tourism, manufacturing, natural resource production, and transportation make up 56 percent of jobs in rural communities—and were amongst the industries most impacted by COVID-19.²⁵
- **Substance Abuse:** More than 104,000 Americans died due to a drug overdose in the 12-month period ending in September 2021—a record high.²⁶ Researchers at the University of California, Los Angeles, analyzed emergency medical calls nationwide and found an overall increase of 42 percent in overdose deaths in 2020.²⁷ The largest increase was for Black people, with a spike of more than 50 percent.²⁸
- **Mental Health:** According to the CDC, survey data from June 2020 showed that in the early days of the pandemic, respondents who reported having seriously considered suicide in the 30 days before completing the survey (10.7 percent) was significantly higher among Hispanic respondents (18.6 percent), Black respondents (15.1 percent), self-reported unpaid caregivers for adults (30.7 percent), and essential workers (21.7 percent).²⁹
- **Hate Crimes:** Racism and xenophobia gave rise to a dramatic increase in violence against the Asian American, Native Hawaiian, and Pacific Islander community. The FBI reported that hate crimes against people of Asian descent rose by 76 percent in 2020.³⁰

One Year Out: ARP Has Led to the Most Equitable Economic Recovery with the Least Economic Scarring in Memory

ARP is on track to deliver the most equitable recovery of any federal stimulus package in U.S. history. In its first year, we see indications that ARP is providing much needed relief and is *making significant progress toward advancing equitable outcomes*. The impact of these relatively fast economic recovery gains also points to long-term benefits. For example, research has found that unemployment, both short- and long-term, can lead to poorer physical and emotional health outcomes and higher suicide rates when compared to those who have stable employment.³¹ In addition, the lingering effects of a prolonged weak labor market have



demonstrated to be particularly significant and lasting for workers of color and those without a high school degree.³²

- **A Historic Jobs Recovery for All Workers:** The American Rescue Plan powered the *largest calendar year jobs growth on record*—resulting in unemployment down to 3.6 percent as of April 2022.
- **Hispanic Unemployment:** Hispanic unemployment fell by 4.5 points in 2021 to 4.9 percent—the *largest calendar year drop* on record – and has fallen further to 4.1 percent in April, *below pre-pandemic levels*.
- **Black Unemployment:** The U.S. experienced the fastest calendar year of decline in the number of unemployed Black workers on record and largest calendar year drop in unemployment since 1983 (with a 2.9-point drop in 2021)—now down to 5.9 percent in April, below pre-pandemic levels.
- **Youth Unemployment:** Youth employment among 16-24 year-olds is down to 7.9 percent, roughly at pre-pandemic levels, after the *largest calendar year drop on record* in 2021.
- **Long-term Unemployment:** Long-term unemployment fell by 2.8 million in the 12 months after the American Rescue Plan passed – *the largest 12-month drop on record*.
- **Unemployment in Rural Counties with Persistent Poverty:** Unemployment in rural counties with persistent poverty spiked in 2020 and remained above 6 percent through summer 2021—but by fall 2021, it fell to 4.2 percent—well below pre-pandemic levels.³³
- **Child Poverty Reduced to the Lowest Levels on Record:** Experts estimate that child poverty *fell to its lowest rate on record in 2021*—with record low Black, Hispanic, and White child poverty in 2021.³⁴
- **Housing Stability:** Over the five months after the end of the eviction moratorium, eviction filings remained at *about 60 percent of historical averages*.³⁵ Meanwhile, foreclosures reached record lows in 2021—at just 151,000 homes in foreclosure, *less than a third of pre-pandemic levels*.³⁶
- **Credit Card Delinquencies:** In the second and third quarters of 2021, the share of borrowers behind on their credit card bills by over 30 days fell to *record lows* instead of spiking as in past recessions.³⁷

Lessons-Learned and The Road Ahead

The American Rescue Plan was one of the most ambitious pieces of legislation signed into law in American history. The legislation was intended to not only address the very immediate threats of the pandemic but also to build a more equitable society over the long run. Knowing that how the policy was implemented would determine whether existing economic and public health disparities would worsen or begin to be addressed, the President called for equity to be a core pillar of implementation. This specific charge, in the context of whole-of-government efforts to respond to EO 13895 was unprecedented. Agencies were directed to execute critical legislation in ways that advance equity, while simultaneously assessing their capabilities to do so in the moment, and beginning to build processes and capacity to more effectively do so in the future.³⁸



Through these efforts, the Administration has laid a foundation for future implementation efforts, including work now underway to implement the Bipartisan Infrastructure Law.

Alongside setting a foundation for on-going implementation efforts, ARP has also illuminated several areas that could be critical for supporting future equitable implementation efforts, including:

- Dedicated funding in cases where access to services is historically constrained, rather than first-come, first-served funding;
- Flexible funding to support outreach, navigators, and plain language communications (including in multiple languages) to raise awareness and bridge the “last mile” to those who are eligible but have historically not been equitably served by federal programs;
- Provisions that require community engagement, consultation, and transparency to allow for greater participation and feedback across a diverse range of experiences;
- Funding for technology and human-centered design approaches that eliminate or reduce the administrative burden for eligible program participants;
- Increased and flexible funding for evidence-building and evaluation activities as well as regular reporting to understand program impact and whether or not interventions are having the intended effect on equitable outcomes;
- Inclusion of equity and accessibility metrics, alongside program fraud and integrity metrics; and
- Provisions, such as *maintenance of equity*, that preserve funding for areas vulnerable to programmatic cuts based on need.

Lastly, strong partnerships and open dialogue with state, local, Tribal, and territorial officials as well as private sector, academic, and civil society organizations can help surface early issues in implementation, raise awareness of critical programs among key populations, aid the design of tools and supports to spur increased access and enrollment, and gather more real-time and granular data about conditions on the ground than is otherwise possible. Future efforts should encourage robust engagement with external partners, and consider how to use to the tools of the federal government to spur a broad-based effort to ensure equitable outcomes.



Executive Summary: Advancing Equity through American Rescue Plan Programs

This Executive Summary provides key highlights across the 32 programs featured in the report. It is structured across five thematic areas that underscore ARP's reach and ambition for supporting communities, families, businesses, and workers; and for providing a stronger safety net and more resilient and equitable economy and public health sector than what existed prior to the pandemic.

Lowering Barriers to Work and Providing Security for Working Families highlights programs that make investments directly in individuals and families, including providing enhanced tax credits and expanded eligibility, and in the case of the Child Tax Credit, making it advanceable on a monthly basis for the first time ever. These programs, along with Economic Impact Payments, provided families and individuals with some breathing room and space to get back on their feet when faced with the financial shocks and uncertainty presented by COVID-19. This was particularly true for the FEMA Funeral Assistance Program, a first-ever attempt to provide relief funding for a national disaster, supporting those of all incomes who lost loved ones due to COVID-19.

Similarly, initial reliance on the unemployment insurance (UI) system was fraught for many at the beginning of the pandemic, revealing a patchwork infrastructure that was severely strained at the height of the pandemic-induced unemployment. ARP invests in modernizing UI, including ensuring that equity is a core consideration of design and performance in the future.

ARP also made significant investments to ensure that families have quality, dependable, and affordable child care to rely on. Through stabilization grants for providers and increased subsidies for low-income families, the Biden-Harris Administration is working closely with state partners to ensure that all parents have the option to go back to work and know their kids will be cared for in safe and nurturing environments.

Ensuring an Equitable Recovery for All Communities and Small Businesses underscores the impact of the pandemic on families and individuals through the toll that it took on the communities where they live and the businesses where they work and rely on for services and products. Not only has ARP made significant investments in communities and businesses, but the Biden-Harris Administration has worked tirelessly to reverse the inequities of the early pandemic response, and ensure that all businesses and all communities have a fair shot at accessing resources, and are able to build back in the ways that are responsive to their individual needs. This included administering historic funding to state, local, and Tribal governments and developing guidance that helped communities address existing disparities.

A significant suite of programs was targeted toward supporting a wide-range of businesses and organizations, including small businesses owned by socially and economically disadvantaged individuals, arts and culture organizations, and businesses that are the core of rural economies. ARP also created the first ever Small Business Community Navigator program, an effort to ensure awareness of, and access to, critical programs for those businesses that are underserved by federal and private programs.



Securing Dignified Housing and Living Conditions examines the implementation of programs that recognize that the home is a foundation for individuals and families, and a cornerstone for dignity and better health, economic, and educational outcomes. The Biden-Harris Administration has made it a priority of its ARP implementation efforts to ensure that historic housing resources are reaching those who are most in need as eviction, foreclosure, and utility shutoff moratoriums across the country have expired or are expiring. From establishing the Nation’s first-ever infrastructure for eviction prevention and water assistance, to making substantial investments in the Low Income Home Energy Assistance Program and increasing the supply of housing vouchers, ARP was designed to provide robust and timely resources for individuals on the precipice of losing housing.

Investing in Equity and Opportunity for our Children and Young Adults walks through efforts that the Biden-Harris Administration has taken to get children back to school as quickly and safely as possible. Understanding the impact of lost instructional time or having to unenroll from an institution of higher education (IHE) on learning and economic opportunity outcomes, the Administration’s implementation efforts have focused on working with state and local education agencies and IHEs to support their efforts to get students back to school and provide necessary supports that can accommodate not only each school’s unique needs, but each child’s or young adult’s unique needs as well. ARP not only provided significant new funding for existing pandemic education response programs, but took new steps, such as launching a first-of-its kind summer feeding program to ensure that millions of children do not go hungry when school is out of session, and instituting the first-ever Maintenance of Equity provision for state and local school districts receiving federal funding to make sure that resources are reaching those most in need.

Closing Health Disparities highlights a subset of ARP programs designed to address existing health disparities. While a significant portion of ARP was aimed directly at supporting the public health response to COVID-19, including increased testing and vaccine manufacturing and distribution, ARP also provided funding to support programs and services that help scaffold additional public health infrastructure. Most notably, this included funding to significantly reduce the cost of health insurance and increase enrollment for individuals with low-income. Several investments, including WIC Modernization and increases in postpartum coverage, support evidenced-based programs to improve health outcomes and decrease disparities across race and socio-economic status for new mothers. Similarly, investments in expanding the reach and capacity of home and community-based services and mobile crisis response systems are designed to help ensure underserved populations are able to access critical resources.



Lowering Barriers to Work and Providing Security for Working Families

Enhancements of the Child Tax Credit (Section 9611)

For tax year 2021, ARP increased the maximum Child Tax Credit (CTC) payment to historic levels—from \$2,000 to \$3,000 per qualifying child age six to 17 and \$3,600 per qualifying child under age six—while making the parents or guardians of 17-year-old children newly eligible. Additionally, ARP ensures that all eligible families in need will qualify for the full 2021 credit, benefiting the families of more than 26 million children, including half of Black and Hispanic children whose families did not owe enough in taxes to qualify for the full credit in the previous year. Finally, for the first time ever, ARP allowed families to receive half of the estimated benefit in advance as monthly payments in the second half of 2021.

Early indications are that the expansions of the CTC had a historic impact on child poverty in communities across the country. A Columbia University Center on Poverty and Social Policy study looking at monthly poverty reduction found that advanced CTC payments kept more than two million Black and Latino children out of poverty in December 2021.³⁹ The Center on Budget and Policy Priorities found that 94 percent of children who live in rural areas will benefit from this expansion of the CTC.⁴⁰ When combined with the second half of the CTC that most families will receive with this year’s tax return, researchers project that the CTC will have been the leading factor in driving the child poverty rate to its lowest level on record in 2021—and result in record low Hispanic and Black child poverty rates.⁴¹

Efforts to Advance Equity:

- **Automatic Payments to Families with Low Income:** In the spring of 2021, in consultation with the White House ARP Implementation Team and the Office of Tax Policy at Treasury, the IRS made a policy decision to use information from those who submitted information in 2020 to receive Economic Impact Payments (“stimulus checks”) to identify families who would likely be eligible for the CTC in 2021 and provide them advance monthly payments automatically. As a result, families presumed to be infrequent or unlikely tax filers, and representing approximately 729,000 children, were able to benefit from monthly payments without having to complete additional steps.
- **Providing Simple Tools to Help Families Access CTC Benefits:** Treasury published guidance providing simplified tax return filing procedures to help families more easily claim eligible benefits. Following the guidance, in June 2021 IRS launched the first-ever dedicated, simplified filing tool for the child tax credit (“CTC non-filer tool”) to help families with incomes below the tax filing threshold more easily file a return and sign-up for CTC benefits. In August 2021 in response to concerns that the CTC non-filer tool was not accessible enough, the Administration partnered with Code for America, a technology nonprofit, to launch GetCTC.org, a more user-friendly filing tool that was both mobile-friendly and included Spanish translation.
- **Launching ChildTaxCredit.gov:** In June 2021, the Administration launched ChildTaxCredit.gov as a friendly, plain language, multilingual, one-stop for people who



needed information on the CTC and help connecting to assistance in signing up for benefits. Childtaxcredit.gov has been updated and is being used to also help families access full-filing, as well as offering special pages on access to filing in Puerto Rico and getting the Child Care and Dependent Care Tax Credit.

- **Leveraging an All-of-Government Approach to Raise CTC Awareness and Access, and Aiding Non-Profit Efforts to Expand Reach:** The White House has called on agencies across the federal government to raise awareness of CTC and support families in accessing both advanced monthly payments in 2021 and their full benefit during the 2021 filing season in 2022. Numerous agency actions followed, including:
 - Treasury conducted more than 45 navigator trainings for agency and non-profit partners reaching over 6,000 individuals in order to educate and enroll families in CTC.
 - IRS sent over 2 million letters to potentially eligible families that had not yet completed 2019 or 2020 tax returns. IRS also hosted free tax preparation days in nearly 30 cities across the country in June and July 2021.
 - The Social Security Administration launched a highly successful marketing campaign to inform low-income individuals how to claim the advance CTC payments.
 - AmeriCorps members supported CTC navigation at Head Start centers in 16 cities with lower-than expected CTC receipt.
 - The White House also launched a 16-city government working group to test and learn effective strategies for reaching and enrolling families in CTC.
 - In February 2022, the Administration—led by Vice President Harris, Secretary of Treasury, and WH ARP Implementation Coordinator—hosted a Day of Action with events in all 50 states to encourage sign-ups and help connect families to benefits.

The Earned Income Tax Credit for Workers without Dependent Children (Section 9621)

ARP expanded eligibility and nearly tripled the Earned Income Tax Credit (EITC) for workers without dependent children, from about \$540 to about \$1500 for tax year 2021. For the first time, the EITC is available to many workers without dependent children who are as young as 19, and now has no age limit cap—previously only workers ages 25 to 64 could claim the credit for workers without dependent children. For former foster youth and homeless youth, eligibility begins at age 18 for the 2021 credit.

Thanks to ARP’s expansion of the credit, experts estimate that 17 million lower income workers without dependent children could benefit from the 2021 credit—including about 2.7 million rural workers.⁴² Low income workers projected to benefit from the expansion in 2021 are disproportionately Black (18 percent) and Latino (26 percent).⁴³ The EITC expansion is also expected to disproportionately help front-line workers, including over 3 million people across cashiers, cooks and food prep workers, nurses and health aides, and child care workers.⁴⁴



Efforts to Advance Equity:

- **CTC/EITC Day with Vice President Harris and Secretary Yellen:** On February 8, 2022, Vice President Kamala Harris and Treasury Secretary Janet Yellen led a CTC/EITC Day of Action, which drove hundreds of government, non-profit, and philanthropic commitments to help Americans file their taxes to claim the EITC and CTC.
- **Mobilizing Outreach and Tax Filing Assistance Across the Country:** With more tax benefits available to low-income workers for tax year 2021, the White House and Treasury are coordinating outreach across both CTC and EITC in partnership with agencies, state and local governments, and non-profit partners. This includes:
 - Elevating EITC through the IRS-supported Volunteers Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites as an important benefit.
 - On the week of the one-year anniversary of ARP, the White House ARP Implementation Team released a nationwide state-by-state account of the number of workers who would be eligible for the expanded EITC in a major press call with Senator Cory Booker.
 - Continuing to engage with national community-based organizations to elevate free online tax preparation services; and agency actions such as the Department of Housing and Urban Development’s efforts to mobilize on-the-ground staff and stakeholders to help HUD-assisted households file taxes.
 - In January 2022, the Biden-Harris Administration launched a revamped ChildTaxCredit.gov as a plain-language, multi-lingual resource with a dedicated EITC section in order to help Americans get information and find trusted, free assistance in filing taxes—including for workers without dependent children eligible for the expanded benefit.

Permanent Expansion of Tax Relief to Puerto Rico Families

ARP made permanent changes to tax benefits for Puerto Rico families, including: 1) lifting previous restrictions that prevented families in Puerto Rico with fewer than three children from claiming the federal CTC, and 2) providing up to roughly \$600 million annually in matching funds to bolster Puerto Rico’s locally administered EITC—resulting in an expected quadrupling of EITC benefits provided starting in the 2021 tax year. Together, these permanent changes are expected to provide over \$1 billion in additional tax relief to families in Puerto Rico on an annual basis.⁴⁵

Before ARP, families in Puerto Rico with fewer than three qualifying children were ineligible to claim any federal Child Tax Credit benefits—excluding nearly 90 percent of all families in the territory.⁴⁶ Similarly, before ARP, the federal government had never provided support for an EITC in Puerto Rico. ARP changed this unequal treatment—making families in Puerto Rico eligible for CTC benefits on the same basis as residents of the mainland permanently and allowing families with two or fewer children to claim the CTC *for the first time*. Thanks to the changes included in ARP, a low-income family in Puerto Rico with two children under age six could be eligible for EITC and CTC benefits of up to \$11,200 for the 2021 tax year.



Efforts to Advance Equity:

- **Meeting Early with Puerto Rican Government Leaders on Strategies for CTC Outreach:** The American Rescue Plan Coordinator, Treasury Officials, and White House Intergovernmental Affairs hosted multiple discussions with the Governor of Puerto Rico, as well as several meetings at the White House with key mayors and legislative leaders on CTC outreach strategies for Puerto Rico.
- **Coordinating Efforts to Ensure a Comprehensive and Streamlined Public Campaign for CTC and EITC Awareness:** The White House appointed a senior advisor dedicated to the implementation of the Child Tax Credit in Puerto Rico who worked to coordinate awareness and filing efforts with key governments and non-profits in Puerto Rico. The White House ARP Implementation Team and Treasury Department—in collaboration with UnidosUS—created and coordinated a CTC/EITC Puerto Rico Working Group that included the Youth Development Institute (IDJ), Espacios Abiertos, Hispanic Federation, United Way and others. This working group met weekly with the American Rescue Plan Coordinator, Treasury and IRS, and Puerto Rico tax officials, and helped spot implementation challenges on the ground and raise them with relevant government officials. The group also helped increase awareness and take up rates among newly eligible families in Puerto Rico. Collaboration across these groups has already led to over 35 local community events, navigator trainings, and capacity building engagements for local elected officials and municipal staff.
- **Ensuring Capacity for Volunteer Income Tax Assistance (VITA) Centers and Facilitated Self-Assistance (FSA) Sites:** This also includes ensuring capacity for navigator training and volunteer recruitment scale-up for tax prep assistance in low income communities. Currently there are 43 tax assistance sites, including VITA and FSA in the island.
- **In Partnership with Governor Pierluisi, Developing Training and Capacity Building Events for Municipal Staff as well as State and Local Government Service Providers:** These training and capacity building events include navigator training, tax filing assistance training, hands-on demonstrations on free tax filer tools in collaboration with key local stakeholders like UnidosUS, United Way PR, Youth Development Institute (IDJ), Espacios Abiertos as well as IRS locally. More than 240 municipal and state agencies employees attended the in-person training, hosted by Fortaleza (Governor’s Office).
- **Creation of a Free, Simplified Portal for Claiming the Child Tax Credit in Puerto Rico:** In May 2022, Treasury published guidance providing for simplified tax return filing procedures for residents of Puerto Rico claiming the Child Tax Credit for 2021. Code for America has committed to accommodating Puerto Rico families through their simplified filing tool, GetCTC.org, later in 2022.

Child Care Stabilization (Section 2202)

ARP provided unprecedented support for the child care industry at a time of crisis, establishing a new, time-limited Child Care Stabilization program to help ensure providers could keep their doors open through the pandemic’s public health and economic disruptions. The stabilization program provides \$24 billion for grants to states, territories, and Tribes to help child care



providers afford the costs of remaining open and operating, supporting millions of families and a stronger, more equitable economic recovery.

The Child Care Stabilization grant program was a historic expansion of aid for child care in both size and design. The legislation made any child care provider operating during the pandemic or temporarily closed due to COVID-19 potentially eligible for stabilization grants, so long as they were 1) eligible to participate in the subsidized child care program or 2) licensed, regulated, or registered and meeting state health and safety requirements at the time of ARP’s passage. By mid-May 2022, stabilization payments had already reached more than 180,000 child care programs with a capacity to serve more than 8 million children.

Efforts to Advance Equity:

- **Ensuring Funds Were Distributed to the Smallest Providers and Those Serving Underserved Populations:** The Administration instructed Lead Agencies to serve underserved constituencies, and required states to report on the demographics of providers they served.⁴⁷ As a result, several states used the Center for Disease Control and Prevention’s (CDC) Social Vulnerability Index (SVI) to support equitable distribution of funds to child care providers that serve communities most in need in their states. The U.S. Department of Health and Human Services (HHS) encouraged states to provide information in plain language and in multiple languages and called on states to ensure they had available staff to translate documents received from providers in different languages. HHS also encouraged efforts to customize applications to support diverse communities in states and territories in order to help reduce disparities and advance racial equity within the child care system.⁴⁸ HHS published resources and videos on business practices and budgeting, and hosted webinars to help smaller child care providers, including family child care providers maximize the impact of federal funds.
- **Helping States Maximize the Number of Providers Who Receive Assistance:** The Administration encouraged the effective use of states’ administrative funds to increase the reach of stabilization grant programs and support providers receiving funds, including through the May 2021 release of a packet of “Application Tips, Considerations, and Sample Forms” to encourage simple, easy, and accessible program design. To make it easier for providers to access stabilization grants, HHS published a web page with links to state applications, and provided resources to assist providers, including hosting national webinars for child care providers about the availability of stabilization grants.⁴⁹ HHS also encouraged states to reach more providers by funding and partnering with trusted organizations including professional organizations, family child care networks, unions, and child care resource and referral agencies.

Unemployment Insurance (Section 9032)

ARP provides \$2 billion to the Department of Labor (DOL) to promote equitable access; detect and prevent fraud; and ensure the timely payment of benefits within the Unemployment Insurance (UI) system. These funds are provided in addition to funding for unemployment compensation benefits and the administration of unemployment compensation programs. The underlying challenge for DOL is how to both prevent fraud, including the types of fraud seen at the onset of the pandemic, while addressing long-standing equity, fraud, and payment timeliness



challenges in partnership with the 53 states and territories that administer UI benefits through their own individual systems. Informed by feedback from multiple rounds of stakeholder engagement with State Workforce Agencies, the National Association of State Workforce Agencies, advocates, and State UI representatives, DOL is working to address these persistent challenges.

DOL has allocated \$615 million in ARP funds to immediately help states begin addressing these challenges through a series of grants and projects. In addition, the Administration is committed to creating a framework for a more resilient and equitable Unemployment Insurance system for the long term.

Efforts to Advance Equity:

- **Issuing Grants to Strengthen States’ Fraud Prevention and Detection Capacities, While Ensuring Equitable Access:** Using pandemic relief funds, including ARP, DOL awarded \$211.2 million in grant funds to 58 states and territories to aid in the detection and prevention of fraud. As part of the grantmaking process, DOL specifically instructed states that as they “consider additional tools to incorporate into their fraud management operations, equitable access to unemployment benefits must be at the forefront of the decision-making process.”⁵⁰
- **Supporting State Efforts to Advance Equity Through an Innovative Equity Grant Program:** DOL will provide up to \$260 million in grants to states to carry out activities that promote equitable access to UI programs, which include eliminating administrative barriers to benefit applications, reducing state workload backlogs, improving the timeliness of UI payments to eligible individuals, and ensuring equity in fraud prevention, detection, and recovery activities. DOL has announced \$56 million to 12 state grantees thus far, of the 49 that applied by the December 31st deadline. These grants are innovative in requiring states to specify the metrics used to measure improvement for the underserved populations they have identified.
- **Deploying Teams of Experts into 18 States to Help Identify Process Improvements:** Under the “Tiger Team” project, DOL has deployed teams of experts into 18 states on a voluntary basis to help identify process improvements. Equity efforts include helping all claimants in underserved communities, standardizing and expanding translation services, simplifying communications, expanding mobile and offline access for workers who have limited internet access, and building partnerships with community-based organizations to assist claimants in successfully applying for their benefits. DOL has allocated \$200 million to fund state implementation of Tiger Team recommendations.
- **Helping Workers Access UI Benefits Through a Pilot Navigator Program:** DOL is directing up to \$15 million in ARP funds to pilot a new Navigator program in five states, announced in January 2022.⁵¹ The purpose of the UI Navigators program is to help underserved workers learn about, apply for and, if eligible, receive unemployment insurance benefits and related services, as well as to support state agencies in delivering timely benefits to workers. Thirteen states applied for these competitive grants by the March 31, 2022 deadline, and they are currently being paneled for an award announcement this summer.



- **Creating Equity Indicators Through State UI Data Partnerships:** DOL is launching a series of pilot state data partnerships to help states develop high-quality, consistent indicators of access to the UI program—such as through application rates, reciprocity rates, denials rates, and timeliness measures—disaggregated by characteristics such as race, ethnicity, gender, age, disability status, occupation, industry, and education. Currently, five states have expressed interest in participating in the initial cohort of data partnerships and they are negotiating data sharing agreements with the Department.

COVID-19 Funeral Assistance (Section 4006)

COVID-19 Funeral Assistance provides financial assistance for COVID-19 related funeral expenses incurred on or after January 20, 2020 and is available in all 50 states, the District of Columbia and five territories. It was initiated under the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 with 100 percent federal cost share. Congress increased available funding under ARP. There are no income restrictions on who can apply for financial relief, and the program is fully funded by the federal government and currently there is no deadline for applications.

FEMA’s nationwide COVID-19 Funeral Assistance is the first-of-its-kind. The program was launched in April 2021 and as of April 25, 2022, more than 343,000 applicants have received payment, totaling over \$2.2 billion, with up to \$9,000 in funeral assistance per decedent. In the decade preceding COVID-19, FEMA processed around 6,000 funeral assistance applications through its normal disaster programs.

Efforts to Advance Equity:

- **Ensuring Awareness and Access for Eligible Individuals:** FEMA has taken many steps to raise awareness of this program and reduce barriers to application submission. This has included investing in language accessibility and translation services for public-facing products, and establishing partnerships and engaging in outreach with trusted community voices such as Tribal leaders and associations of funeral homes (including African American funeral directors and morticians) to raise awareness of the program. FEMA has also worked to streamline its application and provide documentation flexibility, including responding to concerns that many individuals who passed away early in the pandemic did not have “COVID-19” listed as the official cause of death, making friends and family members ineligible for assistance. To remedy that gap, FEMA now allows applicants to submit, in place of the death certificate, an official letter certifying a COVID-related death in certain instances.
- **Focusing on Proactive Outreach to Get Applications Over the Finish Line:** FEMA has conducted proactive outreach to applicants with incomplete applications to help them make corrections and receive full payment, including over 64,000 outreach calls and over 285,000 letters to applicants. Over 124,000 of these applicants subsequently submitted the documents and received assistance. FEMA also extended documentation submission timelines from 90 days to 365 days.
- **Conducting Data Monitoring and Soliciting Feedback for Continuous Program Improvements:** Beginning May 2021, FEMA began conducting a regular equity review of applications to monitor performance, potential service gaps, and to determine areas



that could benefit from increased outreach. FEMA also solicits participant feedback on barriers to accessing funeral assistance.

- **Continuing Communications and Outreach to Increase Awareness:** In December 2021, FEMA awarded a national media contract to raise awareness among communities with lower-than-average application rates.



Ensuring an Equitable Recovery for All Communities and Small Businesses

Coronavirus State and Local Fiscal Recovery Funds (Section 9901)

ARP provides \$350 billion in historic financial assistance to over 30,000 state, local, and Tribal governments to fight the pandemic, support families and businesses struggling with its economic impacts, maintain vital public services despite revenue losses, and make investments that build a stronger, more equitable economy in the pandemic's wake. The State and Local Fiscal Recovery Funds (SLFRF) is an unprecedented commitment to helping local communities drive an equitable and durable economic recovery for all their residents, providing direct relief to local governments, including small or rural governments excluded from prior relief programs.

The Administration has worked from day one to craft the SLFRF program in a way that encourages governments to intentionally use funds to support a truly equitable recovery and address health and economic disparities, exacerbated by the pandemic, in the most underserved communities. Early reporting shows promising outcomes on how SLFRF is being used to advance equity, including investments in affordable housing, quality education, and public health that will help to reduce the health, economic, and educational disparities that left underserved communities more vulnerable to COVID-19 at the onset of the pandemic.

Efforts to Advance Equity:

- **Empowering Recipients to Use Funds to Address Pre-Existing Disparities Exacerbated by the Pandemic, by Structuring the Program to Make it as Easy as Possible for State, Local, and Tribal Governments to Serve Families and Communities Hardest Hit By the Pandemic:** The Administration recognized that fully addressing the disproportionate impacts of the pandemic requires addressing underlying disparities that left some people and communities more vulnerable to the pandemic, not just the incremental impacts that occurred during the pandemic. To translate this goal into action, Treasury provided a broad menu of services to enhance health and economic equity that were automatically eligible uses of funds in low-income and high-poverty communities from urban to rural across the country.
- **Strongly Encouraging State, Local, and Tribal Governments to Use Funds to Advance Equity:** Treasury is encouraging governments to engage with their community to develop spending plans and requires large governments to publicly articulate how their use of SLFRF funds addresses inequities. Publicizing this information both encourages governments to engage with the community when developing their spending plans and helps constituents understand how their government plans to use funds and hold them accountable for those decisions. As governments crafted their spending plans, Treasury also shared equity best practices with funding recipients to further encourage uses of funds that advance equity.
- **Developing a Robust Reporting Regime to Provide Transparency and Accountability for How Governments Choose to Use Funds, as well as Driving Continual Improvement in this Program and Future Policymaking:** SLFRF reporting collects information about populations that are being served by a project to respond to the



pandemic's health and economic impacts, as well as project descriptions detailing the goals and desired impacts of the investment.⁵²

- **Providing Support for Tribal Governments Through Ongoing Government-To-Government Direct Engagement:** This engagement supports Tribal governments so they can implement programs under the SLFRF that focus on maximizing the impact of their funds. ARP allocated \$32 billion to Tribal governments, including \$20 billion in SLFRF—a historic financial level of support for over 580 Tribal governments and the largest amount of funding to Tribal governments in ARP. In implementing this component of the program, Treasury has prioritized Tribal consultation and other engagement with Tribal governments. This feedback created meaningful changes to the program for Tribal governments, including Tribe-specific flexibilities in uses of funds for key priorities as well as streamlined reporting requirements for small Tribes.

State Small Business Credit Initiative (Section 3301)

ARP provides \$10 billion to the State Small Business Credit Initiative (SSBCI) program to support state, territory, and Tribal government small business credit and investment programs across the decade. The funding—more than 6.5 times larger than the allocation provided for the original SSBCI program in 2010—will support credit and investment programs for existing small businesses and start-ups, as well as assistance to businesses owned by socially and economically disadvantaged individuals who are attempting to access capital.

SSBCI is expected to leverage \$100 billion in capital for small businesses with dedicated funding to ensure equitable access, including \$2.5 billion to support very small businesses, Tribal governments, and business enterprises owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses) and \$1 billion in incentive funds for jurisdictions that demonstrate robust support for such businesses.⁵³ To date, Treasury has received capital program applications for SSBCI funding from all states, territories, and the District of Columbia, covering over 200 unique financing programs.

Efforts to Advance Equity:

- **Issuing Program Guidance that Promotes Equity and Access:** Treasury issued guidance on the SSBCI program design and implementation in November 2021, after incorporating public feedback from a Request for Information—including 95 comments. The program guidance requires eligible grantees to describe in their application how the SSBCI funding will result in new lending and investment for small businesses and start-ups that would otherwise lack opportunities for growth-supporting capital. The guidance also requires potential grantees to submit a plan for how the SSBCI funding will expand access to capital for small businesses in underserved communities.
- **Consultation with Tribal Governments:** Treasury has engaged in extensive Tribal government outreach including through consultation, listening and information sessions, weekly Tribal government office hours, and one-on-one communication with Tribal governments and other stakeholders like Native Community Development Financial Institutions (Native CDFIs) in order to inform the design of an anticipated over \$700 million in allocated funds to Tribal governments. Based on this engagement, 415 out of



574 (72 percent) federally recognized Tribes submitted a Notice of Intent to apply for SSBCI funds by December 11, 2021.

- **Significantly Expanding Data Collection from Small Businesses, Including Data on Race, Ethnicity, Sexual Orientation and Gender Identity:** On March 3, 2022, Treasury published an Interim Final Rule to collect demographic information, including data on race, ethnicity, sexual orientation, and gender identity, from small businesses that receive capital from SSBCI.⁵⁴ This is a historic effort to expand the collection of demographic information from small businesses, which will allow the Administration to have more detailed insights on program performance and the broader small business landscape.
- **Building Cross-Agency Partnerships on Technical Assistance for Underserved Small Businesses:** Treasury intends to partner with the Minority Business Development Agency (MBDA) as a national partner in helping deliver assistance to SEDI-owned businesses in accessing SSBCI and other federal and state small business support.

Economic Adjustment Assistance (Section 6001)

To support communities across the country as they seek to build more resilient local economies after the pandemic, ARP provided \$3 billion in funding for the Economic Adjustment Assistance program operated by the Economic Development Administration (EDA) within the Department of Commerce. The \$3 billion is nearly ten times EDA's typical annual appropriation. The program has been designed to address equity goals and projects, including: funding for skills training that is encouraged to reach underserved populations and areas; \$300 million coal communities commitment; and the first dedicated funding for Native Americans, Native Hawaiians, and Native Pacific Islanders in EDA's history.

The results so far indicate that EDA's equity efforts have been successful. For example, the 60 finalist coalitions in the Build Back Better Regional Challenge represent a broad swathe of the country, including rural, urban, and coastal areas. These finalists cover 45 states and Puerto Rico, include 12 coal communities, and more than 80 percent of the finalists propose to serve rural communities, including ten proposals that are focused on growing or developing agriculture and natural resource industries.⁵⁵ Over half of the lead applicants for finalists are either first-time EDA recipients or have not received an award in the last three years. Moreover, 20 percent of the finalists are in coal communities and 25 percent are in Indigenous communities.

Efforts to Advance Equity:

- **Increasing Outreach and Support for Indigenous Communities:** EDA intentionally sought to support Indigenous communities through implementing an allocation of \$100 million. This is the first dedicated funding for Native Americans, Native Hawaiians, and Native Pacific Islanders in EDA's history. EDA also made significant efforts to encourage these communities to apply for all of EDA's ARP programs. EDA hired its first-ever Tribal Coordinator in October 2021 and is leveraging that role to assist Indigenous Communities applying for EDA funding. In an effort to increase Tribal participation in grant programs, EDA published a new rule extending Tribal eligibility to include for-profit Tribal corporations that are wholly owned by and established for the



benefit of the Tribe. As a result of EDA’s outreach and technical assistance, of the 60 Build Back Better Regional finalists, 15 (25 percent) represented Indigenous communities. Moreover, EDA received applications for the Indigenous Communities set-aside totaling over \$400 million—more than four times the funding available for the program.⁵⁶

- **Increased Outreach and Support to Underserved Populations and Communities:** EDA hosted 12 public webinars totaling over 20,000 attendees. EDA created new tools, templates, and technical assistance webinars to help first-time grantees navigate EDA’s application process and new programs. EDA also hosted over 60 specific webinars and briefings to small groups to cover information about EDA’s ARP programs and to encourage new applicants.
- **Dedicating Funding for Underserved Workers:** EDA dedicated \$500 million to focus on workforce development programming in the form of the Good Jobs Challenge. This program is designed to provide skill building opportunities and to connect unemployed or underemployed workers to existing and emerging job opportunities, while encouraging workforce development providers to reach underserved communities, as well as women and other groups facing labor market barriers. EDA received 509 applications across all states and territories for the Good Jobs Challenge and will be making 25-50 awards in Summer 2022.
- **Backing Coal and Rural Communities:** To support communities impacted by the decline in the coal industry as they recover from the pandemic, EDA committed \$300 million of its funds to support coal communities. EDA also partnered with the Interagency Working Group for Coal Communities to provide coordinated technical assistance and ensure strong applications. To further support coal and rural communities, EDA hired a Coal Communities Coordinator and detailed staff from the Department of Agriculture to serve as a Rural Communities Coordinator.
- **Using Equity as an Evaluation Criterion to Assess Competitiveness in Awards:** In addition to being an investment priority that informs award decisions for all programs, EDA used equity as an evaluation criterion to assess competitiveness for the first time, leveraging it in the Build Back Better Regional Challenge, Economic Adjustment Assistance grants, competitive Travel, Tourism, and Outdoor Recreation grants, and the Good Jobs Challenge. EDA used this evaluation criterion to ensure grantees of these four programs target and share economic benefits of the programs with underserved communities. Additionally, EDA was intentional about recruiting, selecting, and training a diverse group of experienced, qualified reviewers for its programs.

Paycheck Protection Program (Section 5001)

ARP appropriated an additional \$7 billion for the Paycheck Protection Program—originally established by the CARES Act in March 2020, and funded with an additional \$285 billion in December 2020—providing America’s small businesses with the tools and resources they need to reopen, rehire, and build back better. Under ARP, PPP eligibility expanded to additional entities. However, from the outset, the Biden-Harris Administration has made delivering equitable relief to hard-hit small businesses a top priority, and took early action to remedy the inequities found in earlier versions of the program.



Within weeks of taking office, the Administration announced a number of policy changes to ensure access to the PPP for the smallest businesses and to companies that have been left behind in previous relief efforts. Overall, these changes ensured that the 2021 round of the PPP—which consisted of more than \$271 billion in forgivable loans to nearly 6.4 million businesses—reached more of the smallest businesses and those located in low- and moderate-income communities. Additionally, a February 2022 study found that the 2021 PPP round demonstrated an improvement in loans to businesses in areas that had a high minority share of the population.⁵⁷ These findings align with a GAO report from September 2021.⁵⁸

Efforts to Advance Equity:

- **Instituting A 14-Day Period During Which Only Businesses with Fewer Than 20 Employees Could Apply for Relief:** Ninety-eight percent of small businesses have fewer than 20 employees. This exclusive application period allowed lenders to focus on serving these smallest businesses, which often need additional time to navigate the paperwork entailed in completing applications.
- **Helping Sole Proprietors, Independent Contractors, and Self-Employed Individuals Receive More Financial Support:** These types of businesses, which include home repair contractors, beauticians, and small independent retailers, make up a significant majority of all businesses. To address the access challenges identified above, the Biden-Harris Administration revised the loan calculation formula for these applicants to offer additional relief and established a \$1 billion set aside for businesses in this category located in low- and moderate-income areas who do not have any employees.
- **Eliminating an Exclusionary Restriction that Prevented Small Business Owners Who Were Delinquent on Their Federal Student Loans from Obtaining Relief Through the PPP:** Working with the Departments of the Treasury and Education, SBA removed the student loan delinquency restriction to broaden access to PPP.
- **Eliminating the Restriction that Prevented Small Business Owners with Prior Non-Fraud Felony Convictions from Obtaining Relief through PPP:** To expand access to PPP, the Administration adopted bipartisan reforms included in the PPP Second Chance Act to eliminate the one-year look-back for non-fraud felonies unless the applicant or owner is incarcerated at the time of the application.
- **Clarifying That ITIN Holders Can Access PPP:** To eliminate uncertainty for lenders and borrowers, the SBA clarified via an FAQ how ITIN holders could access PPP.⁵⁹
- **Closely Partnering with Community Financial Institutions to Increase PPP Lending:** The Administration also worked to increase the amount of lending made through community financial institutions and minority depository institutions.

Community Navigator Pilot Program (Section 5004)

ARP provides \$100 million for the establishment of a Community Navigator pilot program at the Small Business Administration to make grants to, or enter into contracts or cooperative agreements with, private nonprofit organizations, resource partners, States, Tribes, and units of local government to ensure the delivery of free community navigator services to current or



prospective owners of eligible businesses. The goal of the program is to improve access to assistance programs and resources made available because of the COVID-19 pandemic by federal, state, Tribal, and local entities.

To implement this model, SBA awarded \$100 million to 51 organizations selected as part of a rigorous review process to ensure geographic diversity and diversity of small business service segments. In turn, the 51 grantee organizations are working with more than 400 hyperlocal organizations to connect America’s small businesses to SBA, and other federal, state, and local resources. The diversity of grantees reflects the diversity of America’s entrepreneurs, including relevant expertise to ensure a diverse set of underserved entrepreneurs are able to access available services.⁶⁰

Efforts to Advance Equity:

- **Implementing a “Hub And Spoke Navigator Model” to Reach and Engage with New and Existing Entrepreneurs, Particularly Reaching Those Who Have Historically Been Unaware of or Have Had Difficulty Accessing SBA Resources:** The *hub and spoke* approach features a lead organization at the center of a network of “spoke” organizations that deploy trusted messengers to work with businesses in targeted communities.⁶¹ These networks leverage the business development expertise of the central “hub” organization and the community credibility of “spoke” organizations to better connect businesses owners with critical services and assistance.
- **Ensuring Geographic Diversity and National Coverage of Grantees:** To ensure the greatest amount of diversity across geographies and to optimize the SBA’s service delivery reach, the program established a tiered approach, awarding eight Tier 1 grants to organizations with a national footprint; 11 Tier 2 awards to organizations with statewide and/or regional reach; and, 32 Tier 3 awards to organizations focused on city, countywide and/or rural engagement.⁶² All 50 states and Puerto Rico are covered by this pilot program.

Restaurant Revitalization Fund (Section 5003)

ARP established the Restaurant Revitalization Fund (RRF) to provide funding to help restaurants and other eligible businesses keep their doors open. RRF provided restaurants with funding equal to their pandemic-related revenue loss up to \$10 million per business and no more than \$5 million per physical location. RRF also included several provisions to address previous concerns that pandemic relief programs for businesses failed to reach businesses owned and controlled by women, veterans, and socially and economically-disadvantaged individuals, or reached them last.

The RRF program received more than 278,000 applications representing over \$72.2 billion in requested funds. The Small Business Administration awarded all of the \$28.6 billion in RRF assistance by June 30, 2021.⁶³ Nearly two-thirds of RRF funds (\$18 billion) went to businesses owned by women, veterans, and economically and socially disadvantaged individuals.⁶⁴

Efforts to Advance Equity:

- **Reducing Barriers for Underserved Small Businesses to Access Available Funding:** Per the authorizing legislation, during the first 21 days of the program SBA prioritized



funding applications from businesses that were Tribally-owned or owned and controlled by women, veterans, and socially and economically-disadvantaged individuals.⁶⁵

- **Dedicating Funding for Small Businesses to Access Funds Equitably:** ARP established an initial \$5 billion amount of dedicated funding for applicants with gross receipts not more than \$500,000. SBA created two additional funding allocations to further ensure an equitable distribution of funds and make sure the smallest restaurants and other eating establishments have equitable access: 1) \$500 million for applicants with 2019 gross receipts not more than \$50,000, and 2) \$4 billion for applicants with 2019 gross receipts between \$500,000 and \$1.5 million.⁶⁶
- **Expanding Language Accessibility in Outreach and Communications Efforts:** SBA conducted more than 600 outreach events in multiple languages leading up to the RRF launch to educate small business owners on eligibility requirements and how to apply.⁶⁷ In addition to English, SBA provided translated information about RRF eligibility requirements, application instructions, and FAQs in 17 languages.⁶⁸
- **Innovating to Provide Easier Access to RRF Funds:** In April 2021, SBA announced a first-of-its-kind technology initiative to partner with point-of-sale providers, such as Clover, NCR Corporation, Square, and Toast to provide a consumer-centric approach to the delivery of RRF relief funding.⁶⁹ These partnerships allowed for thousands of restaurant owners to streamline their RRF application submission process, by allowing qualified restaurants to work directly with their point-of-sale service providers to help them apply for RRF.⁷⁰

USDA Assistance and Support for Farmers, Ranchers, Forest Landowners, Operators, and Groups (Section 1006)

While USDA's expansive presence in rural communities is one of its greatest strengths, it is increasingly clear that the decentralized, local nature of information sharing and decision-making can exclude underserved communities and producers. Agriculture is a complex industry with significant upfront costs including land, seed, labor, fertilizer, and other inputs. In addition to assistance accessing affordable capital, producers often need assistance with business plan development, tax planning, or simply navigating the complexity of the financial institutions from which they are seeking to secure credit, be that USDA or elsewhere. These challenges are compounded in rural communities of persistent poverty where race and place combined have resulted in structural exclusion from financial systems and other ladders of opportunity. In instances where they are unable to access private capital, a producer may turn to USDA for assistance.

ARP Section 1006 provides direction and over \$1 billion in funding for USDA to act to ensure underserved communities have the tools, programs, and support they need to succeed in agriculture. Section 1006 also provides funding to begin long-term racial equity work within USDA, including to provide technical assistance, improve access to credit, address heirs' property claims and other land access issues, and to establish an Equity Commission to identify barriers to accessing USDA programming. It also provides funds and direction to create career opportunities for next generation leaders in agriculture and to provide direct assistance to producers who have experienced discrimination.



Efforts to Advance Equity:

- **Listening to and Learning from Stakeholders to Inform Development of New Programs:** In March 2022, USDA held a two-day, all-of-USDA Tribal consultation on racial justice and equity that resulted in myriad inputs from Tribes with regard to how USDA programs and services can better serve Indian Country. Subsequently, USDA published a Request for Information and held listening sessions with stakeholders focused on how USDA programs can advance racial justice and equity. The input from stakeholders has helped to educate USDA staff and leadership and influenced how Section 1006 programming is being designed and funds deployed. Additional input from stakeholders will likely be requested in the months ahead.
- **Establishing an Equity Commission:** USDA established an Equity Commission comprised of external stakeholders who were announced on February 10, 2022.⁷¹ Commission Members will conduct a thorough review of USDA policies and programs and provide the Secretary with a set of recommendations for how the Department can act to advance equity. The Equity Commission will also develop a report with a set of actionable recommendations to USDA for how the Department can address systemic barriers to access, uphold civil rights, and advance equity.
- **Deploying Funds for Technical Assistance:** USDA has deployed ARP resources in response to demands for more immediate technical assistance. On November 24, 2021, USDA announced \$75 million for technical assistance partnerships focused on underserved producers, which will support partnerships with 20 technical assistance providers that will work closely with USDA over the course of the next five years.⁷² The partner organizations selected have knowledge and expertise in providing technical assistance and support, with specific experience working with underserved communities. Partners will attend annual meetings as a collaborative group and will take part in quarterly virtual meetings with USDA. On March 9, 2022, USDA announced a Request for Assistance (RFA) that will provide at a minimum \$25 million to additional organizations that will also provide technical assistance. Additional funds will be made available in the months ahead for efforts to address capital access, land access, and market access for underserved producers in a comprehensive way.
- **Knowledge Sharing Amongst Technical Assistance Providers:** To ensure Section 1006 technical assistance providers are delivering the services with a high level of quality and that they remain aligned on goals and intended outcomes, USDA is developing several channels of communication and knowledge sharing, including a website that hosts materials for use by the technical assistance providers, and lifts up success stories and lessons learned. USDA has also announced it will host annual clinics for outreach providers and technical assistance providers to ensure that USDA partner organizations have the knowledge, expertise, support, and organizational capacity essential to supporting underserved communities and effectively assisting producers as they navigate USDA programs and policies.
- **Working with Minority Serving Institutions (MSIs):** USDA is working closely with Minority Serving Institutions to create, support, and supplement agricultural research, education, and extension, and develop scholarship and internship pathways to federal employment. In the months ahead, USDA will make funding available to the groups of



MSI's specified in ARP to support career opportunities in agriculture for next generation leaders.

National Endowment for the Arts (Section 2021)

The NEA, an independent federal agency, is the only arts funder in the United States, public or private, that provides access to the arts in all 50 states, the District of Columbia, and U.S. jurisdictions. ARP appropriated \$135 million for fiscal year 2021 for grants, and relevant administrative expenses, to state arts agencies and regional arts organizations. ARP funds can be used for direct grants, and relevant administrative expenses that support organizations' programming and general operating expenses.

The NEA's direct grant program, open to arts and culture organizations throughout the country, received more than 7,500 applications, of which 41 percent had not applied to the NEA within the last ten years. This was an unprecedented number of applications for a single NEA grant program. Organizations recommended for funding through ARP grants include those serving underserved populations, organizations with small and medium-sized budgets, organizations from rural and urban communities, and organizations applying for federal support from the NEA for the first time.

Efforts to Advance Equity:

- **Engaging in Public Outreach Activities:** The NEA organized a significant public engagement effort, which focused on organizations that would be new to federal and NEA funding. During the summer of 2021, NEA's public engagement efforts included thirty-four virtual workshops outlining the ARP opportunity. These webinars, hosted by arts and culture organizations, service organizations, and members of Congress, represented a wide diversity of regions, artistic disciplines, and budget sizes. More than 3,000 people participated in these events.
- **Focusing on Accessibility:** For the first time in its history, the NEA translated applications guidelines into Spanish and Chinese.⁷³ Corresponding translated press releases were also made available on the NEA website. In addition, several virtual workshops were offered with American Sign Language and live Spanish translation.
- **Ensuring Applicants Know How to Apply for Federal Funding:** The NEA offered robust technical assistance, above and beyond the virtual workshops also offered. This assistance program included twenty virtual question and answer sessions, during which potential applicants could ask questions of NEA program staff. Several Q&A sessions included Spanish translation and ASL. More than 1,200 participated in these events, and a dedicated email for Q&A was staffed with specialists to field subsequent questions.



Securing Dignified Housing and Living Conditions

Emergency Rental Assistance (Section 3201)

ARP appropriated \$21.55 billion to the U.S. Department of the Treasury's Emergency Rental Assistance (ERA) Program to provide households facing financial hardship up to 18 months of financial assistance for rent and utility payments, and other expenses related to housing. Combined with \$25 billion in funding from the Consolidated Appropriations Act of 2021, the ERA program provided \$46 billion in rental and utility assistance to those most in need that had to be implemented by the Biden-Harris Administration. With this pandemic aid, the Biden-Harris Administration established the country's first-ever nationwide emergency rental assistance program and set up or improved sites in every state, U.S. territory, over 400 cities and counties, and in over 300 Tribal Nations.

After a challenging start-up period, to date, \$30 billion in assistance has been distributed or obligated and all of the \$46.5 billion is now expected to be spent or deployed by mid-2022. In less than one year from the passage of ARP, ERA grantees made over 4.7 million payments to eligible renter households and landlords, with over 80 percent of funds delivered to very low-income households (those earning 50 percent of area median income or less). As a result of Administration-wide efforts and unprecedented ERA assistance, in 2021, eviction filings remained at 50.3 percent of historical averages over the year, according to Princeton's Eviction Lab, despite earlier fears of a major spike in evictions once the national eviction moratorium was lifted.⁷⁴

Efforts to Advance Equity:

- **Simplifying the Application Process:** In response to on-the-ground outreach by the White House and Treasury to detect and address start-up challenges, Treasury continually put forward guidance to encourage responsible but simplified application processes in order to expedite critical relief in time to prevent avoidable evictions.⁷⁵ For example, in August 2021, Treasury issued guidance that clarified the permissibility of self-attestation for all eligibility criteria during the public health emergency, subject to appropriate safeguards.⁷⁶ Treasury further encouraged grantees to avoid establishing documentation requirements that would create barriers and urged user friendly application processes that were available in multiple modalities; provided guidance on the use of fact-specific proxies for eligibility determination; and tailored the definition of Area Median Income (AMI) for Tribes to match existing income-based program requirements.
- **Prioritizing Lowest-Income Households:** Treasury recommended that grantees prioritize assistance to households with incomes less than 50 percent of AMI and to households with one or more members who had been unemployed for at least 90 days. Treasury also encouraged grantees to target their outreach based on social vulnerability index scores, risk of evictions, or other measures of housing insecurity to ensure high risk communities have access to assistance.⁷⁷
- **Increasing Program Awareness and Access:** To address lack of awareness of the program, Treasury encouraged grantees to partner with community-based organizations, tenant organizations, promotoras (Spanish-speaking community health workers), and trusted community leaders to increase awareness and provide tenants with application



assistance, among other interventions. The U.S. Digital Service and Consumer Financial Protection Bureau developed tools that renters and landlords can use to identify funding and resources, including the Rental Assistance Finder Tool.⁷⁸ In addition, the White House hosted a day of awareness by enlisting government agencies, dozens of nonprofits and faith-based organizations, and private sector companies like PayPal, Square, Lyft, GoFundMe, Propel, and others to promote the CFPB Tool.

- **Whole-Of-Government Effort to Encourage Eviction Diversion Programs and Increase Access to Legal Counsel:** The White House, Department of Justice, and Treasury made major pushes to advance eviction prevention and the adoption of court-based eviction diversion programs to increase access to ERA through three White House Summits on Eviction Prevention—and unprecedented calls for court diversion policies and increased access to legal counsel by Associate Attorney General Vanita Gupta and a larger call to action to state Supreme Court Justices and the larger legal community by the Attorney General.⁷⁹ This also led to a White House and Justice Department event—that included Second Gentleman Douglas Emhoff—which featured a listening session with key stakeholders to identify and expand creative innovations in access to justice, including those designed to keep renters in their homes.⁸⁰ Other efforts included highlighting best practices and urging mayors to adopt eviction diversion strategies; launching a website that spotlights eviction diversion and prevention models; and convening ninety-nine law schools across thirty-five states to encourage their continued response to the eviction crisis.⁸¹

Emergency Housing Vouchers (Section 3202)

Through the Emergency Housing Voucher (EHV) program, the U.S. Department of Housing and Urban Development (HUD) is providing approximately 70,000 housing choice vouchers to local Public Housing Authorities (PHAs) in order to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability. Housing vouchers have been shown to significantly reduce homelessness, overcrowding, and subsequent housing displacement.⁸² Given the link between COVID-19 transmission and housing instability, the vouchers are also a critical pandemic mitigation strategy.⁸³

The EHV program is one of the largest voucher issuances since the inception of the housing choice voucher program, and contributes significantly to efforts to permanently reduce homelessness in communities across the country. On average, households participating in the EHV program receive \$936 a month in assistance to support housing expenses. Thus far, the majority of EHV have gone to extremely low, very low, and low-income households, with many receiving public and disability benefits.

Efforts to Advance Equity:

- **Providing Technical Assistance and Office Hours:** To assist PHAs and their partners in program implementation, HUD hosted weekly office hours for the first three months of the program, followed by bi-weekly sessions. These sessions focused on a variety of topics, including advancing equity using EHV and how to serve survivors by using trauma-informed practices and respecting confidentiality to remove barriers to access.⁸⁴



- **Providing Housing Search Assistance to Families:** Unique to the EHV program, HUD required PHAs to make housing search assistance available to all EHV families during their initial housing search. PHAs were allowed to use administrative fees for this purpose and, to date, have dedicated over \$1.7 million in search assistance expenditures.
- **Prohibiting Admission Denial For History of Eviction:** In the Housing Choice Voucher program, the PHA may deny an applicant admission to the program because of prior eviction from federally assisted housing.⁸⁵ Using its waiver authority, HUD provided alternative requirements for PHAs barring households from participating in EHV due to an eviction from federally assisted housing, owed rent or damages to the PHA or another PHA, breach of an agreement to a PHA for debts owed, violation of alcohol abuse standards, or certain drug-related criminal activity. Opening the program to households with these circumstances increased the ability of PHAs to serve populations with the highest risk of homelessness. Barring programs from considering drug-related criminal activity also prevents the potential discriminatory effect that reliance on this history may have.⁸⁶

Housing Assistance and Supportive Services for Native Americans and Native Hawaiians (Section 11003)

ARP appropriated \$750 million to maintain and fund affordable housing and respond to the housing needs and imminent threats to health and safety related to the pandemic among Native Americans, Alaska Natives, and Native Hawaiians.

The \$750 million includes several critical grants programs to address housing and community needs, including:

- \$450 million for Indian Housing Block Grants (IHBG-ARP) to fund affordable housing activities
- \$5 million for Native Hawaiian Housing Block Grants (NHHBG-ARP) to provide affordable housing, including rental assistance, to Native Hawaiian families
- \$280 million for Indian Community Development Block Grants (ICDBG) to address imminent threats to health and safety
- \$10 million for technical assistance related to HUD's Tribal ARP programs

Efforts to Advance Equity:

- **Conducting Frequent Outreach to Tribal Leaders:** Within a week of the passage of ARP, HUD's Office of Native American Programs sought feedback from Tribal Leaders on the implementation process and how to prioritize funding. HUD incorporated verbal and written feedback from many Tribes and Tribally Designated Housing Entities in the Implementation Notices for the programs and also released guidance and FAQs that addressed barriers and challenges to equitable implementation.⁸⁷
- **Exercising Waiver Authorities to Provide Flexibility in the Administration and Delivery of Funds:** This allowed Tribes to quickly address the significant housing and infrastructure needs of communities during the pandemic, including by:
 - **Allowing Remote and Less Frequent Income Verification:** Given the challenges facing families seeking assistance, instead of requiring families to



periodically verify income by providing documentation, HUD allowed IHBG-ARP and NHHBG-ARP recipients to allow less frequent income recertifications and to verify income of applicants and residents remotely if the recipient or eligible families choose to do so, including allowing income self-certification.⁸⁸ Many Tribes require assisted families to annually recertify and demonstrate that they meet income eligibility requirements. This relief allowed ARP recipients impacted by the pandemic to do so more easily, safely, and less frequently.

- **Funding Flexibility for Rent, Utility, and Mortgage Payments:** Generally, ICDBG funds may not be used for income payments. In light of the pandemic's substantial negative impact on Native American families' ability to work, earn an income, pay their rent or mortgage, access or pay for food and clothing, and access many other essential services, HUD allowed grantees to provide emergency payments for low- and moderate-income individuals or families impacted by COVID-19 for items such as food, medicine, clothing, and other necessities, as well as rental assistance and utility payment assistance for up to six months and emergency mortgage assistance for no more than three months.
- **Expanding Eligibility for Rental Assistance:** HUD expanded eligibility beyond low-income Native Hawaiian families who reside on the Hawaiian Home Lands to those who reside both on and off the Hawaiian Home Lands, as defined in Section 801(9) of the Native American Housing Assistance and Self Determination Act of 1996.

Homeowner Assistance Fund (Section 3206)

ARP provided nearly \$10 billion to establish the Homeowner Assistance Fund, based in the Department of Treasury, to mitigate financial hardship associated with the COVID-19 pandemic by providing funds to eligible entities for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020. At least 60 percent of HAF funds must be used for homeowners with income at or below 100 percent of Area Median Income or median U.S. income, and socially disadvantaged individuals must be prioritized with remaining funds.

The Administration implemented a series of measures that protected homeowners from foreclosure, including extending previously-imposed foreclosure moratoriums and forbearance options for nearly 11 million households whose mortgages are guaranteed by the federal government. 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.⁸⁹

HAF was designed so that state homeowner assistance programs would become fully operational starting in January 2022, in order to provide foreclosure support to homeowners even after the end of foreclosure protections that expired at the end of 2021. **As of May 23, 2022, Treasury has disbursed over \$9 billion to HAF programs nationwide to distribute to eligible homeowners. To date, 49 states and territories, as well as the District of Columbia, are accepting applications through full or pilot programs, and Treasury has approved all but two state and territorial HAF plans.**



Efforts to Advance Equity:

- **Promoting Best Practices by Centering Assistance Based on Disparate Hardships and Stakeholder Feedback:** Treasury has required state participants to structure their programs and target assistance based on data-driven assessments of homeowner needs, with an emphasis on data that identifies disparate hardships across demographic groups and encourages participants to engage in pilot programs that test such assessments. Treasury also strongly encouraged participants to inform their plans with input from Tribal Councils, community-based organizations, providers of housing counseling, and/or providers of legal assistance to homeowners facing foreclosure or displacement.
- **Increasing Awareness Among Homeowners in Need:** To facilitate enrollment of low-income homeowners, Treasury requires HAF state participants to include a description of their strategy for reaching underserved communities in their HAF plan.
- **Increasing Access for Low-Income and Socially Disadvantaged Homeowners:** Treasury-issued guidance encouraging participants to avoid establishing documentation requirements that are likely to pose barriers to participation. To simplify enrollment, HAF participants may also use self-attestation combined with a fact-specific proxy—such as median income in the census block that includes the home—in determining household income for purposes of income eligibility. HAF guidance also encourages the use of housing counseling/legal service providers that have experience serving low to moderate income populations, addressing housing discrimination, and providing counseling in multiple languages.

Low Income Home Energy Assistance (Section 2911)

ARP provides \$4.5 billion, more than doubling previous annual appropriations, to remain available through FY 2022 for the Low Income Home Energy Assistance Program (LIHEAP). LIHEAP, which has been in existence for over 40 years, provides federally funded assistance for families to help manage costs associated with home energy bills, energy crises, weatherization and energy-related minor home repairs.

The economic fallout from the pandemic has further strained budgets of low-income households and put them at higher risk of utility shut-offs. At the beginning of the pandemic, many state and local governments imposed moratoria on utility disconnections to protect vulnerable households. However, as the pandemic progressed, many of these moratoria expired, leaving households vulnerable to devastating utility shut-offs.⁹⁰

LIHEAP is on track to serve more households in FY 2022 than in any prior year in the program’s over 40-year history. The LIHEAP program is also in the process of developing reporting that will capture key demographic data and allow the program to better monitor and advance its equity goals. Beginning in FY 2023, grantees will be required to provide the number of assisted applicants by race, ethnicity, and gender.

Efforts to Advance Equity:

- **Quickly and Automatically Distributing Benefits:** The Administration for Children and Families (ACF) at HHS urged grantees to consider expediting payments to



households that have previously received LIHEAP assistance and simplify eligibility verification.

- **Expanding Outreach to Newly Eligible Households:** ACF urged grantees to consider additional outreach to households who may need energy assistance for the first time. Although many receive LIHEAP year after year, the economic disruption of the pandemic increased demand for assistance. These newly-eligible households may have been unfamiliar with how to access benefits, and grantees helped these families access the unprecedented LIHEAP resources available as well as referred them to other benefits.
- **Developing Robust Technical Assistance Tools:** ACF developed tools to help grantees understand the impact of home energy costs in their state and adequately target resources to reduce the energy burden for low income households. This included the development and release of grantee-specific profiles, as well as the release of an energy price dashboard based on data from the U.S. Energy Information Administration that provided information for every state. ACF also released a second dashboard which provides information on the progression of extreme heat over time, the health impacts of extreme heat, and visualizations on how LIHEAP can alleviate extreme heat stress for vulnerable populations.⁹¹
- **Organized First-Ever Coordination with Emergency Rental Assistance and Other Programs:** The White House organized technical assistance across the federal government to ensure programs were well-coordinated. As this was the first year households could apply for ERA, coordination with LIHEAP was particularly important. ACF and Treasury released guidance clarifying how grantees of LIHEAP could coordinate with ERA and other housing programs funded in ARP to quickly provide benefits to eligible households. These best practices included coordinating outreach to households, establishing regular communication with program leaders and energy providers, streamlining intake, and referring across programs as appropriate. For example, renters not fully served by LIHEAP could be referred to ERA, and homeowners could be referred to LIHEAP. To facilitate this coordination, ACF and Treasury conducted webinars to encourage close collaboration across programs and held several listening sessions to share best practices across jurisdictions.
- **Issued Call to Action to Utilities:** In November 2021, the White House issued a call to action to energy providers to prevent devastating utility shut-offs and help expedite the delivery of unprecedented federal aid. By January 2022, the White House announced that it had welcomed commitments from fourteen major utility companies across the country, as well as a major delivered fuel trade association.⁹²

Funding for Water Assistance (Section 2912)

ARP provided funding for the Nation’s first-ever water assistance program, the Low Income Household Water Assistance Program (LIHWAP), with an appropriated \$500 million for grants to states, territories and Tribes to assist low-income households that pay a high proportion of household income for drinking water and wastewater services. This was in addition to \$638 million provided under the Consolidated Appropriations Act of 2021. The program is administered by the Department of Health and Human Services’ (HHS) Office of Community



Services (OCS), which also administers the Low Income Home Energy Assistance Program (LIHEAP).

To date, HHS has allocated over \$1 billion of the \$1.1 billion of available LIHWAP funds to 49 states, over 100 Tribes, five territories and the District of Columbia. The remaining funding is expected to be allocated to nine Tribal grant recipients.

Efforts to Advance Equity:

- **Providing Startup Support, Especially for Tribal Entities and Smaller Areas:** In November 2021, OCS launched training and technical assistance supports for grant recipients across OCS, including support with program planning, implementation, and performance measurement. The training and technical assistance focuses largely on Tribal and rural communities, with a goal of helping underserved communities increase their capacity and infrastructure to launch new water assistance programs.
- **Encouraging Successful, Evidence-Based Local Public Outreach Campaigns to Raise Program Awareness:** The Grant Implementation Plan template describes the types of outreach activities that have been most successful in other OCS programs.⁹³ All grant recipients are required to submit plans and indicate what outreach activities they will use to increase awareness of LIHWAP among eligible households.
- **Easing Documentation Burdens to Improve Access:** To help address the administrative burden of documentation requirements for eligible households, OCS released a sample household application.⁹⁴ The application was developed in partnership with the United State Digital Service and includes plain language instructions and streamlines information requests for household applicants. The application also encourages grant recipients to rely on categorical eligibility based on a recipient's enrollment in other federal benefits programs.⁹⁵
- **Ensuring Minimum Funding for Tribal Entities:** OCS established a minimum award for tribes of \$10,000, which is designed to ensure smaller tribes have a feasible amount of funding to initiate this new program and effectively serve their communities.
- **Addressing Water Vendors Concerns and Encouraging Participation to Ensure Equitable Access:** In August 2021, OCS held a public information session to provide details about the program to water service vendors and answer any questions.⁹⁶ The webinar attracted 2,000 vendor representatives. In coordination with the White House and the Treasury Department, OCS has conducted training and technical assistance regarding best practices for coordination with utility vendors, including a webinar focused on coordination efforts between LIHWAP, LIHEAP and the Emergency Rental Assistance (ERA) program and successful partnerships with utility vendors.⁹⁷
- **Issuing New Data Reporting Requirements, Including Assistance by Poverty Level, Vulnerable Population, Race, and Ethnicity:** To guide implementation and provide ongoing monitoring, OCS implemented a two-stage reporting process: (1) a quarterly report that provides initial implementation information and allows for course corrections and targeted technical assistance and (2) an ongoing annual reporting process. The first LIHWAP quarterly report was due January 31, 2022.⁹⁸ For the first time, OCS published



data through an interactive mapping feature on the LIHWAP Website available for the public.⁹⁹



Investing in Equity and Opportunity for our Children and Young Adults

Elementary and Secondary School Emergency Relief Fund (Section 2001)

The ARP Elementary and Secondary School Emergency Relief Fund (ESSER) provides \$122 billion to states and school districts to help safely reopen schools and address the impact of the coronavirus pandemic on students' learning and mental health. ARP also provides \$800 million to states and school districts to identify and provide wrap-around services to homeless children and youth and enable them to attend school and participate fully in school activities.

At the beginning of the Biden-Harris Administration, only 46 percent of schools were offering in-person instruction, and there were 624,000 fewer staff working in our schools than before the pandemic.¹⁰⁰ Since that time, as of April 2022, nearly every school is offering full-time, in-person instruction, and more than 300,000 staff jobs have been created, cutting the gap nearly in half.¹⁰¹ States and school districts are using funds for critical priorities. Independent analysis on a representative sample of 4,000 school districts' plans covering over 60 percent of ARP ESSER funds found nearly 60 percent of funds are being used to invest in staffing, combat learning loss, and support the physical and mental health of students and educators. Another 24 percent is being invested in keeping schools operating safely.¹⁰²

Efforts to Advance Equity:

- **Issuing Guidance and Technical Assistance to Safely Reopen Schools, Including for Schools Supporting Underserved Students:** To quickly address the need to return to safe, in-person instruction, the Department issued proactive guidance on allowable uses of funds, including a reopening handbook that contained three volumes and a FAQ document on the use of ARP ESSER funds.^{103,104} The Department also hosted the Safe School Reopening Summit, in collaboration with the Centers for Disease Control and Prevention (CDC) officials, to further highlight and encourage safe in-person instruction. The Department released guidance on allowable uses of funds to address labor shortages, including using flexibilities under federal funding and programs to help recruit and retain additional staff.¹⁰⁵
- **Establishing First-Ever Maintenance of Equity Requirements and Providing Guidance:** The legislation included a Maintenance of Equity first requirement, the first of its kind in federal legislation, which ensures that in the event that state or local funding cuts to education are necessary, state or local education agencies (LEAs) cannot 1) disproportionately reduce per pupil funding to high-need LEAs or schools, or 2) reduce per pupil funding to the highest-poverty LEAs beyond their FY 2019 level. The Department of Education worked closely with states to provide guidance on implementing this new provision.¹⁰⁶
- **Developing a New Homeless Children and Youth Fund (HCY):** ARP created the HCY Fund in order to meet the needs of students experiencing homelessness. The Department distributed the \$800 million in ARP HCY funds in two separate disbursements, making the first allocation, 25 percent of a total state allocation, available immediately to states to



supplement existing programs and address the urgent needs of students experiencing homelessness. With ARP HCY funds, SEAs have hired additional staff, partnered with community-based organizations to improve the identification of students experiencing homelessness, and improved data capacity within districts. All ARP HCY state plans have been posted to the Department's website.¹⁰⁷

- **Requiring State Education Agencies (SEA) and Local Education Agencies (LEAs) to Create Plans to Ensure Effective Use of Funds, Including for Students from Underserved Groups:** The Department required SEAs and LEAs to articulate in their plans how evidence-based programs would help students impacted by the pandemic, particularly those students from underserved student subgroups. All plans were required to be posted publicly to promote transparency and accountability.¹⁰⁸
- **Requiring the Consultation of Community Stakeholders in Development of SEA and LEA Plans:** The Department of Education required SEAs and LEAs to seek input from representatives of historically underserved groups when developing their plans. The Department also conducted significant outreach to encourage stakeholders to engage with SEAs and LEAs on plan development. In spring 2021, the Department launched a series of webinars with the Secretary of Education and senior Department staff to encourage key stakeholder engagement, including a session with parent-serving organizations (with specific attention to ensuring diversity) and with civil rights and equity organizations.

Individuals with Disabilities Education Act (Section 2014)

The COVID-19 pandemic exacerbated challenges states and school systems were facing in providing equitable, high-quality, and inclusive services to children with disabilities and their families. When schools and early intervention providers closed during the initial months of the pandemic in 2020, many children with disabilities and their families lost vital, specialized services. Initial reports suggest that children with disabilities have faced significant regression due to lack of services and inaccessible technology.¹⁰⁹ Part B and Part C of the Individuals with Disabilities Education Act (IDEA) authorize assistance to states to support the provision of special education and related services to children with disabilities and the provision and coordination of early intervention services for infants and toddlers with disabilities and their families, respectively.

ARP provided more than \$3 billion in supplemental funding for Fiscal Year 2021 for three IDEA formula grant programs. The funding is obligated through September 2023 and must be liquidated by end of January 2024.

Efforts to Advance Equity:

- **Amplifying ARP IDEA Funds for Stakeholders:** A critical element of implementation has been amplification of the ARP IDEA funds for stakeholders, including of the availability of funding for states and districts and the vast allowable use of funds to address the inequities exacerbated by the pandemic. To support these needs, the Office of Special Education Programs (OSEP) released multiple guidance documents to promote the use of funds. This includes establishing a webpage to house resources related to ARP IDEA funding.¹¹⁰



- **Releasing Equity-Focused Guidance:** OSEP released guidance highlighting the impact of the pandemic on the progress of infants and toddlers with disabilities and their families.¹¹¹ In the guidance, OSEP emphasized the importance of equitable access to high-quality early intervention services for infants and toddlers with disabilities and their families, with a particular emphasis on children who have been disproportionately affected compared to their peers without disabilities.¹¹²
- **Engaging in Robust Stakeholder Listening Sessions:** OSEP received stakeholder feedback on policy issues related to IDEA and its implementation during the pandemic. Key topics included student behavior, transition to college and career, educator shortages, early childhood education, parental engagement, professional development, and supporting students with significant disabilities.

Higher Education Emergency Relief Fund (Section 2003)

ARP provided \$39.6 billion for the Department of Education to make grants to institutions of higher education (IHEs) to serve students and ensure learning continues during the pandemic. This represents historic investments in our nation's institutions that educate students, including students who come from communities most affected by the pandemic. HEERF was designed to prioritize institutions with the greatest need, including dedicated funds directed toward Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), and Minority-Serving Institutions (MSIs), and funding for other under-resourced institutions. Institutions are required to dedicate approximately half of these funds toward emergency financial aid grants directly to students.

HEERF is one of the largest single investments ever made in institutional and student grants into many of our nation's most under-resourced institutions of higher education, including:

- More than \$10 billion to community colleges
- More than \$2.7 billion to Historically Black Colleges and Universities
- Approximately \$190 million to Tribal Colleges and Universities
- Approximately \$11 billion to Hispanic-Serving Institutions
- \$5 billion to Asian American and Native American Pacific Islander-Serving Institutions
- Almost \$1 billion to Predominantly Black Institutions

Efforts to Advance Equity:

- **Prioritizing Institutions and Students with the Greatest Need:** Under the Department of Education's distribution of ARP, funds were *first* disbursed to institutions serving students with the greatest need—community colleges, Tribal Colleges, HBCUs, and other MSIs. In addition to distributing the funds expeditiously, the Department held briefings with college and association leaders on the HEERF program, which reached more than 3,000 colleges and 75 federal or state associations to inform program implementation. In February 2022, the Department announced applications for the final \$198 million of ARP HEERF funding and the only funding not allocated by formula. The Department decided to focus this program on community colleges and rural institutions of higher education serving a high population of low-income students and experiencing enrollment declines, in order to prioritize institutions and students with high need.¹¹³



- **Expanding Equitable Access to Emergency Aid:** To administer HEERF equitably, the Department of Education issued a final rule in May 2021 that expanded equitable access to emergency student financial aid to all students, not just those that are eligible for student aid (Title IV-eligible). Under this rule, all students who are or were enrolled in an institution during the national emergency are eligible for emergency financial aid grants from HEERF, regardless of whether they completed a FAFSA or are eligible for Title IV aid programs.¹¹⁴ Through this decision, the Administration aided a larger number of economically disadvantaged students, veterans, and active-duty service members, as well as numerous others who are unable to submit the FAFSA. The new regulation and associated guidance direct colleges to prioritize students with exceptional need and with extraordinary financial circumstances regardless of citizenship.
- **Addressing Barriers to Retention and Completion, Particularly for Underserved Students:** The Department has provided guidance that enables institutions to use HEERF to eliminate barriers and promote student retention and completion, particularly barriers for underserved students that were further exacerbated by the pandemic. For example, the Department released Frequently Asked Questions noting that institutions are prohibited from placing other restrictions on students in determining need and distributing grants, such as conditioning the receipt of emergency financial aid grants to students on continued or future enrollment; establishing minimum GPA requirements; and imposing other academic, athletic performance, or good standing requirements.¹¹⁵
- **Increasing Awareness and Providing Technical Assistance, Including for Institutions Serving Communities of Color:** The Department has worked to provide comprehensive guidance to institutions on allowable uses of funds and encourage an equitable recovery through FAQs, webinars, presentations, ongoing technical assistance, and in public speeches and presentations. In March 2022, the Department also conducted community-focused listening sessions with membership associations and TCUs, MSIs, and HBCUs directly impacted by legislative changes in order to inform guidance on the expanded use of funds to include construction and real property.

Extension and Expansion of Pandemic EBT (Section 1108)

Pandemic Electronic Benefits Transfer (P-EBT) was authorized in March 2020 under Section 1101 of the Families First Coronavirus Response Act (FFCRA). As originally enacted, P-EBT provided benefits to families to replace the value of free or reduced-price school meals lost as a result of the pandemic-related closure of their children's schools. ARP expanded P-EBT to cover the summer months, extended P-EBT through the end of the COVID-19 public health emergency, and allowed territories that do not operate the Supplemental Nutrition Assistance Program (SNAP) to provide P-EBT to children in child care.

States were able to issue P-EBT cards (or add benefits to existing cards) to well over 30 million children in the summer of 2021—a greater than tenfold increase over previous summer feeding programs.

Efforts to Advance Equity:

- **Releasing Guidance for Quick Implementation:** To improve the distribution and efficiency of P-EBT benefits to eligible children, USDA released a set of Summer P-EBT



Q&As and developed a simple P-EBT summer plan template—allowing states to elect a USDA-determined standard benefit.¹¹⁶ This standard benefit relieves states of the challenge of having to determine their own benefit levels based on state-specific school district calendars.¹¹⁷

- **Simplifying Program Administration to Reduce Administrative Burdens and Ensure Access to Students:** Many schools operated under “hybrid schedules” in school year 2020-2021, where students attended school in-person on some days and virtually on other days. Rather than issue different P-EBT benefit levels for children with different hybrid schedules, most states elected to issue a single benefit to these children that reflected the average number of virtual learning days in schools with hybrid schedules. This simplification served to reduce the administrative burden on states and school districts and may have served to speed the delivery of benefits in some states.
- **Leveraging Existing Data to Increase Program Access to Eligible Students:** States that distributed benefits based on existing contact information in their SNAP and student information systems in school year 2020-2021 were able to distribute benefits automatically, without imposing an additional application burden on families. However, many of these states were faced with significant volumes of returned mail. In response, states invested considerable time and effort to locate the intended beneficiaries.
- **Addressing Data Gaps:** Most state P-EBT school plans rely on individual school districts to submit student-specific eligibility data to the state. With USDA encouragement, states have invested considerable effort to ensure the cooperation of all school districts with potentially eligible children. When that fails, USDA has routinely approved state requests to issue benefits to children who were missed by the states’ prior year P-EBT programs.
- **Using Federal Funds to Support State and Local Program Administration and Advance Equitable Outcomes:** P-EBT provides funding to state and local agencies for administrative costs, which has been essential to the successful operation of P-EBT in many states.¹¹⁸ For example, almost all states claimed reimbursement for their efforts to increase awareness and access to P-EBT, including through outreach, communication, and promotion efforts.

Investments in AmeriCorps (Section 2206)

AmeriCorps, the federal agency for volunteerism and national service, provides opportunities for Americans to serve their country domestically, address the nation’s pressing challenges, improve lives and communities, and strengthen civic engagement. ARP invests approximately \$1 billion in AmeriCorps to support the agency’s core programming in communities and allow for the agency to offer more national service and volunteer opportunities to the American public through AmeriCorps programs. The vast majority of these funds are dedicated to increasing the living allowances of AmeriCorps members.

Working with 2,000 nonprofit, faith-based and neighborhood organizations, federal agencies, state and local governments, and national organizations, AmeriCorps members and AmeriCorps Seniors volunteers have supported contact tracing and vaccination efforts, collected and distributed food, tutored students, conducted wellness checks for homebound individuals, and more.



Efforts to Advance Equity:

- **Increasing Living Allowances for AmeriCorps State and National and AmeriCorps VISTA members:** ARP increased living allowances by an average of 12 percent to allow for more members from varying socioeconomic backgrounds to consider AmeriCorps Service. The 12 percent increase represents the greatest single year increase in more than a decade and responds to stakeholder feedback indicating that the living allowance amount is a barrier to service. ARP funds also made implementation of a VISTA member living allowance increase possible. This increase, along with annual cost of living adjustments, resulted in 88 percent of VISTA members seeing a living allowance increase.
- **Launching a Recruitment Pilot to Expand the Diversity of the Pool of Candidates Volunteering with AmeriCorps:** Through expansion of AmeriCorps partnerships and development of technology resources, the agency is working to build its recruitment pipeline to identify and engage new national service audiences. Specific efforts include email marketing and digital acquisition campaigns that utilize diverse media networks, and the creation of joint recruitment campaigns with priority audiences, including Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribal Colleges and Universities (TCUs), community colleges, and high schools.



Closing Health Disparities

Health Insurance Premium Tax Credit (Section 9661)

ARP lowered premiums for most people enrolled in an Affordable Care Act (ACA) Marketplace health plan and expanded access to financial assistance for consumers. Under the ARP, ACA Marketplace premium tax credits temporarily become more generous in two main ways: 1) many consumers became eligible for higher tax credit amounts to help cover their Marketplace health plan premiums, with many premiums decreasing on average by \$50 per person per month and \$85 per policy per month; and 2) the maximum household income limit for the Advance Premium Tax Credit (APTC) was eliminated for the 2021 and 2022 coverage years—previously, only households with incomes below 400 percent of the federal poverty level (FPL) could qualify for financial assistance and now households with higher incomes may qualify, if otherwise eligible.¹¹⁹

During the first year of the Biden-Harris Administration, nearly 6 million people newly signed up for more affordable health coverage through the Health Insurance Marketplaces.¹²⁰ ARP increased affordability for many Marketplace plans, and contributed to a record-breaking Open Enrollment Period in 2022, where 14.5 million consumers nationwide signed up for health coverage, a 21 percent increase from the previous year. Notably, since President Biden took office, nearly 700,000 rural Americans have gained health coverage.¹²¹ Four out of five consumers could find quality coverage on HealthCare.gov for under \$10 a month after tax credits.¹²²

Efforts to Advance Equity:

- **Reducing Burden and Streamlining the Consumer Experience:** In order to make it simple for the public to take advantage of the savings under ARP if they were renewing coverage, CMS conducted an administrative process called a batch redetermination in August 2021. This action recalculated the Advance Premium Tax Credit according to the ARP provisions for eligible enrollees and automatically applied the savings in health insurance coverage for many of those who were enrolled.¹²³ Doing so helped lower the cost of monthly premiums for consumers who do not actively return to update their applications and minimized barriers for enrollees attempting to access increased financial help.¹²⁴
- **Making the 2021 Special Enrollment Period (SEP) Available on HealthCare.gov:** The Biden-Harris Administration made an extended 2021 SEP available on HealthCare.gov, which allowed people who needed health insurance to sign up for coverage from February 15 – August 15. Over 2.8 million people signed up for new health insurance through HealthCare.gov under the 2021 SEP, and through the State-based Marketplaces during the same period.¹²⁵ HHS estimates that over 90 percent of consumers who enrolled during the SEP saw their premiums reduced due to tax credits furnished by ARP. Notably, HHS reports that the establishment of the 2021 SEP led to a more diverse group of consumers in states using HealthCare.gov compared to previous years (among those reporting their race and ethnicity): 15 percent of consumers identified as African American, compared to nine percent and 11 percent in 2019 and 2020,



respectively, and the percentage of consumers who self-reported as Hispanic/Latino increased to 19 percent, up from 16 percent in both 2019 and 2020.¹²⁶

- **Strategically Investing in Outreach and Awareness:** To promote enrollment into health coverage, HHS took a number of steps to increase outreach and awareness in communities. HHS quadrupled the number of navigators available to help individuals enroll in coverage by providing \$100 million to navigator organizations. HHS also partnered with cultural marketing experts and community-based organizations to build more specific campaigns that target outreach to Blacks, Spanish and English-speaking Latinos, and Asian American, Native Hawaiian, and Pacific Islander communities. The Administration also increased outreach through the “Champions for Coverage” program, a community initiative that works with more than 1,000 local organizations to conduct outreach and education about coverage and enrollment.

Increase in Access to Home and Community Based Services (HCBS) (Section 9817)

ARP’s estimated \$12.7 billion increase in funding represented a *rare opportunity* for states to identify and implement changes aimed at addressing existing HCBS workforce and structural issues, expand the capacity of critical services, and begin to meet the needs of people on HCBS waitlists and family caregivers. This funding also provided states an important opportunity to enhance individual autonomy and community integration in accordance with the home and community-based settings regulation, *Olmstead* implementation,¹²⁷ and other rebalancing efforts. CMS estimates that nearly 8 million beneficiaries currently use the HCBS services eligible for the ARP Section 9817 FMAP increase.

Efforts to Advance Equity:

- **Increasing Accessibility to Services:** Using these funds, states have implemented in-home and mobile COVID-19 vaccination programs for people with disabilities and older adults, as well as the expansion of coverage of HCBS to those who are currently on wait lists. States have also expanded access to assistive technologies to promote independence and community integration.
- **Enabling Dignified and Affordable Housing:** States have used this funding to develop deed-restricted accessible and affordable housing units for people with disabilities and to provide additional HCBS to support people to return home and avoid a skilled nursing facility admission following a hospitalization. States have also used funds to build partnerships to increase access to affordable and accessible housing and housing assistance for people with disabilities and older adults. In addition, housing-related services and supports, such as home accessibility modifications and case management and other supportive services have been funded to help people obtain and maintain housing.
- **Innovative Service Delivery Methods:** States are using funds to implement new behavioral health crisis response services for people with intellectual and developmental disabilities, as well as to develop new initiatives to increase access to competitive integrated employment for people with disabilities.



- **Providing Structural Programmatic Support:** These funds are also being used to support the HCBS workforce. Funds are used to provide recruitment and retention bonuses, pay increases, and student loan forgiveness for direct support professionals, including behavioral health providers, as well as developing certification and training programs for direct support professionals.

Medicaid and CHIP Coverage for Pregnant and Postpartum Individuals (Sections 9812 and 9822)

Medicaid is the largest single payer of postpartum services and covers 42 percent of all births in the nation. Approximately 12 percent of pregnancy-related deaths occur between six weeks and one year following the birth of a child, and these deaths are more likely to occur among populations covered by Medicaid. Black women are more than three times as likely as White women to die from pregnancy-related causes, while American Indian and Alaskan Native women are more than twice as likely.¹²⁸ CDC reports from state maternal mortality review committees found that 66 percent of deaths that occur in the postpartum period are preventable with appropriate follow-up care.¹²⁹

ARP provides states with a new option to extend Medicaid and Children’s Health Insurance Program (CHIP) postpartum health coverage from 60 days up to 12 months—a six-fold increase. This option helps postpartum individuals maintain health care coverage in an effort to reduce maternal morbidity and mortality and to improve well-baby milestones. States that want to take advantage of this option were allowed to do so starting on April 1, 2022, and the option is available to states for five years.¹³⁰

Efforts to Advance Equity:

- **Ensuring Access Through Efforts to Increase State Participation:** The Centers for Medicare & Medicaid Services (CMS) released a detailed letter to State Health Officials (SHO) to announce this new coverage extension option and provide detailed guidance to states.¹³¹ CMS continues to provide technical assistance and resources for states to facilitate use of the extended postpartum health insurance coverage. Eighteen states have already acted to expand coverage, by either having an approved 1115 waiver or state plan amendment, or submitting a 1115 waiver or state plan amendment.
- **Conducting Outreach to Eligible Beneficiaries to Ensure Awareness About Their Coverage:** CMS is working closely with states to ensure that when postpartum coverage is extended, appropriate outreach is conducted to inform individuals about their new eligibility for continued coverage, especially those no longer enrolled in Medicaid and CHIP.

Family Violence Prevention and Services Program (Section 2204)

Studies show that an estimated one in four women and one in ten men have experienced physical violence, sexual violence, or stalking by an intimate partner and reported an incident during their lifetime.¹³² Research in the *American Journal of Emergency Medicine*, as well as a later report by the National Commission on COVID-19 and Criminal Justice, showed significant increases in domestic violence and intimate partner violence during the pandemic.¹³³ While the precise dynamics driving the increase are unclear, researchers noted that lockdowns, increased social



isolation with an abusive partner, and increased barriers to accessing services and community support likely were contributing factors. Additionally, increases in pandemic-driven economic stressors, such as job loss and inability to pay rent, are also known risk factors associated with intimate partner violence.¹³⁴

ARP provided a total of nearly \$1 billion in supplemental funding to support services for survivors of domestic violence and sexual assault and their children, including increased support for sexual assault service providers and culturally specific services. The funds also support COVID-19 testing, vaccines, mobile health units, and other support for domestic violence services programs and to address other needs resulting from the COVID-19 public health emergency for millions of domestic violence survivors nationwide. This funding is administered through the Family Violence Prevention and Services Act (FVPSA) Program of the Family and Youth Services Bureau in HHS.

Efforts to Advance Equity:

- **Supporting Tribes:** Program staff participated in Tribal consultations to inform FVPSA program guidance, FAQ documents, and additional technical assistance. Through this process, Tribes and Tribal Organizations identified barriers which often prevented Tribal grantees from fully accessing program funds, and addressed these challenges in the following ways:
 - No funding match was required for the supplemental grant awards or subawards, which often limits participation by under resourced governments and organizations.
 - Tribal resolutions were not required as part of the abbreviated application process, which reduced the burden on Tribal programs to apply for the supplemental awards.
 - Funding flexibilities allow grantees to cover emerging expenses needed to increase services to underserved Tribal members, including through the provision of rental, food, clothing, and other emergency support.
- **Supporting Culturally Specific and Underserved Populations:** HHS awarded ARP supplemental funding to support community-based organizations that are providing culturally-specific activities and support for survivors of sexual assault and domestic violence to address emergent needs resulting from the COVID-19 public health emergency. This historic investment in ARP funding created a multi-year funding source for services for survivors from underserved communities who often encounter additional barriers to accessing culturally-specific and trauma-informed services.
- **Providing Clarity on Allowable Uses of ARP Funding:** Throughout 2021 and the beginning of 2022, FVPSA Program Specialists held weekly office hours to assist grantees in the administration of their ARP funds. To further provide clarity for grantees and stakeholders, the FVPSA Program also published five Program Instruction Guidance Memos outlining the allowable uses of funds and program implementation options for all ARP grant programs—these included implementation requirements for the allocation of FVPSA subgrants to resource centers that will use their expertise, existing networks, and memberships to support survivors from underserved communities, including Tribes, Tribal organizations, LGBTQ organizations and two-spirited organizations.¹³⁵
- **Implementing Streamlined Supplemental Funding Processes:** To quickly help ARP Grants to Support Survivors of Domestic Violence grantees be responsive to the needs of



survivors, the FVPSA Program implemented a streamlined supplemental funding process for all 296 *existing* FVPSA grantees. Grantees include states, Tribes, coalitions, children’s services demonstration grants, resource centers, the National Domestic Violence Hotline, and the StrongHearts Native Helpline. The streamlined process allowed all current grantees to receive their supplemental funding in advance of submitting their applications. Grant recipients are still required to submit post-award documents related to the implementation of this funding, including a use of funds narrative and budget documents, among other requirements. This process enabled grantees to immediately address the most urgent program and service needs to support survivors and their children while ensuring submission of necessary documentation.

WIC Modernization (Section 1106)

Evidence shows that USDA’s Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is one of the most powerful evidence-based public health interventions available, and is uniquely positioned to reduce racial disparities in maternal and child health outcomes. Racial disparities in maternal mortality are striking—American Indian/Alaska Native and Black women are about *two to three times* as likely to die from pregnancy-related complications as White women.¹³⁶ WIC plays a central role in supporting good healthcare outcomes for low-income, at-risk pregnant and postpartum women and their children.

ARP provides \$390 million to carry out outreach, innovation, and program modernization efforts, including appropriate waivers and flexibility, to increase participation in and redemption of benefits. ARP funding is applicable to both WIC and the WIC Farmers’ Market Nutrition Program (WIC FMNP). USDA is allocating \$250 million in funding to support increased enrollment and retention, and \$120 million to reduce disparities in program delivery.

Efforts to Advance Equity:

- **Soliciting and Incorporating Feedback from Stakeholders and Program Participants, including Underserved Communities to Formulate USDA’s Investment Strategy:** To formulate an investment strategy, USDA solicited and incorporated feedback from stakeholders, program participants, and underserved communities. USDA conducted over 30 listening sessions with advocates, researchers, program participants, industry partners, and state and local agencies in rural and urban areas from across the country to gather input on strategies to increase enrollment and improve the participant experience, as well as approaches for reducing disparities in program and health outcomes. USDA also partnered with the United States Digital Service (USDS) to better understand the challenges applicants experience when enrolling in WIC. The USDS research included 43 interviews with more than 75 individuals, including WIC directors from ten States, territories, and Indian Tribal Organizations (ITOs) and 12 local clinics in urban and rural locations.
- **Developing a Strategic Plan with Targeted Investments to Improve Equity:** USDA’s Food and Nutrition Service developed a strategic plan centered on the Administration’s commitments to improve health equity and child health outcomes, and reduce maternal mortality and morbidity. The investment plan divides the funds into two WIC modernization initiatives: (1) \$250 million to increase enrollment and retain participants



for the full length of their eligibility and (2) \$120 million to reduce disparities in program delivery. Approximately five percent is set aside to support federal costs necessary to carry out the plan.

- **Collecting Data and Feedback on Ways to Improve the Customer Experience Through Technology:** In October 2021, USDS disseminated a survey to all 89 WIC state agencies about their technology use and capacity, and in November 2021, USDA published a Request for Information (RFI) in the *Federal Register* asking for public input on the capabilities of a resource center to help state agencies improve their WIC application and certification process.¹³⁷

Prevention and Treatment of Substance Abuse (Section 2702)

The Substance Abuse and Mental Health Services' Administration's (SAMHSA) Substance Abuse Prevention and Treatment Block Grant (SABG) allows states and territories to plan, implement, and evaluate activities to prevent, treat, and help more people recover from substance use disorder. The funding is broadly flexible and allows recipients to make investments in existing prevention, treatment, and recovery infrastructure; increase support for providers; and address unique local needs to deliver substance use disorder services.

ARP appropriated \$1.5 billion to the Substance Abuse and Prevention Treatment Block Grant for awarding to states beginning in FY21 and to be expended by FY25.

Efforts to Advance Equity:

- **Requiring Equity Strategies in State Proposals:** SAMHSA requested proposals from eligible jurisdictions to be submitted by July 2, 2021, which were then reviewed and approved by State Project Officers. State proposals included projects and activities specifically tailored to address the needs of state residents. All proposals were required by SAMHSA to identify how recipients intended to use equitable strategies to reduce disparities in the state's Prevention, Treatment, and Recovery Support planning and approaches.
- **Raising Awareness Among All, Including Underserved Populations:** SAMHSA has focused explicitly on raising awareness in underserved communities and expanding access in those communities. One of the program's requirements is that grantees ensure outreach to underserved populations. In accordance with this requirement, states included in their proposals how they intended to achieve this goal. Although states have discretion in their approach, SAMHSA identified specific populations to address. These underserved populations include, but are not limited to, pregnant women, and women with dependent children; persons who inject drugs; persons using opioids and/or stimulant drugs associated with drug overdoses; persons at risk for HIV, TB, and Hepatitis; persons experiencing homelessness; persons involved in the justice system; persons involved in the child welfare system; Black, Indigenous, and People of Color (BIPOC); LGBTQ individuals; rural populations; and other underserved groups.
- **Identifying and Addressing Common Barriers to Access:** In an effort to expand access in underserved communities, states are working to identify common barriers that may prevent access to services. These include, but are not limited to: having culturally



sensitive approaches to outreach and service delivery, addressing provider shortages, and increasing access to social support services, such as transportation in rural communities.

- **Investing in Data and Evidence-Based Practices to Improve Outcomes:** Several states are acting to strengthen data infrastructure, expand the use of evidence-based practices, and continue to collect more information that will support future interventions.

Community-Based Mobile Crisis Intervention (Section 9813)

Mobile crisis intervention services are behavioral health services provided by specialists to a person experiencing a mental health crisis or substance use disorder (SUD) crisis at their location (e.g., at home, school, work). The teams provide services like screening, assessment, stabilization, de-escalation, and help connect individuals experiencing behavioral crises to appropriate community supports. Because the COVID-19 pandemic was associated with large increases in mental health and SUD needs and crises, ARP sought to address some of these needs through expanded mobile crisis intervention support.

ARP incentivizes states to provide community-based mobile crisis intervention services as part of their Medicaid programs for a period of up to five years, starting on April 1, 2022 and ending on March 31, 2027. The federal government is incentivizing states to provide these increased services by offering an 85 percent federal medical assistance percentage (FMAP) for qualifying expenditures during the first 12 fiscal quarters that a state participates in the program. In addition, ARP provides \$15 million in grants to states to support state plan amendments or waiver requests.

Efforts to Advance Equity:

- **Providing \$15 Million in Planning Grants:** The Centers for Medicare & Medicaid Services (CMS) awarded planning grants to 20 states in September 2021.¹³⁸ These grants provide financial resources for state Medicaid agencies to assess community needs and develop programs to bring crisis intervention services directly to those experiencing a substance use-related or mental health crisis outside a hospital or facility setting. These grants will help states integrate community-based mobile crisis intervention services into their Medicaid programs, a critical component of establishing a sustainable and public health-focused crisis support network. CMS will continue to collaborate with states through technical assistance to design mobile health crisis interventions to meet the needs of Medicaid beneficiaries in their states.
- **Building a Sustainable, Equitable Funding Model:** Eligible states can receive an 85 percent federal match (FMAP) for qualifying expenditures for community-based mobile crisis intervention services for the first three years of this initiative. And, as part of new mobile crisis design, states can provide emergency services to individuals with acute behavioral health crises who would otherwise be eligible for Medicaid but for their immigration status.
- **Allowing States to Provide Mobile Crisis Services to Any *Medicaid Eligible Individual*:** In guidance to the states, CMS has specifically asked states to “be mindful to include underserved communities of color and Tribal communities,” and “to consider how to meet the needs for language access for people with limited-English proficiency or those who are deaf or hard of hearing.”¹³⁹ CMS has also actively encouraged states to



consider the historical discrimination faced by these groups and the mental health stigma members of these groups may have faced in the past when designing new care models and approaches. CMS will continue to consider the effectiveness of these interventions in reaching communities of color, youth, individuals with intellectual or developmental disabilities, LGBTQ+ individuals, and older Americans, and issue additional guidance to states.

¹ Executive Office of the President, Office of Management and Budget. (2021, March 19). *M-21-20: Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of the Taxpayer Resources*. Retrieved from https://www.whitehouse.gov/wp-content/uploads/2021/03/M_21_20.pdf;

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² Poor People's Campaign. (2022, April). *A Poor People's Pandemic Report*. Retrieved from <https://www.poorpeoplescampaign.org/pandemic-report/>

³ Centers for Disease Control and Prevention. (2020, December 10). *COVID-19 Racial and Ethnic Health Disparities*. Retrieved from <https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/racial-ethnic-disparities/index.html>

⁴ Yan BW, Hwang AL, Ng F, Chu JN, Tsoh JY, Nguyen TT. Death toll of covid-19 on Asian Americans: Disparities revealed. *Journal of General Internal Medicine*. 2021;36(11):3545–9; doi: 10.1007/s11606-021-07003-0

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 - (2) business enterprises that certify that they are owned and controlled by individuals whose residences are in Community Development Financial Institution (CDFI) Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii);
 - (3) business enterprises that certify that they will operate a location in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii);



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**ADVANCING EQUITY
THROUGH
AMERICAN RESCUE
PLAN PROGRAMS:
IMPLEMENTATION CASE
STUDIES**



Lowering Barriers to Work and Providing Security for Working Families



Enhancements of the Child Tax Credit (Section 9611)

The American Rescue Plan provides for several enhancements to the Child Tax Credit (CTC). For tax year 2021, ARP increased the maximum CTC from \$2,000 to \$3,000 per qualifying child age six to 17 and \$3,600 per qualifying child under age 6, made 17-year-old children newly eligible, made the credit fully-refundable so that lower-income workers could be eligible for the maximum credit regardless of how much they owe in taxes, and allowed for half of the estimated benefit to be paid in advance as monthly payments in the second half of 2021.

Background

The Child Tax Credit (CTC) has been a critical source of tax relief for families since it was established in the Taxpayer Relief Act of 1997. The CTC can help offset the additional costs faced by families raising children, an especially important benefit for the lowest-income families given high rates of child poverty in the U.S. pre-pandemic. Combined, refundable tax credits like the CTC and Earned Income Tax Credit (EITC) helped to lift more than 4 million children out of poverty in 2019.¹⁴⁰ Even with that assistance, the Census Bureau estimates that more than 9 million children—12.5 percent of all children—continued to live in poverty in the U.S. in 2019.¹⁴¹

In 2016, 19 percent of all children under the age of 18 were living in poverty in the U.S. Meanwhile, Black (34 percent), American Indian/Alaska Native (34 percent), Pacific Islander (23 percent), and Hispanic (28 percent) children were facing disproportionate poverty rates.¹⁴² With the onset of the pandemic, millions of families with children have faced additional, persistent material hardship—also disproportionately concentrated among families of color—making the need for support for families even greater.¹⁴³

The most recent expansion of the CTC prior to the American Rescue Plan (ARP) made the credit temporarily more generous through 2025. However, this expansion continued to limit the generosity of the benefit for the families who needed it most by restricting refundability—the maximum amount of the credit that could be claimed by families with little or no tax liability—resulting in benefits being tilted to families with higher earnings. While estimates suggest that 89 percent of families in the 50 states and the District of Columbia claimed some amount of CTC prior to ARP enhancements, more than 26 million children under age 17 lived in families without enough earnings to qualify for the full CTC.¹⁴⁴ This regressive policy prevented the majority of families in the bottom 30 percent of earnings from qualifying for the full credit. Further, families in the bottom 20 percent of earnings received, on average, *less than half* of what higher-earning families received.¹⁴⁵ As a consequence of that design and existing racial disparities in employment and income, roughly half of all Black and Hispanic children lived in families ineligible for the full CTC, compared with roughly one-quarter of White, non-Hispanic and Asian children.¹⁴⁶

Program Overview

The Biden-Harris Administration took the challenge of addressing existing disparities and equity concerns related to the CTC head-on through the American Rescue Plan. In addition to providing an historic increase in the maximum credit amount and making 17-year-old qualifying children eligible, the American Rescue Plan:



- **Made all low-and moderate-income families eligible for the same maximum credit as higher-income families:** Previously, the CTC was limited by the amount of a family’s tax liability, with families with low or no tax liability denied the same benefit as families with higher tax liabilities. The American Rescue Plan made the credit fully refundable in 2021 so that families with less income can receive the same amount as families with more income. This is particularly beneficial to Black and Latino families who are overrepresented among low-income households.
 - The Tax Policy Center has projected that ARP’s changes in design will not only more than triple the average benefit received by families in the lowest quintile of earnings (from \$1,200 to roughly \$4,400) but also bring average benefits paid to such families more closely in-line with—if still slightly below—the average benefits paid to families in the middle three quintiles of income.¹⁴⁷
 - The Congressional Research Service estimated that changes in the American Rescue Plan would increase the overall share of families with children under age 18 eligible for the CTC by 12 percentage points, with higher-than-average gains among Black (+20 percentage points) and Hispanic (+13 percentage points) families.¹⁴⁸
- **Provided advance monthly payments worth half of the estimated total credit:** Traditionally, the CTC is received annually through the reduction of a person’s tax liability, as well as through part of a person’s tax refund. The American Rescue Plan directed the IRS to make the first-ever advanced payments of the CTC—providing a reliable source of monthly support to help parents meet expenses and needs as they arise.
 - Roughly four months after ARP’s passage, the IRS began making advanced monthly payments of the CTC—ultimately providing payments to the families of more than 61 million children between July and December of 2021.
 - Pre-pandemic findings from the Federal Reserve showed that roughly one-third of Americans would not be able to cover a \$400 emergency expense completely using cash or its equivalent. Similarly, data from the U.S. Department of Agriculture demonstrates that households receiving SNAP benefits redeem more than three-fourths of their benefits by the middle of the month on average.¹⁴⁹ These findings of financial insecurity indicate that regular, reliable monthly payments could be critical in helping the lowest income families meet unexpected expenses related to health, work, or child care.

Early Results Point to a Significant Positive Impact, Including for Low-Income Families

Taken together, changes to the CTC included in the American Rescue Plan have already had a significant impact in improving the wellbeing of low-income families.¹⁵⁰ Research from JPMorgan Chase Institute found that families with children were better able to maintain their checking account balances while receiving the monthly advanced CTC payments, “supporting family cash buffers during the COVID pandemic.”¹⁵¹ Studies show that the advanced payments helped families meet costs related to the most basic essentials, including food and rent, as well as costs related to school, after school child care, and paying down credit cards, as well as savings.¹⁵² About half of middle-income parents report spending their advanced CTC payments on their mortgage, rent, utilities, or a car payment.¹⁵³

Early evidence suggested that, for the most hard-pressed families, the initial advanced payments of the CTC helped to reduce food insufficiency among low-income families by 25



percent.¹⁵⁴ Monthly advanced CTC payments appeared to ease families' self-reported financial stress, including among the lowest income families. One survey found that nearly 70 percent of advanced CTC-recipients reported that the payments made them "a lot or a little less stressed about money."¹⁵⁵

Early indications are that the expansions of the CTC are having a historic impact on child poverty. A Columbia University Center on Poverty and Social Policy study looking at monthly poverty reduction found that advanced CTC payments kept more than two million Black and Latino children out of poverty in December of 2021.¹⁵⁶ **A U.S. Department of Health and Human Services study found that the advanced CTC payments were an important contributing factor in an estimated reduction of 2.2 million Black and Hispanic children living in poverty in 2021 compared to before the pandemic.¹⁵⁷ When combined with the second half of the CTC that families will receive with this year's tax return, researchers project that the CTC will put the U.S. on a path to reduce child poverty by up to 40 percent and be the leading factor in driving the child poverty rate to its lowest level on record in 2021.¹⁵⁸ Were they to be preserved, reductions of this magnitude in child poverty would be expected to deliver significant benefits in the wellbeing of the children who benefit—including improved health, education, future earnings outcomes, and longevity.¹⁵⁹**

Maximizing the Positive Impacts of CTC Requires Overcoming Filing Barriers, Including for Low-Income Families

Achieving the maximum impact on child poverty reduction and improved wellbeing for families from the enhanced CTC will require reaching all eligible families to ensure they get the tax relief to which they are entitled. While the vast majority of eligible families were able to receive monthly advanced payments based on past tax filings, some of those families who would have most benefited from the monthly payments were the least likely to have previously filed taxes.

Ultimately, all eligible families must file a 2021 federal tax return to receive the full expanded CTC benefit. However, many newly eligible families will not have been required to file taxes in recent years because of incomes below the tax filing threshold (i.e. roughly \$25,000 for a married couple under age 65 filing jointly in 2021). Low-income families with the highest barriers to filing—because of complicated or unstable employment, housing, or family arrangements; difficulties in tracking down necessary information needed for filing; or challenges accessing technology—are likely to be some of the families who would benefit the most from the CTC. Additionally, given that the expansion of the CTC means that many families will be newly eligible, it is likely that many families remain unaware of their eligibility for the expanded benefit.¹⁶⁰

Parents of children born or adopted in 2021 can receive up to \$5,000 per child by filing an income tax return and claiming the CTC and the Recovery Rebate Credit. These families will not have received advance CTC payments in 2021 for their new child, however filing an income tax return will allow these families to receive up to \$3,600 in CTC per child. In addition, by claiming the Recovery Rebate Credit, these families can receive up to \$1,400 more per child.

Major Efforts to Advance Equitable Implementation Challenges

Since enactment of the American Rescue Plan, the Administration has taken several important steps to increase awareness and receipt of enhanced CTC benefits, including:



- **Ensuring that families who used the non-filer tool in 2020 to receive a stimulus payment (“Economic Impact Payment”) automatically received advance monthly payments of the CTC:** The IRS established an online filing tool in 2020 for people who do not typically file taxes, in order to provide a simplified way to file a tax return and receive stimulus payments. The IRS was able to use this same information to identify families who would likely be eligible for the CTC in 2021 and make automatic advance payments on that basis. As a result, the families of 729,000 kids were able to benefit from monthly payments without having to complete a separate tax filing. Families signing up for stimulus payment through the 2020 online non-filer tool were less likely to be regular tax-filers, making connecting them to CTC benefits an important priority.
- **Providing simple tools to help families access CTC benefits:** Tax-filing itself can be an intimidating barrier to claiming eligible benefits available through the tax code for many families. For low-income families, complications in gathering necessary tax information, concerns about making mistakes, or challenges in accessing free, trusted assistance can be barriers. To help overcome these challenges:
 - Treasury published guidance providing simplified tax return filing procedures allowing for the launch in June 2021 of the first-ever dedicated, simplified filing tool to help families with incomes below the tax filing threshold more easily file a tax return and sign up for CTC benefits.
 - Recognizing shortcomings in the original CTC non-filer tool—provided through an IRS partnership with the free-file alliance—Treasury, USDS, and the White House American Rescue Plan Implementation team collaborated with the civic technology non-profit Code for America to launch a more user-friendly option to improve access beginning in early September of 2021. The Code for America “GetCTC” tool was an interview-style simplified filing tool available in English and Spanish and mobile friendly that remained available to assist navigators and families filing tax returns and signing up for the CTC through mid-November 2021. Completion rates were 54 percent for those that accessed the site, completed triage questions (assessing eligibility), and began a return.¹⁶¹
 - In June 2021, the Administration launched ChildTaxCredit.gov as a friendly, plain language, multilingual, one-stop for people who needed information on the CTC. In February of 2022, ChildTaxCredit.gov was relaunched with new functionality to help quickly connect families with free, assisted filing tools based on a couple of short questions about what type of help a family preferred.
- **Leveraging an all-of-government approach to raise CTC awareness and access, and aiding non-profit efforts to expand reach:** The Administration called on agencies across the federal government to raise awareness of CTC and support families in accessing the benefit. Agency actions included:
 - Treasury conducted more than 45 navigator trainings for agency and non-profit partners reaching over 6,000 individuals in order to educate and enroll families in CTC.
 - The IRS sent direct outreach letters to over 2 million potentially eligible families that had not yet completed 2019 or 2020 tax returns based on information reported to the IRS related to health insurance coverage. Treasury also made



available anonymized geographic data on the zip codes in which those families were located to give non-profit and local government groups additional information to help them target their outreach efforts.

- The IRS also hosted free tax preparation days in nearly 30 cities across the country in June and July 2021, has participated in more than 250 partner events on CTC, and developed online materials and toolkits.
- AmeriCorps members supported CTC navigation at Head Start centers in 16 cities with lower-than expected CTC receipt. AmeriCorps VISTA was similarly able to leverage its partnership with the Department of Housing and Urban Development (HUD) in nine cities to provide CTC/EITC enrollment support to HUD-assisted families for CTC.
- The Social Security Administration launched a marketing campaign to inform low-income individuals how to claim the advance CTC payments. This effort was one of the most effective referrals to the [getctc.org](https://www.getctc.org) simplified filing tool.

Additional efforts include:

- An innovative HHS parent-led outreach effort in New England
- The Department of Education raising awareness of CTC in back-to-school materials and outreach last fall
- The DOI's Bureau of Trust Fund Administration sending letters to 200,000 Individual Indian Money beneficiaries
- USDA encouraging state SNAP directors to lead CTC outreach efforts
- The Administration launched a 16-city government working group to test and learn effective strategies for reaching and enrolling families in CTC and encouraged state governments to do outreach, particularly to state benefits recipients, many of whom are likely eligible for CTC
- Throughout the filing season, the Administration partnered closely with national community-based organizations leading outreach efforts across the country, enabling real time learning and sharing, and resulting in rapid improvements in outreach efforts throughout the filing season

The Road Ahead

The CTC expansions included in the American Rescue Plan provided historic tax relief for families and the largest CTC to the most families ever. As a child poverty reduction tool, it is on the path to being a major contributor to an historic achievement—helping reduce the child poverty rate in 2021 to the lowest level on record. **A Columbia University Center on Poverty and Social Policy study looking at monthly poverty reduction found that advanced CTC payments kept more than two million Black and Latino children out of poverty in December of 2021.**¹⁶² **When combined with the second half of the CTC that most families will receive with this year's tax return, researchers project that the CTC will have been the leading factor in driving the child poverty rate to its lowest level on record in 2021 – and result in record low Hispanic and Black child poverty rates.**¹⁶³ **In addition, the Center on Budget and Policy Priorities found that 94 percent of children who live in rural areas will benefit from this expansion of the CTC.**¹⁶⁴ Sustaining these achievements requires extending the American Rescue Plan expansions beyond this year, as President Biden has proposed.



However, there is still more work to do in 2022 to ensure that as many families as possible are receiving their rightful benefits. Federal agencies, state and local governments, and non-profits around the country are re-doubling their CTC (and EITC) outreach efforts during the 2021 filing season.¹⁶⁵ This year is critical to realizing the full equity impact of the expanded CTC as families must file a 2021 income tax return to receive either the second half of their 2021 CTC (for the families of 61 million children who received advance payments last year) or the full credit for those who did not receive advance payments.

Last year's efforts generated important information on CTC enrollment that will be considered in to 2022 and future work. First, there is great potential in cross-enrollment strategies that leverage existing government information and relationships to help target outreach, assistance, or even payments to eligible families that have not had a filing obligation or filed taxes with the IRS in recent years. While not directly cross-enrollment—since the IRS was making use of tax filings—leveraging the taxpayer information collected through the non-filer tool for federal stimulus payments and applying that data to provide advanced CTC payments to eligible families was a clear example of the promise of cross-enrollment strategies and the significant savings in administrative burden the Administration could achieve with access to relevant existing data.

In addition, the 2021 effort highlighted the benefit of working with trusted messengers to address families' questions about the credits. This is particularly true when paired with a simplified filing tool to support an easier filing process for families. The Administration has developed partnerships with outside non-profits, including organizations that help people file their taxes and has held weekly meetings with outside groups who work with low-income families and offer free filing services. These deep dives – with the Poor People's Campaign of California, United Way, Robinhood, CASA, Community Change, Golden State Opportunity, Global Women's Strike, the Center on Budget and Policy Priorities, the Economic Security Project, United States of Women, Mom's Rising and others – reflected that many non-filers are hesitant to file. These organizations that work with lower-income families stress that the hesitancy often stems from fears of the IRS, particularly among those families earning in the cash economy, those concerned about mixed-immigration status households, those concerned that accepting the CTC will force them to lose eligibility for other government benefits, and those with a deep distrust of anything having to do with the government. According to these organizations, for many of these workers trusted messengers in trusted places can help increase awareness of the benefits of filing.

These conversations reflect that to reach lower income non-filers requires more than a simplified portal – it requires investments in “last mile” efforts to sign people up, including funding free-filing resources like local IRS Volunteer Income Tax Assistance (VITA) sites and understanding and addressing the barriers that non-filers face. In 2022, the Administration plans to test and evaluate new, innovative outreach strategies, including broader state outreach efforts.

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The Earned Income Tax Credit for Workers without Dependent Children (Section 9621)

The American Rescue Plan expanded eligibility and nearly tripled the Earned Income Tax Credit (EITC) for workers without dependent children, from about \$540 to about \$1500 for tax year 2021. For the first time, the EITC is available to many workers without dependent children who are as young as 19, and now has no age limit cap – previously only workers 25 to 64 could claim the credit for workers without dependent children. For former foster youth and homeless youth, eligibility begins at age 18 for the 2021 credit. Another change for 2021 allows individuals to claim the EITC with their 2019 earned income if their 2019 earned income provides a higher tax credit than their 2021 earned income – to ensure that workers who lost income during the pandemic would not get a smaller EITC.

Background

Decades of research demonstrates that the Earned Income Tax Credit (EITC) is one of the federal government's most powerful tools for poverty reduction.¹⁶⁶ The credit provides a critical lift for low to moderate income earners, providing thousands of dollars in tax assistance annually at tax time. In 2018, the refundable tax credit for workers lifted about 5.6 million people, including 3 million children, out of poverty according to the Center on Budget and Policy Priorities (CBPP).¹⁶⁷

However, the EITC for workers without children has historically been much smaller than the credit for families with children. For workers without dependent children, the credit was just a few hundred dollars and excluded workers under 25 years of age and those 65 years or older. As a result, the credit had negligible effects on poverty among workers without children before enactment of the American Rescue Plan (ARP). The Congressional Research Service found that for single workers without dependent children, the EITC before enactment of the American Rescue Plan reduced poverty from 19.9 percent to 19.6 percent.¹⁶⁸

Low-income workers without children – disproportionately young and people of color – were the most likely group of workers to have a federal tax burden despite low incomes.¹⁶⁹ CBPP estimates that pre-pandemic, roughly 5.8 million workers without dependent children living below the poverty line had, on net, paid federal taxes on earnings. In other words, when looking at payroll and income taxes in combination, nearly six million workers in poverty owed taxes due to work. Prior to the American Rescue Plan enhancement to the EITC, CBPP found that a worker without dependent children with pre-tax income exactly at the poverty line typically owed about \$1,000 in federal taxes on earnings.¹⁷⁰

As originally enacted, only workers with dependent children were eligible for the EITC. In 1993, President Clinton signed the Omnibus Reconciliation Act, which greatly expanded the EITC and for the first time established an EITC for workers without dependent children to take effect in 1994. Since then, the EITC for families with dependent children has been greatly expanded – the maximum EITC has more than doubled in real terms to \$6,660 for a family with three or more kids. However, before the American Rescue Plan, the EITC for workers without dependent children remained generally unchanged since 1993. In 2020, the maximum credit for workers without dependent children was just \$538 – the same value in real terms as it was in 1994.



The Congressional Research Service reports that in 2018, 26.5 million taxpayers received a total of \$64.9 billion from the EITC. Of that total, there were 6.9 million recipients without dependent children (about 26 percent of the total) who received \$2.1 billion (about three percent of the total dollars), receiving an average credit of just \$302.¹⁷¹ Beyond the low maximum credit – the credit’s age restriction and low-phaseout limited its reach. A single worker without children who made \$8 an hour and worked full time would not qualify for any EITC before the American Rescue Plan because his income was *too high*.

While the average EITC for families with children was about \$3,200 in 2017, the average credit was just \$300 for workers without dependent children, according to a Congressional Research Service analysis.¹⁷² The combination of this relatively small benefit and the exclusion of young workers meant that the policy did little to address the rising poverty rate among young workers (which was among the highest of any age group).¹⁷³

Program Overview

The American Rescue Plan increased the EITC for workers without dependent children from \$538 to \$1502 for tax year 2021 for about 17 million workers without dependent children.¹⁷⁴ It also made previously excluded workers eligible for the 2021 credit – those who are 19 to 23 years old and are less than half-time students and those who are 65 years or older. The American Rescue Plan also dramatically increased the maximum income at which workers without dependent children could still claim some amount of EITC – from \$15,820 to \$21,430 for single filers and from \$21,710 to \$27,380 for joint filers.

Two other key changes reflect Congress’s concern for the 2021 credit reaching workers who need it most. Former foster youth or homeless youth who are 18 or older can claim the EITC for workers without dependent children – ensuring transitioning foster youth get access to the credit this year. And for 2021, the American Rescue Plan allows individuals to get the EITC with their 2019 earned income if their 2019 earned income provides a higher tax credit than their 2021 earned income – to ensure that workers who lost income during the pandemic would not get a smaller EITC.

The EITC is a “refundable” credit, which means that the credit first applies towards whatever amount a recipient owes at tax time. But if the credit is worth more than taxes owed, the recipient is paid any remaining balance as a refund. A credit’s refundability helps to ensure that workers with low or no tax liabilities can receive the full benefit they are eligible for.

The 17 million lower income workers without dependent children who qualify for the expanded 2021 EITC are disproportionately Latino, Black or live in rural areas—about 26 percent are Latino, 18 percent are Black, and 21 percent live in rural areas.¹⁷⁵ The EITC will also disproportionately help front-line workers—including 1.1 million cashiers, 975,000 cooks and food prep workers, 853,000 nurses and health aides, 673,000 retail salespeople, 537,000 janitors, 534,000 laborers and movers, 412,000 truck and delivery drivers, and 304,000 child care workers, according to the Center on Budget and Policy Priorities.¹⁷⁶

Despite these enhancements, challenges remain in ensuring the equitable take up of EITC for workers without dependent children, which has persistently had low take up compared with the EITC for families with children. A 2018 Treasury Inspector General analysis suggested that as few as 62 percent of eligible workers without dependent children filed for the EITC – driving down the EITC’s overall participation rate to about 80 percent.¹⁷⁷



Key reasons for relatively lower take up of the EITC for workers without dependent children include: 1) a much smaller available credit compared to workers with children, reducing the incentive to claim; 2) less consistent or predictable year-to-year eligibility given the relatively narrower income bands at which workers are eligible for the credit (and the exclusion of older and younger workers); 3) less regular tax filing among the many eligible workers who make incomes below the filing requirement; and 4) less awareness of the credit even among lower income workers who regularly file.¹⁷⁸

Major Efforts to Advance Equitable Implementation

- **Beginning Tax Filing Season with CTC/EITC Day with Vice President Harris:** Filing season began on January 24, 2022. On February 8, the White House and Treasury Department held a CTC/EITC Day of Action – launched by Vice President Kamala Harris and Treasury Secretary Janet Yellen. The campaign drove hundreds of government, non-profit, and philanthropic commitments to help Americans file their taxes to claim the EITC and CTC. Commitments ranged from governments and organizations raising awareness of the tax credits in their communities, to tax prep support organizations supporting families in actually filing.
- **Adding New Online Tools to Help Low-Income Workers File for Credits:** In January 2022, the Biden-Harris Administration launched a revamped childtaxcredit.gov as a plain-language, multi-lingual resource to help families get information and find trusted, free assistance in filing taxes. As part of that effort, the Administration built an EITC landing page that leverages tools found on ChildTaxCredit.Gov for tax filers—including digital support in navigating to appropriate filing support based on personalized need and situation—in order to assist workers without dependent children.
- **Mobilizing CTC and EITC Outreach Across the Country:** With more tax benefits available to all families in 2022, the White House and Treasury are coordinating outreach across both CTC and EITC (as well as the final economic impact payment still available to families) in partnership with agencies, state and local governments, and non-profit partners. Examples of these activities include:
 - **IRS coordinated EITC Awareness Day on January 28**, partnering with more than 1,500 supporter organizations with a combined social reach of over 2 million. Partners sponsored 220 live events and other outreach activities.
 - **IRS is elevating EITC through its Volunteers Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites** as an important benefit as they assist taxpayers with free tax return preparation. Last year, in local communities, over 8,800 volunteer sites filed nearly two million tax returns at no cost.
 - **The Department of Housing and Urban Development will mobilize on-the-ground staff and stakeholders** to help HUD-assisted households file taxes.
 - **The Administration is engaging with national Community Based Organizations leading outreach events and activities around the country** and providing free tax preparation online services including United Way’s My Free Taxes, AARP’s Tax Counseling for the Elderly, and Code for America’s Get Your Refund.



- **Encouraging more state and local governments to do direct outreach to benefits recipients**, following promising efforts in California, Massachusetts, New York, Detroit and Philadelphia.

The Road Ahead

Thanks to ARP’s expansion of the credit, experts estimate that 17 million lower income workers without dependent children could benefit from the 2021 credit—including about 2.7 million rural workers.¹⁷⁹ Low income workers projected to benefit from the expansion in 2021 are disproportionately Black (18 percent), Latino (26 percent), and live in rural areas (21 percent).¹⁸⁰ The EITC expansion is also expected to disproportionately help front-line workers: **including 1.1 million cashiers, 975,000 cooks and food prep workers, 853,000 nurses and health aides, and 304,000 child care workers.**¹⁸¹

As mentioned before – this year, federal agencies, state and local governments, and non-profits around the country are launching robust EITC outreach efforts to reach newly eligible families, in addition to re-doubling existing EITC outreach efforts. Through these efforts, as well as the continued efforts on the CTC, the Administration will continue to learn about what works to increase tax filing among low-income workers, and iterate to focus on the most promising outreach strategies throughout 2022.

In particular, VITA free tax preparation support is a critical tool in helping low incomes families file their taxes, supporting two million families in their filings each year. There are ways the program could be even more effective and reach even more families – such as by increasing VITA capacity to offer tax filing support year-round, and improving digital tools and virtual VITA support. This year’s efforts also demonstrate the power and need for targeted outreach efforts, finding better data and tools to identify non-filers, and even potentially cross-enrolling individuals receiving other government benefits.

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Permanent Expansion of Tax Relief to Puerto Rico Families

The American Rescue Plan made permanent changes to tax benefits for Puerto Rico families. Changes include: 1) lifting previous restrictions that prevented families in Puerto Rico with fewer than three children from claiming the federal Child Tax Credit (CTC), and 2) providing up to roughly \$600 million annually in matching funds to bolster Puerto Rico's locally administered Earned Income Tax Credit (EITC)—resulting in an expected quadrupling of EITC benefits provided starting in the 2021 tax year. Together, these permanent changes are expected to provide over \$1 billion in additional tax relief to families in Puerto Rico on an annual basis.¹⁸²

Child Tax Credit: Making families in Puerto Rico eligible on the same basis as families in the states

Before the American Rescue Plan (ARP), families in Puerto Rico with fewer than three qualifying children were ineligible to claim any federal Child Tax Credit benefits—excluding nearly 90 percent of all families in the territory and contributing to Puerto Rico's 57 percent child poverty rate.¹⁸³

The American Rescue Plan changed this unequal treatment – making families in Puerto Rico eligible for CTC benefits on the same basis as residents of the mainland permanently. As a result, beginning in the 2021 tax year, Puerto Rico families with two or fewer children are eligible to claim the CTC for the first time.

Thanks to the expansions of the Child Tax Credit included in the American Rescue Plan, families in Puerto Rico can receive up to \$3,600 for each child under age six and up to \$3,000 for each child between six and 17 years of age for tax year 2021. Experts have estimated that the families of over 565,000 Puerto Rico children could benefit from the expanded, fully-refundable CTC.¹⁸⁴ In order to claim the credit, families in Puerto Rico must file a federal tax return.¹⁸⁵

Earned Income Tax Credit: Providing roughly \$600 million in annual support for Puerto Rico's locally-administered Earned Income Tax Credit

Before the American Rescue Plan, the federal government had never provided support for an EITC in Puerto Rico. Puerto Rico introduced its own local EITC from 2007 to 2013 but ended the credit in 2014. In 2019, Puerto Rico relaunched an EITC with local funds—roughly \$200 million per year—allowing them to provide benefits to only a subset of workers who would have been eligible under federal EITC rules.

ARP provides up to \$600 million annually, adjusted for inflation, to enhance EITC benefits provided by Puerto Rico by quadrupling available resources through a 3-to-1 federal to local match. By continuing to provide at least \$200 million from local funds for the EITC, Puerto Rico will receive the full amount of available federal support, allowing them to raise maximum credit amounts to roughly the same levels available on the mainland through the federal EITC. As a result, based on the 10-year expansion of the EITC that Puerto Rico enacted into law in August of 2021, the maximum amount of EITC that a family can receive annually will more than triple. For example, a family with two children in Puerto Rico would see the maximum credit amount increase from \$1,500 to \$5,500.¹⁸⁶



Implementation Challenges

The American Rescue Plan has provided unprecedented tax relief for families in Puerto Rico. Thanks to the changes included in ARP, a low-income family in Puerto Rico with two children under age six could be eligible for EITC and CTC benefits of up to \$11,200 for the 2021 tax year. However, realizing the full poverty-reducing and welfare-enhancing effects of those benefits requires that eligible families complete both local income tax returns—to receive the EITC provided by Puerto Rico’s local tax authority—and federal income tax returns—to receive the CTC – making the task of claiming both credits complicated, burdensome, and potentially confusing.

The vast majority of families in Puerto Rico do not have federal tax liability and are not required to file a return with the IRS annually. Given the small share of families with children who were eligible for the CTC (close to ten percent) prior to the American Rescue Plan—and the lack of a federal EITC available to residents of Puerto Rico—very few Puerto Rico families filed federal tax returns in recent years and assistance in filing federal taxes was rare and often disconnected from assistance in filing local taxes.

Ensuring families in Puerto Rico are aware of these new benefits and file both local and federal tax returns will be a significant challenge. ARP included up to \$1 million in funds for Puerto Rico to use for an educational campaign around the local EITC. However, Puerto Rico can only be reimbursed for expenses in the year in which they were incurred, requiring Puerto Rico to initially front the costs of the educational campaign during filing season, which limits Puerto Rico’s ability to leverage that support in the near term.

Major Efforts to Advance Equitable Implementation

The Administration has taken several steps to help Puerto Rico families file the returns needed to access these historic benefits this tax season, including:

- **Appointed a White House Senior Advisor dedicated to the implementation of the Child Tax Credit in Puerto Rico.** The White House Senior Advisor led the day-to-day CTC engagement with the Government of Puerto Rico, including the Advisory Commission on Poverty and the newly established Special Commission for the Eradication of Child Poverty, both under the Department of the Family. This ongoing engagement allows the Administration to collaborate with community organizations, researchers, and local elected officials to promote outreach and tax preparation assistance for the public.
- **Met Early with Puerto Rican government leaders on strategies for CTC outreach.** The American Rescue Plan Coordinator, Treasury Officials, and White House Intergovernmental Affairs hosted multiple discussions with the Governor of Puerto Rico, as well as several meetings at the White House with key mayors and legislative leaders on CTC outreach strategies for Puerto Rico.
- **Created a CTC/EITC Puerto Rico working group in collaboration with UnidosUS, the Youth Development Institute (IDJ), Espacios Abiertos, Hispanic Federation, and others, to increase awareness and take up rates among newly eligible families in Puerto Rico for the CTC and Local EITC.** This group met weekly with the Coordinator of the American Rescue Plan as well as representatives of the Puerto Rico government,



Hacienda (the local tax authority), Treasury, IRS, and local stakeholders—including community-based organizations and other advocates in Puerto Rico – who work to remove barriers for the implementation of tax credit policies. Collaboration across these groups has already led to the execution or launch of over 35 local community events, navigator trainings, and capacity building engagements for local elected officials and municipal staff.

- **The White House American Rescue Plan Implementation Team and Treasury led coordination efforts with the IRS and the Puerto Rico Government to ensure a comprehensive and streamlined campaign is adapted to Puerto Rico’s needs,** including the creation of a unique Puerto Rico informational website. [Childtaxcredit.gov/es/puerto-rico/](https://childtaxcredit.gov/es/puerto-rico/) highlights the unique and unprecedented access for families with children to benefit from the enhanced CTC and provides information on how to claim the credit.
- **Ensuring capacity for Volunteer Income Tax Assistance (VITA) centers and Facilitated Self-Assistance (FSA) sites,** including navigator training and volunteer recruitment scale-up for tax prep assistance in low income communities. Currently there are 43 tax assistance sites, including VITA and FSA in the island. In addition, the Government of Puerto Rico, PR Department of Housing and local IRS have collaborated to register 280 public housing coordinators to serve their community, which has the ability to reach close to 20,000 families across the island.
- **Amplifying the island-wide public campaign by the Coalition of Economic Security in Puerto Rico, and garnering support from State/Local government.** Several NGOs coalesced to launch ReclamaTuDineroPR.com to further promote awareness of these tax benefits. In addition, the Administration has helped amplify these efforts and match trained IRS volunteers with Mayors and municipalities to host “Fill-a-thons” (“Llenatones” in Spanish)—to ensure all families with children learn about the credit and can receive tax filing assistance through a local community event
- **Continuing engagement with Gov. Pierluisi on joint strategic efforts** to identify collaboration opportunities, and to amplify and enhance outreach and awareness initiatives to the public by engaging all sectors in CTC/EITC efforts. The White House ARP Implementation Coordinator held two in-person meetings with Gov. Pierluisi and his staff to discuss impacts of ARP in PR to low- and moderate-income families and strategize on outreach efforts and participated together in a third event. These dialogues led to successful collaborative initiatives, including:
 - **ARP 1-year anniversary** open-press event showcasing the American Rescue Plan’s investments in Puerto Rico. The event featured Governor Pierluisi’s highlights on ARP funding and program implementations leveraging ARP funds, as well as a panel of national and local NGOs—including UnidosUS, United Way Worldwide, United Way Puerto Rico, Hispanic Federation, and Espacios Abiertos—who are jointly leading CTC/EITC efforts locally.
 - **Training and capacity building events for municipal staff as well as state/local government service providers** to include Navigator Training, tax filing assistance training, hands-on demonstrations on MyFreeTaxes and Tax Slayer tools in collaboration with key local NGO stakeholders like UnidosUS,



United Way PR, Youth Development Institute (IDJ), Espacios Abiertos as well as IRS. More than 240 municipal and state agencies employees attended the in-person training, hosted by Fortaleza (Governor's Office).

- **ARP State & Fiscal Recovery Funds (SLFRF) training for mayors.** In collaboration with the U.S. Department of Treasury, Fortaleza, the Association of Mayors, and the Federation of Mayors of Puerto Rico, the Administration hosted a training for mayors on SLFRF, which is providing nearly \$4 billion to the territorial and local governments in Puerto Rico. The training focused on the available uses of these funds for CTC and EITC outreach. Over 200 elected officials and their staff attended, including 77 of Puerto Rico's 78 mayors, as well as their municipal Finance Directors and staff. The event also included a CTC/EITC overview training by the Coalition for Economic Security of Puerto Rico (comprised of the Hispanic Federation, the Youth Development Institute (IDJ), and Espacios Abiertos).
- **Creation of a free, simplified portal for claiming the Child Tax Credit in Puerto Rico.** In May 2022, Treasury published guidance providing for simplified tax return filing procedures for residents of Puerto Rico claiming the Child Tax Credit for 2021. Mirroring similar steps taken for families without tax filing requirements in the 50 states that resulted in the development and launch of GetCTC.org filing tool in the summer of 2021, Treasury's procedures allow most families in Puerto Rico to more easily file a tax return—streamlining the information the IRS requires a family to provide when only seeking CTC benefits and avoiding requests for information that can be potentially confusing or intimidating that would be collected for purposes other than establishing CTC eligibility. Code for America has committed to accommodating Puerto Rico families through their simplified filing tool, GetCTC.org, later in 2022.
- **Hosting an awareness-raising event with First Lady Dr. Jill Biden to encourage tax filing prior to April 18.** On April 11, the White House, in collaboration with the U.S. Departments of Treasury and Education, UnidosUS, the Hispanic Federation, the Institute of Youth Development/Instituto del Desarrollo de la Juventud (IDJ), Espacios Abiertos, and United Way of Puerto Rico, hosted an event headlined by First Lady Dr. Jill Biden, Education Secretary Cardona, House Chairwoman Nydia Velazquez, Deputy Secretary of Treasury Adeyemo, and American Rescue Plan Coordinator Gene Sperling as part of a final push before the IRS's regular tax filing deadline of April 18 to encourage families in Puerto Rico to file their local and federal taxes in order to receive both the CTC and EITC.

The Road Ahead

As the Government of Puerto Rico, local non-profits, community-based organizations and research institutions continue to amplify CTC outreach to reach newly eligible families, the Administration will continue to learn about successful practices to encourage uptake of CTC/EITC and increase tax filing among low-to moderate income families, while gathering use cases and best practices for outreach strategies that can be applied in Puerto Rico throughout 2022 and beyond. In addition, these learnings will help to inform continued outreach efforts to other low income, hard to reach, rural, and non-English speaking communities stateside in 2022.



VITA free tax preparation services have proven to be critical infrastructure to help low income families file their taxes stateside. However, this is the first time in history that VITA and Facilitated Self Assistance has been delivered at this scale in Puerto Rico. While the Administration has taken steps to ensure language adaptation and translation challenges are met quickly, further improvement in addressing those challenges in the future is necessary to ensure materials, campaigns and outreach efforts of the federal government consider the idiosyncrasies of language and other barriers that are unique to Puerto Rico.

As permanent changes enacted in the American Rescue Plan mean that the Child Tax Credit and a Federally supported EITC will continue to be available to a wide swath of families in Puerto Rico in the future, the government must continue to make improvements in the effectiveness and reach of sign-up and assistance efforts in the future. This includes more durably increasing VITA capacity to offer tax filing support year-round, and improving digital tools and virtual VITA support for accessing the CTC and better coordination and lower barriers to helping residents “dual file” for local and federal benefits.

Similar to lessons learned stateside, this year’s efforts in Puerto Rico demonstrate the power and need for data-informed targeted outreach efforts, which depend on timely data and tools for identifying likely non-filers or families in need of additional assistance, in order to inform outreach and explore opportunities for potentially cross-enrolling for the first-time individuals receiving other government benefits in Puerto Rico.

¹⁸² Balmaceda, J. (2021, April 16). American Rescue Plan Act provides critical, permanent tax relief to Puerto Rico. Retrieved from <https://www.cbpp.org/research/federal-tax/american-rescue-plan-act-provides-critical-permanent-tax-relief-to-puerto-rico>

¹⁸³ *Ibid.*

¹⁸⁴ Espacios Abiertos. (2022, November 1). Child tax credit y crédito por trabajo: El Alivio que miles de familias y trabajadores necesitan. Retrieved from <https://espaciosabiertos.org/child-tax-credit-y-credito-por-trabajo-el-alivio-que-miles-de-familias-y-trabajadores-necesitan/>

¹⁸⁵ Unlike in other parts of the US, advance payments of the Child Tax Credit were not available in Puerto Rico during the 2021 calendar year.

¹⁸⁶ Espacios Abiertos. (n.d.). Crédito por trabajo en Puerto Rico. Retrieved from <https://espaciosabiertos.org/en/credito-por-trabajo/>



Child Care Stabilization (Section 2202)

The American Rescue Plan establishes a new, time-limited Child Care Stabilization program, providing \$24 billion for grants to states, territories, and Tribes, the majority of which must be distributed to eligible child care providers based on current operating expenses and to the extent practicable, cover sufficient operating expenses to ensure continuous operations for the duration of the grant. Grants may be used to cover personnel costs (including payroll and salaries, employee benefits, premium pay, or costs for employee recruitment and retention), rent, PPE, purchases of or updates to equipment and supplies to respond to the COVID–19 public health emergency, goods and services necessary to maintain or resume child care services, and mental health supports for children and employees.

Background

High quality, reliable child care is critical to helping parents – especially mothers and parents of color – to work, earn more for their families, and strengthen the economy.

Over the past 40 years, more women entering the labor force and increasing their earnings have driven an estimated 91 percent of the income gains experienced by middle-class families.¹⁸⁷ But when the American Rescue Plan (ARP) was enacted, roughly 2 million women remained outside of the labor force compared to pre-pandemic levels, owing in part to challenges in finding safe, available, and quality child care.¹⁸⁸

Women have historically borne a disproportionate share of child caretaking responsibilities, making it hard for women who want to or need to work to do so. As COVID-19 disrupted school and child care arrangements, it became even more challenging for mothers to manage both work and care.¹⁸⁹ The labor force participation rate of mothers overall was about 3.5 percentage points lower in March 2021 as compared to January 2020, at a time when the comparable gap for fathers was just one percentage point.¹⁹⁰

Women navigating work and care responsibilities, especially mothers with young children and mothers of color—who are more likely to be sole or primary earners—face more significant and lasting financial burdens from disruption in care.¹⁹¹ Before the pandemic, parents of color were especially likely to experience disruptions in employment due to issues with child care—with Black parents nearly two times more likely than White parents to have quit, turned down, or made a major change in their job due to child care disruptions—suggesting higher vulnerability to child care disruptions due to the pandemic.¹⁹² Given that reliable access to high quality child care can provide lifetime benefits, especially for children from economically disadvantaged families, the pandemic threat to child care also posed disproportionate impacts for the children who could benefit most from high-quality care.¹⁹³

Even without considering the public health challenges with providing safe care during the COVID-19 pandemic, the child care sector was particularly vulnerable to the financial impacts of the pandemic. As a September 2021 report from the U.S. Department of Treasury documented, the pre-pandemic economics of child care make it hard for parents to afford – the average family with at least one child under age five needs to devote about 13 percent of family income in order to pay for care – even while margins for child care programs are razor thin and lead many providers to struggle to make ends meet.¹⁹⁴ The result is a low wage, high turnover workforce,



with many experiencing stress and depression.¹⁹⁵ Many child care workers are paid so little that they rely on government benefits programs for their own economic needs.¹⁹⁶

Both the providers – nearly all small businesses – and the workers are overwhelmingly women and disproportionately women of color.¹⁹⁷ It is no surprise that providers were hit hard by the pandemic, and that those impacts have exacerbated child care shortages. Providers struggled to cover the increased costs of maintaining safe environments – by one estimate 47 percent higher earlier in the pandemic – and a qualified workforce, while also losing revenues due to decreased enrollment.¹⁹⁸ One survey found that the number of active child care providers declined nine percent from December of 2019 to March of 2021, when ARP was enacted.¹⁹⁹

An earlier survey documented the lengths to which child care providers that remained open during that period went to in order to survive: two in five providers reported taking on debt for their programs using personal credit cards to pay for increased costs; three in five reported working in programs that reduced expenses through layoffs, furloughs, or pay cuts; and, as of December 2020, more than half were reporting that they were losing money by continuing to operate.²⁰⁰ By July of 2021, most providers were reporting that they were still operating nearly 30 percent below licensed capacity on average and four out of five programs reported a staffing shortage.²⁰¹

Pandemic-driven closures risked further exacerbating existing access challenges – pre-pandemic, half of all Americans lived in a child care desert, where the supply of licensed care was insufficient to meet demand, with even greater shares in rural areas.²⁰² Even before the pandemic, nearly two-thirds of rural Americans lived in an area where there is a substantial shortage of licensed child care slots, with nine infants and toddlers for every one child care slot in rural communities.²⁰³

Losses in child care employment represent a double-bind on the workforce, since child care workers are often crucial to facilitating the employment of the families whose children they care for. When ARP passed, roughly 180,000 fewer Americans were employed in child care compared to pre-pandemic, a gap of 17 percent.²⁰⁴ Meanwhile, private non-farm payroll employment nationally was down five percent overall at that same time.²⁰⁵

Program Overview

The Child Care Stabilization grant program was intended to provide a critical lifeline to roughly two hundred thousand child care programs and their staff of educators, avoiding child care program closures and helping providers stay open. By helping providers survive the financial disruptions and burden of operating during a pandemic, the funds were intended to enable child care providers to maintain a safe, healthy, and reliable environment for millions of children to learn and allow millions of parents—especially mothers—to work during and beyond the pandemic. These funds were intended to support a strong and more equitable economic recovery.

While many providers benefited from earlier pandemic aid targeted to small businesses—like the Paycheck Protection Program, the COVID-19 Economic Injury Disaster Loan program, or the Employee Retention Tax Credit—prior to the American Rescue Plan, many child care providers had been operating under extremely difficult financial and public health challenges without a dedicated source of aid for over a year. Without financial relief, child care providers were at extreme risk of further accumulated debt, increased financial destabilization, and high levels of closures—further reducing the already limited supply of child care that operated pre-pandemic.



The Child Care Stabilization grant program represents *historic aid* for child care in both size and design. The \$24 billion of support for providers represented a significant investment in an industry that generated annual revenues of roughly \$50 billion pre-pandemic, employed roughly 1.5 million workers, and supported millions of parents' ability to work.²⁰⁶ Funds were awarded to all states, territories, and Tribes based on the current formula used for the Child Care and Development Block Grant (CCDBG), the federal and state-funded subsidized child care program for low- and moderate-income families.

However, grants were intended to support child care providers beyond those that participate in CCDBG.²⁰⁷ It was critical to the goal of stabilizing the sector and supporting an equitable recovery that stabilization grants reach the broadest set of eligible child care providers—particularly those representing and working with underserved communities—to ensure that existing inequities in parents' access to care or support for small business owners are not further exacerbated by the economic impacts of the pandemic. To achieve this aim, the legislation made any child care provider operating during the pandemic or temporarily closed due to COVID-19 potentially eligible for stabilization grants, so long as they were 1) *eligible* to participate in the subsidized child care program or 2) licensed, regulated, or registered and meeting state health and safety requirements at the time of ARP's passage.

In many states, the agencies charged with delivering payments to providers may have had limited previous contact with many of the providers eligible to receive funds. As such, many states were juggling the challenges of establishing a new, emergency, time-limited program with constraints imposed by the pandemic, while also trying to increase awareness of the program among potentially eligible providers.

Major Efforts to Advance Equitable Implementation

Given how critical child care is for an equitable economic recovery – particularly for women, and women of color, who work outside the home – the Administration took steps to ensure that the new child care stabilization program maximized the number of child care providers served. It also took steps to ensure that the funds reached the smallest and most financially vulnerable providers, as well as those supporting families and children most in need of child care. And, once funds were distributed, the Administration helped ensure that child care stabilization funds were used to drive equitable outcomes in the following ways:

Helped states maximize the number of providers who received assistance, with funds now already distributed to more than 180,000 providers with the capacity to serve over 8 million children.

- **Provided states administrative funds that they could use to increase the reach of the program and encouraged states to use these funds accordingly.** ARP allowed states and territories to reserve up to ten percent (and Tribes to reserve up to 20 percent) of stabilization funds for administrative activities, supply-building activities, and certain technical assistance activities that could increase the reach of the program and support providers receiving funds. The Administration encouraged states to use these funds to ensure effective implementation of their program – for example to raise awareness of available assistance, create easily understandable materials, and upgrade the data collection and technology systems needed to smoothly administer awards and collect data in ways that were not overly burdensome for providers. For example, after assisting



providers that applied for stabilization grants, Colorado continued to focus on providing outreach to providers that did not apply by contracting with trusted community partners to target providers with different cultural or linguistic needs.

- **Created tools to help states to simplify applications for providers.** In May 2021, HHS released a packet of “Application Tips, Considerations, and Sample Forms” to encourage simple, easy, and accessible program design. This packet supported states, territories, and Tribes in quickly responding and launching their stabilization grant programs. For instance, Confederated Tribes of Siletz Indians (CTSI) in Washington was one of the first Tribes to implement their ARP child care stabilization grants, leveraging the packet of tools to move to implementation quickly.²⁰⁸ At least 26 states and territories have used these application templates to inform the development of their stabilization grant application. North Carolina shared that “the draft application template has been instrumental with the development of the [ARP Stabilization grant] application.” Mohegan Tribe, a Tribe with a small allocation size in Connecticut, reported that the *Checklist: Requirements for Posting American Rescue Plan Act Child Care Stabilization Subgrant Applications* and *American Rescue Plan Act Stabilization Subgrants for Child Care Providers: Application Tips, Considerations, and Sample Forms* were helpful in the successful launch of their stabilization grants program.
- **Delivered direct resources to support child care providers in accessing grants.** To make it easier for providers to access stabilization grants, HHS published a web page with links to state applications, and provided resources to assist providers, including hosting national webinars for child care providers about the availability of stabilization grants.²⁰⁹ ACF provides ongoing access to the webinars, in English and Spanish, federal resources, and links to state stabilization grant applications and partners’ resources on their website. The recordings are also available on the Administration for Children and Families (ACF) YouTube channel. Over 45,000 users engaged with the Child Care Stabilization Grant webpages between May 1, 2021, and March 31, 2022. The “Find Child Care Stabilization Grant Applications for Your State or Territory” page had 59,500 page views, representing 58 percent of all page views on the site, followed by the Stabilization Grant Tools and Resources for Lead Agencies and Providers page, with over 6,000 page views. The most common language that the Child Care Stabilization Grant language was translated into was Spanish. Other languages represented included Chinese, Thai, Russian, and Turkish.
- **Encouraged states to partner with organizations trusted by child care programs to assist providers in applying for and leveraging funds.** HHS encouraged states to reach more providers by funding and partnering with trusted organizations including professional organizations, family child care networks, unions, and child care resource and referral agencies. For example, in New Jersey the state lead agency allowed funded resource and referral agencies to partner with a group of trusted community-based organizations – including Advocates for Children of New Jersey, NJAEYC, AFSCME, CWA, and local United Ways—to host two webinars that walked providers through the stabilization grant application process and responded to questions. More than 600 providers registered for the webinars, and more than 300 participated. The collaborators hosted multiple small-group sessions to follow up on the webinars, including groups specifically for Spanish speaking providers, small centers, and family child care homes.



Helped ensure funds were distributed to the smallest providers and those serving underserved populations.

- **Instructed lead agencies to serve underserved constituencies, and required states to report on the demographics of providers they served.**²¹⁰ Several states used the Center for Disease Control and Prevention’s (CDC) Social Vulnerability Index (SVI) to support equitable distribution of funds to child care providers that serve communities most in need in their states. And many states targeted programs serving specific underserved populations. For example, Pennsylvania provided additional funding to centers and family child care programs that care for children birth to age three, as well as additional funding for programs offering atypical hours of care, and Oregon offered a bonus for those providing culturally responsive care.²¹¹
- **Encouraged states to provide information in plain language and in multiple languages and to read applications in multiple languages.** The *American Rescue Plan Act Stabilization Subgrants for Child Care Providers: Application Tips, Considerations, and Sample Forms* resources were made available in English and Spanish. HHS called on states to ensure they had available staff to translate documents received from providers in different languages and encouraged efforts to customize applications to support diverse communities in states and territories in order to help reduce disparities and advance racial equity within the child care system.²¹² For example, New York made their application and FAQs available in 11 languages and had step-by-step instructional videos showing providers how to use the web-based portal in whatever language they prefer.
- **Strongly recommended that lead agencies take steps to ensure that smaller programs had equitable access to child care stabilization funds,** including the use of special application periods where only smaller child care centers or family child care homes are eligible for the funds.²¹³ Nevada and Montana, for example, created separate application periods for smaller providers, helping to ensure they received funds.
- **Delivered direct application support to smaller, less-well-resourced providers.** HHS developed a resource guide to help family child care business owners complete child care stabilization grant applications.²¹⁴
- **Provided individualized and group technical assistance for Child Care and Development Fund (CCDF) Lead Agencies on a range of topics related to supporting license-exempt providers move toward becoming licensed.** HHS facilitated a two-day National Licensing Expert Panel (LEP) annual meeting. The focus of the meeting was to explore equity considerations for the Child Care Licensing System, including licensing leadership, licensing staff, communication, provider and family voices, data and evaluation, regulations, prelicensure and initial support for providers, and provider training and technical assistance. HHS also facilitated a Licensing Professional Development session, which focused on the Role and Responsibility of Licensing in Achieving Equity in the Early Childhood System. Partners from the BUILD Initiative, Child Trends and the Institute for Racial Equity and Excellence (IREE) served as panelists for the session. Over 400 individuals participated in the session representing 36 states, District of Columbia, three territories and two Tribes. HHS is working with numerous states, territories, and Tribes to improve equity in their licensing systems. For instance, HHS has provided long-term support to Georgia as they create a streamlined,



equitable and sustainable structure for the management of license-exempt child care programs.

Helped promote funds, once distributed to providers, to be used equitably.

- **Advised providers, and especially small providers, on practices to help stay open.** To support providers once they received a subgrant, HHS also published resources and videos on business practices and budgeting, and hosted webinars at times and with content to help smaller child care providers, including family child care providers.
- **Encouraged states and providers to invest in the child care workforce, who are disproportionately women of color and among the lowest paid workers in the country.** Many states have followed this guidance to help address workforce shortages, so providers could stay open, and to help improve the quality of jobs for this undervalued workforce. As part of Connecticut’s and South Carolina’s stabilization programs, recipients can choose to opt-in to receive additional funds if they commit to putting funds toward staff compensation.²¹⁵ These funds can be used for bonuses, increased wages, and contributions toward benefits like health insurance costs. North Carolina includes a similar opt-in design but provides a further enhancement for programs choosing to increase the base pay of staff or provide benefits rather than provide bonuses.²¹⁶ Illinois requires that providers use at least 50 percent of their awards on new or expanded investments in workforce.²¹⁷ Minnesota requires that 70 percent of stabilization funds received by a provider be used to increase compensation for staff regularly caring for children except in some cases of financial hardship.²¹⁸ Utah includes an award enhancement for providers that pay or will pay a minimum of \$15 per hour for over half of their staff.²¹⁹ Wages of the child care workforce have increased seven percent over the last six months, and many states and providers have reported that these funds have been critical to their ability to recruit and retain the child care workforce. Still, many states and providers report the need for long-term funding to provide them with the confidence to increase wages of the workforce.

The Road Ahead

As of April 2022, all states except for Missouri and all territories except for American Samoa had launched applications for eligible providers to apply for payments, and payments had begun or concluded in 47 states, DC, and Puerto Rico. **As of mid-May 2022, stabilization payments had reached more than 180,000 child care programs with a capacity to serve more than 8 million children. As of April 2022, thirty-five states currently have had opened or anticipated having upcoming application periods for future awards where continued improvements in outreach are possible.** States have until September 30, 2022 to commit all of their stabilization funds to providers.

Initial reporting—through December 31, 2021—was due to the OCC in January 2022 and will continue quarterly through the life of the program. Through reporting, the OCC is collecting information about stabilization award recipients’ race/ethnicity and gender, types of care, geographic identifiers, and other data that will provide insights about the extent to which underserved populations of providers and localities were aided. For example, these data can be used to analyze whether awards were concentrated in certain FIPS codes, which can indicate whether the awards made it to providers more likely to be in underserved communities. The data



can also be used to determine if funds were evenly distributed between eligible centers and family child care homes in proportion to services provided. As family child care homes may be more likely to serve infants and toddlers or provide care during non-traditional hours, a concentration of funds going to centers may indicate that the funds did not address the needs of certain families. The reporting will also provide data about whether recipients previously participated in the child care subsidy program, indicating whether the grants reached the larger child care market as intended.

The American Rescue Plan included unprecedented direct support for child care providers. Conclusions about the effectiveness of the strategy could inform future recessionary responses. The Office of Child Care will use reporting data to informally evaluate if the strategies to advance equity implemented by states appeared to be promising in affecting the extent to which awards reached target groups and achieved program goals.

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¹⁸⁸ U.S. Bureau of Labor Statistics. (2022, March 4). Civilian Labor Force Level - Women. FRED. Retrieved from <https://fred.stlouisfed.org/series/LNS11000002>

¹⁸⁹ Barroso, A., & Horowitz, J. M. (2021, March 22). The pandemic has highlighted many challenges for mothers, but they aren't necessarily new. Pew Research Center. Retrieved from <https://www.pewresearch.org/fact-tank/2021/03/17/the-pandemic-has-highlighted-many-challenges-for-mothers-but-they-arent-necessarily-new/>

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¹⁹¹ Glynn, S. J. (2021, March 29). Breadwinning Mothers Are Critical to Families' Economic Security. Retrieved from <https://www.americanprogress.org/article/breadwinning-mothers-critical-familys-economic-security/>

¹⁹² Novoa, C. (2020, June 29). How Child Care Disruptions Hurt Parents of Color Most. Retrieved from <https://www.americanprogress.org/article/child-care-disruptions-hurt-parents-color/>

¹⁹³ Herbst, C. M. (2017). Universal child care, maternal employment, and children's long-run outcomes: Evidence from the U.S. Lanham Act of 1940. *Journal of Labor Economics*, 35(2), 519–564. <https://doi.org/10.1086/689478>; García, J. L., Heckman, J., Leaf, D. E., & Prados, M. J. (2016). Quantifying the Life-Cycle Benefits of an Influential Early-Childhood Program. <https://doi.org/10.3386/w22993>

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Unemployment Insurance (Section 9032)

The American Rescue Plan provides \$2 billion to the Department of Labor to promote equitable access; detect and prevent fraud; and ensure the timely payment of benefits within the Unemployment Insurance system. These funds are provided in addition to funding for unemployment compensation benefits and the administration of unemployment compensation programs.

Background

A cornerstone of our economic infrastructure, the federal-state Unemployment Insurance (UI) system injected over \$800 billion into the economy during the COVID-19 pandemic, helping some 53 million workers stay afloat during this critical period. At the same time, the pandemic laid bare serious, longstanding cracks in the UI system. States were unprepared for the unprecedented crush of claims—rising from 211,000 to 6.6 million a week in March 2020—that overwhelmed States’ obsolete IT architecture and caused massive delays for claimants. Increasingly organized criminal syndicates exploited this moment of crisis, using stolen identities to mount largescale attacks on the UI system that left scores of legitimate claimants locked out of their benefits.

These issues were felt most acutely by the most vulnerable populations of workers—especially those who have been underserved by the UI system. At the height of the pandemic, unemployment peaked at 16.8 percent for Black workers, 18.9 percent for Latino workers, and 14.2 percent for White workers, according to a report from the Bureau of Labor Statistics.²²⁰ Workers in industries such as retail, food services, commercial waste removal, and office building janitorial work – industries that are more likely to employ women, people of color, foreign-born, and those without a bachelor’s degree – lost their livelihoods overnight and were not able to access benefits for months. While Black workers were far more likely to apply for benefits during the pandemic, they had a lower success rate than White workers, with one study showing that only 13 percent of unemployed Black workers reported receiving UI benefits during the pandemic, compared to 22 percent of White workers.²²¹ Research also documented large disparities among younger workers, workers with lower levels of formal education, and workers with disabilities who were much less likely to report receiving UI benefits if they were unemployed during the pandemic compared to older workers, workers with higher levels of formal education, and workers without disabilities.²²²

While these disparities were particularly acute at the height of the pandemic-induced economic crisis, there is a long history of inequitable barriers to access and timely receipt of UI benefits among underserved populations.²²³ Against this backdrop, the Biden-Harris Administration worked with Congress to include \$2 billion in UI Modernization funding in the American Rescue Plan, aimed at supporting the delivery of timely, accurate, and equitable UI payments. With this funding, the Department of Labor (DOL) has a rare opportunity to rethink and redesign the UI system and, in so doing, to begin to address many of the deep-seated barriers to more equitable access revealed by the pandemic.

Program Overview

The American Rescue Plan grants broad authority to DOL to use the \$2 billion in UI Modernization funding to address three key problems:



- 1. Prevent and detect fraud:** The scale of fraud in UI increased dramatically in 2020, largely because of criminal enterprises that adopted sophisticated techniques to exploit the increase in benefits available as well as the proliferation of stolen identity information from decades of data breaches. States initially did not have the staff or resources in place to implement the new pandemic UI programs, process an unprecedented number of claims, and catch fraud in real time. While states have since implemented new controls, many UI agencies are still contending with fraud rings that find innovative ways to attack systems, such as sophisticated phishing schemes preying on vulnerable current UI claimants to hijack their claims. These efforts are only expected to continue to evolve.
- 2. Promote equitable access:** Inequity is pervasive in the UI system, with significant racial and ethnic disparities in UI access and duration levels that were exacerbated during the pandemic. In addition, some states have taken aggressive approaches to fighting fraud that, in some cases, result in disproportionately shutting workers of color out of the system, further exacerbating inequities. Finally, some states have added new administrative hurdles for initial and continuing claims that have made the system less accessible to workers of color, people on the other side of the digital divide, people with disabilities, and low-income earners.
- 3. Ensure timely payment of benefits:** Even before the pandemic, states lacked sufficient funding and resources for basic administration, much less support for long-needed modernization. During the third week in March, 2020, three million new people filed initial claims and six million filed claims each week during the next two weeks. By comparison, the previous all-time claims record was 695,000 in October 1982. Naturally, systems were plagued with capacity issues, resulting in significant benefit delays. Unprecedented fraud attacks bogged systems for weeks and in some cases months as states worked to flag and clear potentially fraudulent claims, leading to even larger backlogs in the system.

The underlying challenge for DOL is how to address these long-standing issues in partnership with the 53 states and territories that administer UI benefits, each of whom has its own system. Informed by feedback from multiple rounds of stakeholder engagement with State Workforce Agencies (SWAs), the National Association of State Workforce Agencies (NASWA), advocates, and State UI representatives, DOL has begun to address these persistent challenges through piloting a series of relatively short-term projects (one-two years), whose findings will help inform the development of a broader framework for a more resilient and equitable system for the long term.

Major Efforts to Advance Equitable Implementation

Issuing Grants to Strengthen States' Fraud Prevention and Detection Capacities

Identity verification and other fraud prevention measures are critical to ensuring unemployment benefits are paid only to eligible individuals. Yet too few states have the resources, expertise, and capacity needed to address effectively the wide-ranging attacks that the UI system has experienced from organized criminal enterprises, and to ensure that these tools are deployed in an equitable manner. **Using pandemic relief funds, including ARP, DOL has provided \$211.2 million in two-year grants to 58 states and territories** to help them detect and combat fraud in



their unemployment insurance programs.²²⁴ As part of the grantmaking process, DOL specifically instructed states that as they “consider additional tools to incorporate into their fraud management operations, equitable access to unemployment benefits must be at the forefront of the decision-making process.”²²⁵ The goal of the grant is to reduce fraud and, in turn, reduce backlogs, allowing states to focus resources on serving legitimate claimants. Additionally, DOL is committed to ensuring that efforts to increase integrity do not create new barriers to benefits for workers from underserved communities, and is exploring the possibility of expanding in-person ID-proofing at local post offices nationwide.

Supporting State Efforts to Advance Equity through a New Equity Grant Program

DOL is providing up to \$260 million for grants to states to carry out activities that promote equitable access to UI programs, which include eliminating administrative barriers to benefit applications, reducing state workload backlogs, improving the timeliness of UI payments to eligible individuals, and ensuring equity in fraud prevention, detection, and recovery activities. Because of the flexibility provided to states through this first-ever equity grant program, participating states will have the ability to propose and implement different equity-related activities tailored to their specific states’ needs. Each state specified the metrics they intend to meet, and the equity challenges that they will address in their grant applications.

DOL announced this funding opportunity through an Unemployment Insurance Program Letter (23-21) in August 2021, and extended the application deadline to December 31, 2021.²²⁶ **Forty-nine states and territories submitted applications, and DOL is currently working with each state to revise these applications to meet grant criteria.** This will be a gradual process, as some states require significant assistance and need to revise their applications more than once. **DOL announced the first three sets of grantees in March and May 2022, awarding over \$56 million to Alabama, Idaho, Indiana, Kentucky, Missouri, New Mexico, Oregon, Pennsylvania, Utah, Virginia, Washington, and the District of Columbia.**²²⁷

In the first tranche of grants, funded states are proposing ambitious efforts that DOL anticipates will make a significant difference for claimants. Such efforts include establishing ombuds offices, improving claimant communications, analyzing access in traditionally underserved communities to inform outreach and inclusivity efforts, and expanding and improving data collection on program performance for underserved populations.

Helping Workers Access UI Benefits through a Pilot Navigator Program

DOL is also directing \$15 million in ARP funds to pilot a new Navigator program, announced in January 2022.²²⁸ The purpose of the UI Navigators program is to help underserved workers learn about, apply for and, if eligible, receive unemployment insurance benefits and related services (i.e., navigate the UI program). The program will also support state agencies in delivering timely benefits to workers—especially workers who have faced obstacles to accessing UI benefits in the past. Research sponsored by DOL indicates that failure to apply for benefits is a major driver of disparities in UI reciprocity, including by race and ethnicity.²²⁹ In turn, this research suggests that many workers do not apply for benefits because they do not understand program eligibility rules.²³⁰ The Navigator program will explore the potential of community-based organizations to help overcome these obstacles to accessing benefits. It builds on the success of other worker organizations in helping boost UI application rates among otherwise eligible workers, and especially workers of color and with lower levels of formal education.²³¹



Selected states will partner with community-based organizations experienced in assisting UI claimants and/or unemployed job seekers to engage in activities that include outreach, training, education, and general assistance with completing applications for unemployment benefits, especially individuals in groups that are underserved adversely affected by persistent poverty and inequality. States are also expected to request and act on regular reports from community-based organization(s) regarding barriers to more equitable access to the UI program and potential remedies.

States may apply for up to \$3 million in funding for a 36-month period of performance, and DOL is expecting to issue five Navigator grants. DOL released this opportunity to states through UIPL (11-22) in January 2022. Thirteen states applied for this competitive grant. DOL is currently considering the applications and anticipates an award announcement by July 1st, 2022.

Creating Equity Indicators through State UI Data Partnerships

DOL currently lacks high-quality, consistent indicators of access to the UI program—like application rates, reciprocity rates, denials rates, and timeliness measures—broken out by important demographic subgroups. As part of ARP UI modernization, DOL is launching a series of pilot state data partnerships to produce these indicators and share them with states to inform potential changes to program administration and operations.

The State UI Equity Data Partnerships involve individual voluntary agreements between each state UI agency partner and DOL to help the state better understand how different populations access UI benefits and potential barriers that those populations may encounter to receiving timely UI benefits.

As part of these partnerships, DOL will work in a customized manner with each participating state to conduct descriptive analysis of UI program data to help understand demographic and geographic patterns in UI applications, benefit receipt, timeliness, and denials to improve equity in UI programs, focusing especially closely on UI program access by race, ethnicity, gender, age, disability status, occupation, industry, and education. To participate in the partnerships, states will enter into data-sharing agreements with DOL to transfer UI program data using federal security protocols and technology to enable the secure storage and analysis of state UI data, as facilitated by the Office of Data Governance and the Chief Evaluation Office.

DOL is currently recruiting states to participate in an initial cohort of data partnerships, with plans to scale up participation to include more states pending capacity and results in the initial cohort. In addition, states participating in the UI Navigator Pilot program will also be required to join the state equity data partnerships. **Currently, five states have expressed interest in participating in the initial cohort of partnerships and they are currently negotiating data sharing agreements with the Department.**

Improve the Customer Experience and Ensure Timely Payment of Benefits through Tiger Teams

States are still facing acute – and varied – challenges around the process of preventing and detecting fraud, promoting equitable access, eliminating backlogs and ensuring timely payment of benefits. Despite ongoing efforts to add staff and deploy innovations, many states’ backlogs persist.

DOL is addressing these challenges by sending teams of multidisciplinary experts – Tiger Teams – directly to individual states to work hand-in-hand with state agencies to identify problems and



recommend specific solutions. Modeled after other successful efforts to deploy specialized teams to address state-level problems in the UI system, the team conducts “sprint engagements” (8-12 weeks) for a cohort of six states at a time, then moves to new states after one sprint engagement concludes.²³² These teams will aid in addressing immediate needs and achieving customized “quick wins” within the following areas: improvements in customer experiences, access and process equity, operational processes resulting in more timely delivery of benefits and reductions in backlogs, and improved fraud prevention and detection.

The tailored recommendations will be driven by customer needs and experiences and a blend of specific technological, operational, and administrative solutions and will be delivered to each state with rough scopes of cost and likely timelines. It is also intended that learnings from one state will be leveraged for other state engagements and widely shared amongst states moving forward as well as with those states who have already completed their Tiger Team engagements. **So far, the Tiger Teams have completed engagements in six states, with another 12 states underway in various stages of the process.** Equity efforts include helping all claimants in underserved communities, including women, standardizing and expanding translation services, simplifying communications, expanding mobile and offline access for workers who have limited internet access, and building partnerships with community-based organizations to assist claimants in successfully applying for their benefits. DOL has allocated \$200 million for grants to states to implement Tiger Team recommendations through UIPL 2-22.²³³

The Road Ahead

DOL has allocated \$615 million in ARP funds to immediately help states address fraud prevention, promote equitable access; and ensure the timely payment of benefits through a series of grants and projects. In addition, the Administration is committed to creating a framework for a more resilient and equitable UI system for the long term.

To achieve these goals, DOL still has to allocate a significant portion of ARP funding toward solutions to bring state systems more in alignment with each other and to share tools which can be broadly implemented. The inability of state systems to meet the surge in claims, roll out new programs, provide clear updates to claimants, and equitably deliver benefits across race, ethnicity, and socioeconomic status necessitates both immediate and sustained federal assistance.

To improve UI delivery across 53 different states and territories, DOL is working closely with states to develop tools that set a new standard of excellence for the delivery of UI benefits and begin to offer those tools for direct reuse. These tools will focus on the following areas: (1) make it easier for people of all backgrounds to engage with the UI system digitally and submit more actionable claims; (2) provide states with tools and resources that help them process claims more effectively and better serve claimants; (3) help states implement fraud prevention tools and approaches equitably; and (4) improve UI data and reporting burden on states.

For the Tiger Team efforts, the model for ongoing implementation support will include support from the ETA Office of Unemployment Insurance’s National Office, the ETA Regional Offices, and the Tiger Team contractor. The support matrix among partners is designed to verify that implementation is progressing on track, is not deviating from the agreed upon scope and intent, is not hitting technical or operational roadblocks, and, of critical importance, provides avenues for states to seek assistance if barriers arise. Ongoing support will cover technical assistance, project consultation, ongoing project implementation, tracking and monitoring, and, if challenges



arise, remediation support. States will also benefit from the dissemination of new emerging quick wins based on insights gained from future cohorts.

For all ARP grant projects, including implementation of Tiger Team grants, states must provide a narrative Quarterly Progress Report (ETA 9178-ARPA) and Quarterly Financial Report (ETA 9130) containing updates on the progress and implementation of each grant project. For the pilot UI Navigator grants, DOL will release summaries of the barriers reported and lessons learned from partnering community organizations on an ongoing basis. In addition, DOL will field evaluations of the pilot Navigator grant program, to be launched in FY2022. Working with participating UI equity data partnership states, DOL may also share material from those partnerships with the public. Together, DOL's UI modernization efforts represent a significant investment to reorient the system so all eligible workers can receive benefits in a timely and equitable manner while preventing and detecting fraud.

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COVID-19 Funeral Assistance (Section 4006)

The American Rescue Plan Act provides financial assistance to individuals for COVID-19 related funeral expenses incurred on or after January 20, 2020. FEMA's COVID-19 Funeral Assistance is available in all 50 states, the District of Columbia and five territories. COVID-19 funeral assistance was initiated under the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 with 100 percent federal cost share. Under the American Rescue Plan Act of 2021, Congress increased available funding and continued the 100 percent federal cost share.

Background

COVID-19 has taken the lives of one million people across our nation. Since the first confirmed U.S. COVID-19 death in January 2020, through the remainder of the year, COVID-19 was the third leading cause of death in this country – more lethal than all conditions other than heart disease and cancer.²³⁴

This tragic pandemic-induced loss of life is unlike anything the United States has experienced in recent history. And this loss has been borne disproportionately by underserved communities. While many of the first known COVID-19 cases occurred among the wealthy and middle-class who had recently traveled abroad, COVID-19 rapidly spread across the American public. As the potential severity of the virus became clear, essential workers – including many low-income employees who could not afford to miss a paycheck but also could not move to remote work – were regularly exposed to the virus.

As COVID-19 continued its spread, the pandemic exacerbated long-standing health disparities across Black, Hispanic, Native American, and low-income communities.²³⁵ The pervasive lack of access to quality healthcare for these communities has driven higher levels of coronavirus-confirmed deaths, hospitalizations, and illnesses across these underserved groups.

At its most stark, American Indian or Alaska Natives are 2.2 times more likely to die from COVID-19 compared to Whites, 3.2 times more likely to be hospitalized, and 1.5 times more likely to contract COVID-19.²³⁶ Morbidity and mortality rates are also significantly higher among Blacks and Hispanics, who are 1.7 and 1.9 times, respectively, as likely to die from COVID-19 than Whites.²³⁷

This tragic and disproportionate loss of life has imposed substantial financial costs on the families and loved ones of the deceased. While funeral costs vary across the United States, median funeral expenses totaled nearly \$8,000 in 2021, according to a National Funeral Directors Association analysis.²³⁸ These costs represent a particular hardship for people living in poverty or with low incomes who are least likely to have rainy day funds for unexpected costs. According to the Federal Reserve Bank of Minneapolis, an estimated 36 percent of adults would have difficulty covering a \$400 emergency expense, with Blacks and Hispanics being more financially fragile compared with Whites.²³⁹

Recognizing the financial strain that emergency funeral expenses impose, especially for the hardest hit communities, Congress charged FEMA with providing COVID-19 funeral assistance directly to individuals and households under the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 with 100 percent federal cost share. Under the American Rescue Plan



Act of 2021, Congress increased available funding and continued the 100 percent federal cost share. FEMA's nationwide COVID-19 Funeral Assistance is the first-of-its-kind.

Program Overview

COVID-19 Funeral Assistance began in April 2021, with the goal of providing financial assistance for COVID-19 related funeral expenses incurred on or after January 20, 2020, to those who could show cause of death and documented expenses.²⁴⁰ COVID-19 Funeral Assistance represents the first time FEMA has provided direct financial assistance to individuals and households in all 50 states, five U.S. territories, and the District of Columbia for a single disaster. In the decade preceding COVID-19, FEMA processed around 6,000 funeral assistance applications. As of April 25, 2022, more than 490,000 individuals have applied for up to \$9,000 in funeral assistance per decedent. More than 343,000 applicants have been paid, totaling over \$2.2 billion as of April 25, 2022.

COVID-19 Funeral Assistance was created under the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 with a \$2B appropriation. It was expanded under the American Rescue Plan Act of 2021 to provide up to \$50B in additional funding for FEMA COVID-19 assistance, including COVID-19 Funeral Assistance, and extended the timeline for applications. The funding was authorized under existing disaster response authority,²⁴¹ allowing FEMA to adapt the processes it applies to assist survivors of hurricanes and other disasters to quickly meet the needs of individuals incurring COVID-19-related funeral expenses.²⁴²

Two additional features are critical to easing barriers to access and reaching as many eligible people as possible:

- **Funding Available to All:** The primary goal of Congress and FEMA is to ensure all eligible individuals can easily access financial assistance for COVID-19-related funeral expenses. There are no income restrictions on who can apply for financial relief, meaning that the assistance is not restricted to those most in need as demonstrated by income or some other criteria. Removing income limits on who is eligible removes what is often a significant administrative burden for income-eligible applicants in other programs. Demonstrating income eligibility through required documentation, while often intended to ensure that aid only serves the neediest, can be quite burdensome and keep people from receiving benefits.²⁴³ Removing this barrier makes it more likely that COVID-19 Funeral Assistance will be accessed by those with low incomes, for whom the resources would be most meaningful.
- **Fully Funded by the Federal Government:** FEMA is typically authorized to provide emergency-related funeral assistance at a 75 percent federal cost share, with the impacted state covering the remaining 25 percent. ARP authorized FEMA to provide funeral assistance at a 100 percent federal cost share, meaning states do not need to pay into the program. This change allows FEMA to standardize the maximum award for COVID-19 Funeral Assistance nationwide, thereby ensuring a single standard assistance cap for individuals across the nation – regardless of the economic ability of any state or territory to absorb the 25 percent cost share. In other words, applicants are not dependent on their state or territory in order to receive the full level of financial assistance authorized under the appropriations.



Despite the legislative design features highlighted above, which can be leveraged to increase equitable outcomes, FEMA faces several challenges as it implements the COVID-19 Funeral Assistance and works to serve all eligible individuals.

- **First Ever National Disaster Relief:** A major challenge facing FEMA is the scale and scope of COVID-19 Funeral Assistance—prior to the pandemic the agency has never before provided financial relief to the entire country simultaneously. FEMA typically provides support to specific geographic areas that have experienced a time-bound disaster, such as hurricanes, floods, or wildfires. As a result, with COVID-19 Funeral Assistance, FEMA needed to adapt their standard assistance model to one that serves the entire nation over an extended period of time, and to do so through a remote service delivery model that maximizes public health during peaks of COVID-19 activity. Since COVID-19 Funeral Assistance provides financial assistance for a public health disaster rather than the more common natural disasters that FEMA supports, all training, language, and usual protocols required significant adaptation. FEMA’s response to quickly scale up call center staffing, provide sufficient training, and establish a single phone-based application process presented early implementation challenges. In the initial days of the call center launch, applicants experienced long wait times. FEMA also fielded initial complaints about documentation burdens – particularly regarding the requirement that all death certificates attribute the death to COVID-19, despite attribution challenges in the early months of the pandemic – which the agency worked to address.
- **Need to Raise Awareness for a First-Time Program, Especially Among Populations and Regions with High COVID-19 Death Rates:** As with the implementation of any new type of assistance, FEMA faces a challenge in raising awareness to all affected people about the existence of national funeral assistance funding. Reaching people, many of whom are experiencing grief and sometimes stigma from the loss of a loved one to COVID-19, may require multiple, varied forms of outreach over a long period of time. And, while COVID-19 has affected the entire country, there have been notable regional and demographic variations in the severity of its health impacts, both because of social determinants of health and, more recently, varied vaccination rates. Successfully implementing COVID-19 Funeral Assistance requires effectively reaching all affected populations.

Major Efforts to Advance Equitable Implementation

Since April 2021, FEMA launched multiple efforts in their work to address the challenges of standing up a first-ever nationwide funeral assistance. In particular, FEMA’s work to date has focused on ensuring eligible applicants are aware of – and are accessing – the assistance.

Significant efforts to increase access to and awareness of the first-ever national funeral assistance implementation include:

- **Singular, Accessible Phone-Based Initial Application Process:** FEMA anticipated that people may face significant barriers to applying for COVID-19 Funeral Assistance if it required accessing and using technology. An online option would have also required significant software changes to provide a streamlined application. When considering the design, FEMA determined a phone-only initial application approach could also minimize fraud, as an online application could have provided a target for fraudsters to attack with



robo-registrations. This could have also significantly slowed application validation and processing times. Meanwhile, an in-person process would be challenging to implement and impose a high burden on applicants, particularly during the pandemic. For these reasons, the agency created a phone-only process for applications. The phone-only process serves as the entry point to the full application process and has allowed FEMA to give assistance in a single, streamlined manner while also providing empathetic support to applicants through live FEMA representatives. Once individuals complete the initial COVID-19 Funeral Assistance application, they must submit relevant documents and information to FEMA for validation. Applicants may submit documents by computer upload, fax, or postal mail, depending on their preference and capability.

- **More Flexible Documentation Requirements in Response to Changing Conditions:** The original documentation requirements for applicants included a copy of the deceased's death certificate attributing the death to COVID-19. Following consultation with members of Congress and the Centers for Disease Control and Prevention (CDC), FEMA recognized some early pandemic-related deaths may not have been accurately attributed to COVID-19. Therefore, on June 29, 2021, FEMA expanded the COVID-19 Funeral Assistance policy to allow applicants to submit an official letter certifying a COVID-related death that occurred between January 20, 2020, and May 16, 2020. The signed statement must be accompanied by a death certificate. As of April 25, 2022, nearly 16,000 individuals have submitted applications with an official letter. To date, FEMA has approved over 10,600 of these applications, for a total of \$71 million in financial assistance.
- **Invest in Language Accessibility to Promote Awareness and Access:** In an effort to assist non-native English speakers with COVID-19 Funeral Assistance, FEMA provides plain-language messaging on its [fema.gov](https://www.fema.gov) website (which has received over 8.6 million-page views), and on social media, news releases, and flyers. FEMA has also extended language accessibility through public-facing products including web pages (translated in 13 languages), flyers (translated in 29 languages), and four videos available in English, Spanish, and American Sign Language. In addition, COVID-19 Funeral Assistance Helpline interpreters have assisted individuals from 52 states and territories in over 75 different languages. This directed, personal service, otherwise not available with a purely electronic application process, ensures applicants have informed access and reduces the burden of applying.
- **Partnerships with Trusted Community Voices to Raise Awareness:** FEMA has hosted information sessions and consultations with a wide range of community stakeholders to help ensure broad communication and collaboration in disseminating information about COVID-19 Funeral Assistance. Tribal leaders, associations of funeral homes (including African American funeral directors and morticians), coroners, medical examiners, public health statisticians, and state and territorial health officials are examples of trusted partners with whom FEMA has worked to expand awareness of, and access to, COVID-19 Funeral Assistance. Anecdotal evidence indicates that many applicants have learned about this assistance through their funeral home directors.

FEMA also implemented strategies to ease the administrative burden of successfully completing the application requirements and receiving COVID-19 Funeral Assistance funds. These include:



- **Proactive Outreach to Applicants:** As with any application process, some people initiate the process but get stuck or need to take a break. The latter may be especially true for people dealing with the death of a loved one. In response, FEMA designed an outreach strategy to aid applicants in completing the application process. Upon completion of the initial application, FEMA sends a letter to applicants explaining the documents they need to submit to be eligible for assistance. Approximately 60 days following the initiation of an application, FEMA proactively contacts applicants through a number of methods, including calls, emails, and letters, depending on the applicant’s preferred method of contact. The applicant outreach is repeated throughout the application process, in order to reduce barriers and enhance applicant completion rates. As of April 25, 2022, FEMA had conducted over 64,000 outreach calls and sent over 285,000 letters to applicants who had not submitted all required documents. Over 124,000 of these applicants subsequently submitted the documents and received COVID-19 Funeral Assistance.
- **Extended Documentation Submission Timelines in Response to Pandemic Conditions:** When FEMA implemented COVID-19 Funeral Assistance in April 2021, applicants received an initial letter asking them to submit all documentation necessary to process their case within 90 days. It became clear the pandemic-driven delays in death certificate processing times, memorial service appointments, and other funeral arrangements could render a 90-day document submission requirement insufficient for applicants. Accordingly, at the 90-day mark, FEMA sent applicants a reminder letter, which provided an additional 90 days to submit documents. As the 180-day mark passed for early applicants, FEMA reevaluated documentation timelines and determined that the ongoing pandemic warranted an additional extension for document submission. In April 2022, FEMA will begin placing incomplete applications in a suspended status 365 days after the application was initiated. If an applicant provides the required information and documentation, FEMA will resume processing their application. FEMA does not currently have an end date to COVID-19 Funeral Assistance availability, and applicants can apply at any time.

FEMA also uses regular data monitoring and participant feedback strategies to continuously monitor and improve performance. In particular, FEMA conducts:

- **Equity Review of Applications Using Cross-Agency Data Analysis:** Beginning in May 2021, a few weeks following the launch of COVID-19 Funeral Assistance, FEMA began compiling and analyzing a weekly equity data analytics report, *COVID-19 Funeral Assistance Applicants and Decedents*. This data-driven report overlays the CDC’s Social Vulnerability Index (SVI) data with CDC death data and FEMA application data to monitor performance, potential service gaps, and to determine areas that could benefit from increased outreach. Beginning on October 4, 2021, FEMA staff began to review this data on a biweekly basis to drive management decisions, including outreach and public engagement needs. FEMA has consistently found “no indications that social vulnerability is influencing the ability or decision to apply” for COVID-19 Funeral Assistance.²⁴⁴
- **Solicit Participant Feedback on Barriers to Assistance:** FEMA has actively solicited process and access feedback from applicants to evaluate COVID-19 Funeral Assistance in real time. Solicited feedback consists of a customer satisfaction survey as well as an 11-question survey designed to gain applicant perspective on access and barriers.



Applicant survey data showed 93 percent of respondents eligible for COVID-19 Funeral Assistance rated their satisfaction level as “good” or “excellent.”²⁴⁵ As of December 2, 2021, nearly 74 percent of the 5,050 applicants who spoke with FEMA said they did not have barriers to submitting documents.²⁴⁶ Meanwhile, applicants experiencing barriers were given referrals for how to best proceed in the application process.

The Road Ahead

While implementation of COVID-19 Funeral Assistance is underway, funding remains available and there is no deadline for the assistance to conclude. As of April 25, 2022, FEMA had approved over 343,000 awards, which represents 70 percent of all applications and over \$2.2B in assistance. There remain approximately 132,000 applications for COVID-19 Funeral Assistance funding still “In Process” that have not received a determination, representing 27 percent of all submitted. The ineligibility rate is currently three percent. FEMA remains focused on:

- **National Media Push to Reach Communities with Lower-than-Average Application Rates:** In December 2021, FEMA awarded a national media contract to amplify messaging in areas with high COVID-19-related deaths and Social Vulnerability Index (SVI) scores and lower-than-average application rates. In addition to targeting messages to specific communities, the contractor will develop accessible multilingual communication products and a strategy to meet the needs of the selected communities. FEMA will augment the reach of these products through external partnerships across the nation. The contractor will develop COVID-19 Funeral Assistance communication products that are accessible and culturally appropriate in diverse communities. This customization will include both content and the specific types of paid media outlets through which the information will be disseminated in each selected jurisdiction.
- **Outreach to Resolve Incomplete Applications and Receive Feedback:** The median time from application date to award date for Funeral Assistance is 70 days. While FEMA has already made more than 64,000 personal calls to applicants, the customer-centered effort will continue for people with incomplete application packages. There are minimum of six contacts times throughout the application process to remind the applicant how to submit required documents in an effort to increase participation and reduce the total processing time. FEMA will also continue to survey applicants about barriers to completing applications as part of an ongoing continuous improvement posture.
- **Ongoing Performance Review and Assessment:** FEMA will continue to monitor performance, including call wait times, documentation completion times, and total days until awards are granted. In addition, in calendar year 2022, the FEMA Individual Assistance Division Audit Section is performing a compliance audit to ensure eligibility determinations are accurate and result in a correct decision per FEMA standard operating procedures. The FEMA Office of the Chief Financial Officer has planned a Fiscal Year 2022 assessment of COVID-19 Funeral Assistance. The review will be a hybrid Internal Control/Payment Integrity Information Act review and test of COVID-19 Funeral Assistance internal control.



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Ensuring an Equitable Recovery for All Communities and Small Businesses



Coronavirus State and Local Fiscal Recovery Funds (Section 9901)

The American Rescue Plan provides \$350 billion for state, local, and Tribal governments to fight the pandemic, support families and businesses struggling with its economic impacts, maintain vital public services despite revenue losses, and make investments that build a stronger, more equitable economy in the pandemic's wake. The State and Local Fiscal Recovery Funds represent both historic financial assistance to help local communities recover from an economic downturn and a historic opportunity to make investments that will enhance growth and opportunity for years to come.

Background

State, local, and Tribal governments have faced immense challenges during the pandemic, responding rapidly to dual health and economic crises while facing a sharp decline in revenue. These severe budget pressures led many governments to the brink of crisis and forced them to make cuts to public services or their workforces. In the months before the passage of the American Rescue Plan (ARP), survey data found that 90 percent of cities were experiencing revenue declines and that half of states were imposing hiring freezes, furloughing workers, or cutting salaries or other staff costs.²⁴⁷

By the time that ARP passed, state and local governments had cut over one million jobs since the start of the pandemic.²⁴⁸

At the same time, the health and economic impacts of the pandemic were not distributed evenly: underserved communities and communities of color have faced substantially more severe impacts, often because pre-existing disparities amplified and exacerbated the effects of the pandemic. For example, **counties with high social vulnerability, measured by factors like poverty and educational attainment, have seen higher rates of COVID-19 deaths.**²⁴⁹ Economically, with the pandemic hammering businesses like restaurants and hotels, job losses were concentrated among low-wage workers, and unemployment rates for African American and Hispanic workers spiked far higher than the national average.²⁵⁰ This pattern continues an unfortunate trend: research shows that underserved communities typically experience disproportionate impacts of economic downturns and natural disasters.²⁵¹ In fact, many communities facing systemic barriers had not yet recovered from the impact of the Great Recession before experiencing the impacts of COVID-19.²⁵²

Historically, state and local governments often cut services during recessionary periods in order to balance their budgets, but this creates a vicious cycle where budget cuts not only become a drag on the economic recovery, most acutely harming the most economically vulnerable families, but also reduce public services that underserved communities rely on.²⁵³

Recognizing and seeking to change these patterns, the American Rescue Plan ensured that state, local, and Tribal governments would have the resources to help drive a strong and durable economic recovery that would leave no Americans behind and to help remedy the disproportionate damage to underserved communities during the pandemic.



Program Overview

ARP delivers \$350 billion through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to well over 30,000 governments, including states, territories, Tribal governments, counties, metropolitan cities, and smaller local governments. Importantly, the program provides direct relief to local governments, including small or rural governments excluded from prior relief programs.

SLFRF provides historic and flexible relief to recipients, who can choose how to use funds within four eligible use categories:

- a) To respond to the public health and economic impacts of the pandemic
- b) To replace revenue lost due to the pandemic and provide government services
- c) To provide premium pay to essential workers
- d) To invest in water, sewer, or broadband infrastructure

The structure of the program required intentional implementation approaches to ensure that SLFRF funds could strongly support equity. Prior COVID-19 relief programs for state and local governments had predominantly responded to emergency health and economic needs and had not emphasized responding to underlying disparities that caused the pandemic to hit some communities significantly harder than others. Taking a similar approach for SLFRF funds could have yielded a program focused more narrowly on just addressing incremental harms experienced during the pandemic and missed an opportunity to respond to the root cause of some of the most severe pandemic impacts. Additionally, recognizing the significant flexibility afforded by the statute to state, local, and Tribal governments in choosing how to direct their investments, strong encouragement and specific recommendations on practices to follow were needed to help drive recipients of SLFRF funds to pursue investments that would advance equity.

Major Efforts to Advance Equitable Implementation

The Administration has worked from day one to craft the SLFRF program in a way that encourages governments to intentionally use funds to support a truly equitable recovery and address health and economic disparities in the most underserved communities.

Treasury acted to:

1. **Empower recipients to use funds to address pre-existing disparities exacerbated by the Pandemic:** structuring the program to make it as easy as possible for state, local, and Tribal governments to serve families and communities hardest hit by the pandemic and promote a recovery that lifts all their citizens.
2. **Strongly encourage state, local, and Tribal governments to use funds to advance equity,** including encouraging governments to engage with the community to develop spending plans and requiring large governments to publicly articulate how their use of SLFRF funds addresses inequities.
3. **Develop a robust reporting regime to provide transparency and accountability** for how governments choose to use funds, as well as driving continual improvement in this program and future policymaking.



4. **Provide support for Tribal governments** through ongoing government-to-government direct engagement, so that Tribal governments can implement programs under the SLFRF that focus on maximizing the impact of their funds.

Structure the State and Local Fiscal Recovery Funds to Empower Recipients to Address Disparities

After ARP's passage, Treasury moved quickly to develop an Interim Final Rule deeply informed by the disparities seen throughout the pandemic. From the earliest days of this work, Treasury emphasized equity as a core goal of the program. While developing the Interim Final Rule, Treasury sought and received extensive feedback from state, local, and Tribal governments, advocates, researchers, and other stakeholders on how Treasury's implementation efforts could best support work on the ground in local communities, especially supporting efforts to help underserved communities recover and rebuild stronger from the pandemic. Treasury was particularly cognizant of structuring the program so that it could work for smaller and rural communities that had not directly received prior pandemic relief funds.

In addition to community and stakeholder input, Treasury's Interim Final Rule drew extensively on research showing that pre-existing inequities – the health, economic, and social disparities that existed long before the pandemic – were contributing to more severe pandemic impacts in underserved communities. **The Administration recognized quickly that fully addressing the disproportionate impacts of the pandemic requires addressing underlying disparities that left some people and communities more vulnerable to the pandemic, not just the incremental impacts that occurred during the pandemic.** For example, it is clear that successfully responding to an increase in homelessness during the pandemic requires both expanding safe shelter space to meet near-term needs and also increasing availability of affordable housing to address the underlying cause of housing insecurity, if the public health and economic harms of the pandemic are to be truly addressed and long-run equity is to be advanced.

To translate this goal into action, Treasury provided a broad menu of services to enhance health and economic equity that were automatically eligible uses of funds in low-income, high-poverty communities. Treasury implemented this equity-advancing approach by:

- **Reflecting in the program's rules the fact that underserved communities had faced more severe, disproportionate impacts from the pandemic** often due to pre-existing disparities that exacerbated the pandemic's effects. When defining eligible uses of funds to respond to the health and economic impacts of the pandemic, Treasury created two separate categories of eligible uses to respond to 1) widely experienced pandemic impacts and 2) more severe, disproportionate impacts.
- **Making a broader set of services eligible for SLFRF investments in order to address underlying disparities when serving households or communities disproportionately impacted by the pandemic.** This made it easier for jurisdictions to meet the needs of those communities and households and made clear that SLFRF could respond to the root cause that contributed to more severe pandemic impacts – not just the incremental harms experienced during the pandemic.
- **Including services that advance health, economic, and educational equity as eligible uses of funds.** For disproportionately impacted households and communities, the Interim Final Rule clearly permitted investments in services that address the social determinants of health, invest in neighborhoods and housing, and support children's care, well-being,



and education. For example, this can include community health workers, housing rental vouchers, or additional funding to high-poverty school districts.

- **Making low-income, high-poverty communities – called Qualified Census Tracts – automatically eligible to receive responsive services** by presuming that these communities had been disproportionately impacted by the pandemic and were *automatically* eligible for services to respond.

By making it easier for governments to use their funds to address not just the immediate pandemic impacts but the underlying sources of inequality and lost opportunity that left some families and communities more vulnerable to the pandemic before it began, the Administration is helping guide a pandemic response that will build a strong, equitable, and durable recovery.

The public comment process – where Treasury received nearly 1,000 unique comments on the Interim Final Rule – revealed enthusiasm for this approach and an eagerness to use funds to advance long-term equity and opportunity. At the same time, commenters noted opportunities to improve and provide greater clarity, simplicity, and flexibility to governments. Many governments suggested ways the rule could better support equity and ease implementation, and that feedback was key to Treasury’s work to develop the Final Rule.

In response to that feedback, **Treasury issued a Final Rule in January 2022 that made several changes aimed at providing greater ease and flexibility in using State and Local Fiscal Recovery Funds to advance an equitable pandemic response and recovery**, including:

- **Making all low-income households and communities automatically eligible for services.** In order to make it easier for governments to serve low-income families and neighborhoods, the Final Rule simplified and expanded who is presumed to be disproportionately impacted by the pandemic and thus automatically eligible for the broadest range of services. Now, any household or community with income at or below (i) 185 percent of the Federal Poverty Guidelines or (ii) 40 percent of area median income for its county is automatically eligible for responsive services.²⁵⁴
- **Expanding eligible uses of funds in disproportionately impacted communities to encourage more investment.** Many state and local governments noted in public comments additional investments needed in their communities to reduce disparities. For example, governments noted the connection between a neighborhood’s environment and health outcomes, describing how living in a food desert or near vacant buildings can lead to poorer public health. Recognizing these connections, the Final Rule permits a broader range of investments in neighborhoods like expanding green spaces, sidewalks, neighborhood cleanup, and increasing access to healthy food. The Final Rule also broadens eligible uses to help small businesses grow in these communities, including business incubators, expansion grants, and aid to microbusinesses.
- **Making clear that investments in affordable housing development, child care, early education, and services to address learning loss in K-12 schools are allowable uses in all communities impacted by the pandemic.** By making clear that these investments are allowable in any community impacted by the pandemic, it will make it easier for jurisdictions to reach underserved families with these critical services no matter where they reside. The rule also clarifies that responses to the pandemic’s impacts can include capital investments that are key to the delivery of, and access to, services that prevent and



reduce disparities – like the building or expanding of health clinics, hospitals, child care facilities, and schools.

In all, Treasury’s approach aims to provide clear, easy, and flexible pathways to make investments that reduce disparities and enhance equity in communities across the country. **The structure of the Final Rule empowers recipients to address disparities – the result of an intentional process to understand the root causes of disparities during the pandemic and ensure that these funds could address not only the near-term symptoms but also the longer-term underlying causes.**

Encouraging State, Local, and Tribal Governments to Use Funds to Advance Equity

While the framework of the Final Rule provides many opportunities to advance equity, action was also needed to encourage governments to take advantage of those opportunities. From the earliest days of the program, the Administration has strongly encouraged state, local, and Tribal governments to use funds to support underserved communities and address the health and economic disparities seen throughout the pandemic. In its announcement of the Interim Final Rule, Treasury made clear that a critical purpose of these funds was to “[a]ddress systemic public health and economic challenges that have contributed to the unequal impact of the pandemic” on certain populations. As governments crafted their spending plans, Treasury also shared equity best practices with funding recipients to further encourage uses of funds that advance equity.

The message has clearly reached many state, local, and Tribal governments, whose public comments, statements, and plans for the program emphasize equity as a critical goal. **To provide public transparency and accountability for government choices on how to use funds, Treasury also requires the largest governments to submit and make publicly available an annual Recovery Plan, which provides a narrative of how recipients plan to use funds and why they have chosen to use funds in that way.**

In their Recovery Plans, the largest recipients – or states, territories, and cities and counties with a population over 250,000 – must:

1. Articulate how they are prioritizing economic and racial equity in developing SLFRF projects
2. Describe how their SLFRF planning incorporates feedback from constituents and community-based organizations

Publicizing this information both encourages governments to engage with the community when developing their spending plans and helps constituents understand how their government plans to use funds and hold them accountable for those decisions. A review of the initial Recovery Plans indicates that many governments are participating in meaningful community engagement efforts to ensure their use of funds addresses their residents’ needs and historical inequities. Jurisdictions like Cleveland, Ohio and Durham, North Carolina are using online surveys, discussions with advocacy groups, and listening sessions to understand the needs of their communities and address inequities, while Harris County, Texas has already established an equity framework to guide its investments and Ramsey County, Minnesota works with equity advisors from impacted communities to plan and assess its investments.²⁵⁵



Measuring Results to Drive Continual Improvement

Treasury is committed to promoting equity throughout its implementation of the SLFRF program, including measuring the outcomes achieved to drive continual improvement and inform future policymaking.

Treasury has incorporated equity into SLFRF Project and Expenditure Reporting, which captures data on the recipient's projects and spending. This reporting will also collect information about equity, including populations that are being served by a project to respond to the pandemic's health and economic impacts, as well as project descriptions detailing the goals and desired impacts of SLFRF projects.²⁵⁶

Reporting to date shows promising early outcomes on how SLFRF is being used to advance equity. **Over 380 state, local, and Tribal governments are using SLFRF funds to address disparities in communities hardest hit by the pandemic as of December 2021. These governments are 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 underserved communities more vulnerable to COVID-19.**

Illustrative examples of how governments are using SLFRF to advance equity include:²⁵⁷

- **Anchorage, Alaska** will invest \$6 million in a range of efforts to assist individuals experiencing homelessness and improve housing stability. Funds will support building a coordinated shelter intake system to link people with resources, intensive case managers to help people transition out of homelessness, data system improvements, rapid rehousing for homeless youth, and supportive housing offering addiction treatment, vocational training, and other wraparound supports. Finally, funds will help provide emergency rental assistance to individuals who do not qualify for federal rental assistance.
- **Detroit, Michigan** is investing \$59 million in Skills for Life, a training, career readiness, and education program. Skills for Life combines education and training with wrap-around support services (e.g., childcare subsidies, transportation, construction tools). The training component will provide direct employment, job training, and other skill- and career-building activities to provide disconnected workers with labor market on-ramps so they may earn income while building critical skills to improve prospects for long-term employment and job retention. The program supports unemployed or underemployed Detroit residents, specifically returning citizens, those experiencing housing insecurity, those lacking high school diplomas and/or post-secondary credentials, and other populations that face barriers to employment.
- **Kenai Peninsula Borough, Alaska** will use \$5.4 million replace revenue lost due to the pandemic. These funds will support educational services at the local school district and critical infrastructure projects for educational facilities and a bridge.
- **Malden, Massachusetts** will use \$1.4 million for high-impact replacements of lead service lines for home drinking water and associated street repair. The program will specifically target those areas of Malden with the most children living at addresses with lead pipe service lines in order to reduce risks of lead poisoning to the City's most vulnerable population.
- **Minneapolis, Minnesota** will use \$79 million for a wide range of projects to increase access to affordable housing in the community, support housing stability, promote



homeownership, and assist individuals experiencing homelessness. Funds will develop and preserve affordable housing units, as well as assist low-income homeowners with needed home repairs. The city will also provide financial assistance to help more people become homeowners and mortgage assistance for homeowners at risk of foreclosure.

- **Box Elder County, Utah** will use \$1.5 million to construct last-mile infrastructure to bring high-speed internet service to underserved rural communities in the county. The project will help stabilize rural access to remote education, health care, and economic opportunity where privately-funded expansion is not feasible due to distances and low density.
- **Pima County, Arizona** will invest \$30 million to increase the number of income eligible three to five-year-old children attending evidence-based high-quality preschools and help parents return to work or continue to work. The focus is on children from economically disadvantaged families, as well as families of color and dual language learners.
- **Pierce County, Washington** allocated \$6 million to continue COVID-19 testing efforts. To ensure the broadest access to testing, Pierce County continues to support mobile and mass testing sites. Mobile testing allows greater access to testing for underserved and vulnerable populations. Testing locations are open to all members of the community.
- **San Diego County, California** has allocated \$85 million for COVID-19 testing as part of the county's T3 Strategy of Test, Trace, Treat. The testing component of the County's T3 Strategy aims to provide accessible COVID-19 testing. Multiple approaches were employed to achieve this goal including a focus on building excellence in the public health laboratory and regional testing system; developing expanded and equitable capacity for testing; conducting effective and culturally tailored communication and outreach; providing timely and quality data analysis; and implementing flexible, culturally responsive hiring and staff practices.
- **Yavapai County, Arizona** will use \$20 million for the design, construction, implementation, and maintenance of telecommunications equipment and services providing "last mile" internet access to communities. The focus is on ensuring unserved or underserved households and businesses in unincorporated areas in Yavapai County receive high-speed broadband.
- The **State of Delaware** will use \$10 million to construct broadband infrastructure. The program will make grants for building, expanding, and sustaining new broadband service capabilities to unserved rural areas throughout the state and providing "last mile" connections.
- The **State of Utah** has invested \$15 million in Learn & Work, a state-wide program that provides tuition assistance for short-term programs at post-secondary institutions for unemployed or underemployed individuals. This tailored approach prepares students for higher-paying and more stable, high-impact careers and matches them with companies looking for much-needed skills and expertise. In parallel, Utah will also invest \$15 million to enable residents to attend Utah's higher education state institutions at substantially reduced tuition, including to attract students that are not currently enrolled or are not Pell Grant eligible.



- The **State of Vermont** has spent \$31 million so far to support and accelerate the state’s goal of achieving universal access to reliable, high-quality, affordable broadband. These funds will provide high-speed service to unserved or underserved households and businesses.
- **Winnebago Tribe** will use \$2.3 million to build affordable housing for seniors. The Tribe will also invest in the built environment to promote a healthy lifestyle.

Support for Tribal Governments

Treasury’s equity-focused implementation of SLFRF has also included a specific focus on Tribal governments. ARP allocated \$32 billion to Tribal governments, including \$20 billion in SLFRF—a historic financial level of support for over 580 Tribal governments and the largest amount of funding to Tribal governments in ARP. In implementing this component of the program, Treasury has implemented the following supportive measures and flexibilities:

- **Targeted Outreach: Held Six Tribal Consultations and Over Ten Engagement Sessions in 2021**, ranging from compliance training to regional information sessions. This outreach strategy has taken multiple forms to ensure maximum reach and meaningful engagement. For example, Treasury conducts one-on-one outreach as needed and engages intertribal organizations to ensure multiple channels have accurate information to provide Tribal governments. Treasury also holds information sessions and webinars to support more interactive engagement and support with Tribal governments.
- **Meaningful Changes in Response to Tribal Feedback: In response to feedback, Treasury created flexibilities, certain of which are Tribe-specific in uses of funds for key priorities.** In Tribal consultations, Tribes reported the importance of having the flexibility to use funds as needed while minimizing the administrative burden of compliance requirements. Accordingly, Treasury’s Final Rule released in January 2022, included the following flexibilities:
 - **Up to \$10 Million Standard Allowance for Lost Revenue:** Under Treasury’s Final Rule, recipients can elect a “standard allowance” of up to \$10 million to replace revenue lost due to the pandemic; these funds can be used for a broad range of government services, providing significant flexibility for recipients to use funds to meet the needs of their communities. The standard allowance dramatically simplifies the program, especially for smaller governments, whose full award may fall under \$10 million.
 - **Expanded Uses for Water, Sewer & Broadband Infrastructure:** Treasury expanded eligible uses of funds for broadband infrastructure investments to address challenges with broadband access, affordability, and reliability, and also included additional eligible water and sewer infrastructure investments. This provides Tribes and other recipients more flexibility to use SLFRF to address water, sewer, and broadband issues most relevant to their communities’ needs.
 - **Tribal Government Workers Included in a Critical Infrastructure Sector for Premium Pay:** The Tribal government workforce was identified as workers in a critical infrastructure sector who are eligible to receive premium pay if they work in person and if the premium pay responds to the worker’s needs. Without these clear, easy steps to establish eligibility, many Tribes would likely be more



reluctant to leverage SLFRF for premium pay or face greater administrative burdens to do so.

- **Presumption that Tribal Households and Organizations Were *Disproportionately Impacted by the Pandemic*:** In recognition that Tribes were severely impacted by pandemic deaths and infections, Treasury’s rule presumed that households served by Tribal governments were disproportionately impacted by the COVID-19 pandemic. Small businesses and nonprofits operated by Tribal governments or on Tribal lands are also presumed to be disproportionately impacted. This presumption makes it automatically eligible for Tribal governments to provide a broad range of services—or make capital investments—that support the households, small businesses, and nonprofits they serve. This clarity and simplicity makes it easier for them to deploy SLFRF funds.
- **Exempted Tribes from Written Justifications for Eligible Capital Projects:** Tribes may use funds for capital projects that support an eligible COVID-19 public health or economic response, and unlike other recipients, do not have to complete a written justification. Exemption from the written justification was in recognition of several factors, including that Tribes—in contrast to other recipient governments—are subject to existing complex federal approval requirements across multiple departments related to capital projects because Tribal land is held in trust by the Department of Interior.
- **For Smaller Tribes, Streamlined Reporting:** Recognizing that smaller Tribes have more limited compliance capacity, Treasury also announced simplified reporting requirements for Tribes in fall 2021. Tribes that were allocated less than \$30 million only need to report annually rather than quarterly. These changes ensured that smaller and lower-capacity Tribes can spend more time focusing on recovery efforts while still ensuring sufficient reporting.

Working collaboratively with Tribal governments, incorporating their feedback, and supporting underserved Tribal communities reflects Treasury’s commitment to equity in the implementation of SLFRF.

The Road Ahead

As the program continues—and especially as local governments prepare to receive their second tranche of funds beginning in May 2022—Treasury will continue to engage with recipients and stakeholders to promote uses of funds that prioritize equity. This program provides both a historic investment in state, local, and Tribal governments and a historic opportunity to change the trajectory of underserved families and communities across the country.

²⁴⁷ National League of Cities. (2022). *New Survey Data Quantifies Pandemic's Impact on Cities: Municipal Revenues Down Twenty-One Percent While Expenses Increase Seventeen Percent*. Retrieved from <https://www.nlc.org/post/2020/12/01/new-survey-data-quantifies-pandemics-impact-on-cities-municipal-revenues-down-twenty-one-percent-while-expenses-increase-seventeen-percent/>; National Association of State Budget Offices. (2021). *The Fiscal Survey of States (Spring 2021)*. Retrieved from https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Fiscal%20Survey/NASBO_Spring_2021_Fiscal_Survey_of_States_S.pdf

²⁴⁸ U.S. Bureau of Labor Statistics, All Employees, Local Government [CES9093000001], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CES9093000001>



²⁴⁹ Centers for Disease Control and Prevention, COVID Data Tracker: Trends in COVID-19 Cases and Deaths in the United States, by Social Vulnerability Index, https://covid.cdc.gov/covid-data-tracker/#pop-factors_totaldeaths.

²⁵⁰ See, e.g., Fairlie, R., Couch, A., and Xu, H. (2021). Racial Disparities in Unemployment during the COVID-19 Pandemic and Recovery. Prepared for the Federal Reserve Bank of Boston’s 64th Economic Conference, “Racial Disparities in Today’s Economy.” <https://www.bostonfed.org/-/media/Documents/events/2021/racial-disparities-in-todays-economy/Racial-Disparities-in-Unemployment-during-the-COVID-19-Pandemic-and-Recovery.pdf?la=en>

²⁵¹ Perry, B. L., Aronson, B., & Pescosolido, B. A. (2021). Pandemic precarity: Covid-19 is exposing and exacerbating inequalities in the American Heartland. Proceedings of the National Academy of Sciences, 118(8). <https://doi.org/10.1073/pnas.2020685118>

²⁵² Bennett, J., & Kochhar, R. (2021, May 28). Comparing two U.S. economic recessions, recoveries. Retrieved from <https://www.pewresearch.org/social-trends/2019/12/13/two-recessions-two-recoveries-2/>

²⁵³ Gordon, T. (2012, December 31). State and local budgets and the great recession. Retrieved from <https://www.brookings.edu/articles/state-and-local-budgets-and-the-great-recession/>

²⁵⁴ For the full definition of populations presumed impacted and disproportionately impacted by the final rule, please see pages 17-20 of the Overview of the Final Rule. <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf>

²⁵⁵ U.S. Department of the Treasury. (2022, January 11). Interim Reports and Recovery Plan Performance Reports – 2021. Retrieved from <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-Tribal-governments/state-and-local-fiscal-recovery-funds/recovery-plan-performance-reports-2021>

²⁵⁶ U.S. Department of the Treasury. (2022). *Coronavirus State and Local Fiscal Recovery Funds Guidance on Recipient Compliance and Reporting Responsibilities*. Retrieved from <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>

²⁵⁷ U.S. Department of the Treasury. (2022). State and Local Fiscal Recovery Funds: Project Highlights. Retrieved from <https://home.treasury.gov/system/files/136/American-Rescue-Plan-Anniversary-SLFRF-Examples.pdf>



State Small Business Credit Initiative (Section 3301)

The American Rescue Plan reauthorizes and amends the Small Business Jobs Act of 2010 to provide \$10 billion to the State Small Business Credit Initiative program to fund state, the District of Columbia, territory, and Tribal government small business credit and investment programs through September 2020. The funding – more than 6.5 times larger than the original allocation in 2010—is intended for credit and investment programs for existing small businesses and start-ups, and technical assistance to qualifying small businesses applying for SSBCI and other federal and jurisdiction programs that support small businesses. The funding also includes new amounts of dedicated funding focused on supporting very small businesses and business enterprises owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses), as well as incentive funds for jurisdictions that demonstrate robust support for SEDI-owned businesses.

Background

Small businesses are central to the health of America’s economy, representing over 99 percent of all businesses and employing nearly 50 percent of the workforce.²⁵⁸ Pre-pandemic, the smallest businesses – those with fewer than 20 employees – employed roughly 20 million people and served as an important driver of economic growth.²⁵⁹ In the year prior to the pandemic, small businesses added more than 450,000 jobs on net.²⁶⁰ In prior years, more than 50 percent of annual job growth from small businesses has been attributed to the smallest businesses.²⁶¹ As important generators of employment and wealth, small businesses are critical to the economic fortunes of women and people of color. Women and minority-owned small businesses comprised roughly a fifth and a seventh of all small businesses with employees, respectively, and greater shares of sole proprietor small businesses.²⁶²

A strong small business sector depends on access to capital, which gives businesses the ability to weather financial crises and sustainably maintain and grow operations. However, small businesses can face greater hurdles in accessing credit.²⁶³ In particular, underserved small businesses face higher barriers to financing for a variety of reasons including transaction costs, inadequate infrastructure, and information barriers.²⁶⁴ In addition to structural barriers, minority-owned businesses experience higher loan denial probabilities and pay higher interest rates than non-minority-owned businesses even after controlling for differences in creditworthiness, and other factors.²⁶⁵

During the 2008 financial crisis and great recession that followed, the nation was reminded of the consequences of constrained access to capital. Between 2008 and 2010, small business lending for loans of \$1 million or less shrank more than eight percent. Without access to capital, some businesses were forced to close while others reduced operations.²⁶⁶ These changes resulted in job losses and hindered economic recovery, with minority-owned firms experiencing greater hardship.²⁶⁷ Fiscal challenges also led to a drying up of resources for state programs to help economically disadvantaged small businesses.

In response, Congress passed the Small Business Jobs Act (SBJA) of 2010 which created the State Small Business Credit Initiative (SSBCI), and provided over \$1.4 billion to states, the District of Columbia, and territories to support credit access for small businesses. These funds leveraged well over \$8 billion in private small business loans and investments.²⁶⁸ A Treasury analysis of the program noted that about 41 percent of SSBCI-supported loans or investments



were made to women or minority-owned businesses and about 43 percent of SSBCI-supported loans or investments were made in low-to-moderate income areas..²⁶⁹ In addition, SSBCI effectively reached very small businesses with about 80 percent of the SSBCI-supported loans and investments going to businesses with ten or fewer employees.²⁷⁰

In light of previous SSBCI outcomes and faced with a small business sector reeling from the economic losses from COVID-19 shutdowns, Congress reauthorized and expanded SSBCI under the American Rescue Plan Act (ARP) of 2021. ARP provides \$10 billion to SSBCI to help states, the District of Columbia, territories, and Tribal governments to address the economic fallout of the pandemic and lay the foundation for a strong and equitable recovery by supporting these jurisdictions' programs that increase access to credit for small businesses. SSBCI is a long-term program and is designed to support equitable growth for small businesses and to spur entrepreneurship, including in underserved communities.

Program Overview

The pandemic exposed and exacerbated a range of inequities in America, including with respect to small businesses and jobs.²⁷¹ Underserved communities have long lacked access to capital, and there have been significant long-standing gaps between groups in terms of entrepreneurial financing.²⁷² The SSBCI program authorized through ARP is designed to provide access to capital to small businesses emerging from the pandemic to promote robust, equitable growth in the long term.

The \$10 billion program provides recipient jurisdictions funding for: (1) credit and investment programs for existing small businesses and start-ups, and (2) technical assistance to small businesses applying for SSBCI funding and other government small business programs. Treasury issued guidance on SSBCI credit and investment program requirements in November 2021.²⁷³ Treasury issued guidance on the SSBCI Technical Assistance Grant Program in April 2022.²⁷⁴

The program is highly flexible for jurisdictions, which have the option of developing several different types of programs under SSBCI. Among those options are:

- **Venture Capital Programs:** Jurisdictions may set up public-private partnerships for equity investing or invest in venture capital funds. These investments are focused on providing capital to underserved startups and democratizing venture capital across geography and to diverse founders.
- **Loan Participation Programs:** In these programs, jurisdictions buy an interest in the loans made by lenders or lend directly alongside private lenders, providing direct lending to finance small businesses.
- **Loan Guarantee Programs:** Jurisdictions use SSBCI funds to provide an assurance to lenders that they will be partially repaid in the event of default, after the lender makes every reasonable effort to collect, helping small businesses secure loans that may have otherwise been inaccessible or prohibitively expensive.
- **Collateral Support Programs:** Jurisdictions set aside funds as collateral for new loans, enabling start-ups to borrow funds to help their businesses grow with the assistance of SSBCI capital.



- **Capital Access Programs (CAPs):** Jurisdictions provide portfolio insurance in the form of a loan loss reserve fund into which the lender and borrower contribute, supplemented with SSBCI funds.

Under the SSBCI program that operated from 2010–2016 (SSBCI 1.0), states, the District of Columbia, and territories expended \$1.2 billion in SSBCI funds across 140 programs, which supported new financing to small businesses totaling \$10.7 billion.²⁷⁵ The program helped to fill financing gaps for small businesses and to develop entrepreneurial ecosystems through, for example, jurisdiction-supported venture capital programs. The new iteration of SSBCI provides opportunities to build on this success, particularly given its features that enable robust access to credit for businesses owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses).

This iteration of SSBCI (SSBCI 2.0) builds on SSBCI 1.0 in several ways.

- At \$10 billion, the total funding is over 6.5 times as large as SSBCI 1.0.
- SSBCI 2.0 also includes a significant focus on serving SEDI-owned businesses, with:
 - \$1.5 billion allocation in funding to be expended for SEDI-owned businesses (SEDI allocation);
 - \$1.0 billion in incentive funding for jurisdictions that demonstrate robust support for SEDI-owned businesses (SEDI incentive allocation);
 - \$500 million in allocations to Tribal governments; and
 - \$500 million available for technical assistance funding for helping SEDI-owned businesses and very small businesses.

Nonetheless, despite these equity focused improvements for SSBCI 2.0, there are several potential implementation challenges, including:

- **Increased Awareness and Outreach Are Needed for SEDI-owned Businesses.** The primary challenge to equitable implementation of this program is ensuring that eligible businesses are aware of and can easily access program benefits. In particular, SSBCI's new focus on SEDI-owned businesses may require recipients to develop new approaches to program outreach to ensure that SEDI-owned businesses are aware of and can easily access the opportunities provided by SSBCI. Treasury is providing extensive technical assistance to assist jurisdictions' efforts to engage these small businesses.
- **Existing Structures do not Favor Equitable Access to Capital.** Many communities have historically lacked access to capital and continue to face barriers based on geography, networks, discrimination, and a range of other factors. As discussed below, Treasury has designed SSBCI in order to ensure that all eligible start-up businesses have a fair shot at financing.
- **Tribal Governments Face Capacity Challenges and Limited Access to Private Capital.** Many Tribal governments are smaller than state governments and do not have a pre-existing capacity to operate small business financing programs. Additionally, since SSBCI is designed to catalyze private investment in small businesses, Tribal governments that lack access to financial institutions face barriers implementing the program. Treasury is providing extensive technical assistance to Tribal governments and supporting the formation of consortia of smaller Tribal governments to address these challenges.



Major Efforts to Advance Equitable Implementation

Unlike other small business programs such as the Paycheck Protection Program and the Restaurant Revitalization Fund which are targeted at immediate relief, the SSBCI program is long-term and is intended to provide long-term investments in small businesses to expand access to capital, to promote economic resiliency, and to create new jobs and economic opportunity—especially in underserved communities. The program is designed to help entrepreneurs and small business owners overcome barriers to capital markets, including for small business owners that have been traditionally left behind by the financial system. In order to accomplish these goals and ensure equitable outcomes, the Biden-Harris Administration has taken the following actions:

Issuing Program Guidance that Promotes Equity and Access

Treasury issued a Request for Information in May 2021 for public comment on the SSBCI program’s design and implementation.²⁷⁶ Treasury received 95 comments in response and incorporated feedback into the program guidance issued in November 2021. For example, Treasury expanded the eligible uses of funds to include transactions that support employee stock ownership transactions, small-scale construction loans, and instituted a rate cap to mitigate the risk that predatory loans are supported by SSBCI.

As noted above, the program has a new allocation of \$1.5 billion to be expended for SEDI-owned businesses. The \$1.5 billion allocation targets (1) small businesses owned by individuals that have faced barriers to access to the capital, markets, and networks they need to grow their businesses because of certain statuses or memberships in certain groups and (2) small businesses in Community Development Financial Institution (CDFI) Investment Areas, which are generally low-income, high-poverty geographies that receive insufficient support for the needs of small businesses, including minority-owned businesses.

The program guidance requires states, the District of Columbia, territories, and Tribal governments to describe in their application:

- How the SSBCI funding causes and results in new lending and investment, ensuring that the funds are used for small businesses and start-ups that would otherwise lack opportunities for growth-supporting capital
- A plan for how the SSBCI funding will expand access to capital for small businesses in underserved communities
- The economic benefits of their programs, such as how they will create well-paying jobs and how they might support American manufacturing, supply chain industries, communities facing transitions to net zero economies or deindustrialization, or how they might further other policy objectives.

Local sources of capital, such as community banks, Community Development Financial Institutions (CDFI), Minority Depository Institutions, and investors, participate in the jurisdiction’s SSBCI programs to provide access to credit for small businesses. For example, a jurisdiction may guarantee a CDFI loan or may invest in a local investment fund. The program also incentivizes investments outside of traditional high-access areas and to start-ups that have struggled to receive funding by providing additional incentive funding to jurisdictions that successfully deploy funding to SEDI-owned businesses.



Consultation with Tribal Governments

SSBCI expects to provide over \$700 million in allocated funds to Tribal governments. Therefore, Treasury has engaged in extensive Tribal government outreach including a consultation, listening session, over 20 information sessions, weekly Tribal government office hours, and one-on-one communication with Tribal governments and other stakeholders like Native CDFIs in order to inform the process of policy design. Treasury incorporated extensive Tribal leader feedback into the design of this program and tailored the guidance to reflect the unique economic conditions and access to capital challenges that exist in Tribal communities and the integral role that Tribal enterprises have in supporting small business development in Tribal communities. In response to feedback, Treasury has also adopted flexibilities to increase Tribal government access to SSBCI funds, including extensions of the Notice of Intent deadline and application deadline for Tribal governments. Based on this extensive engagement, 415 out of 574 (72 percent) federally recognized Tribes submitted a Notice of Intent to apply for SSBCI funds by December 11, 2021.

Promoting Awareness of SSBCI for Eligible Recipients

Once approved by Treasury, jurisdictions will work to build awareness of their approved programs, and Treasury will support their efforts by building general awareness of program availability and by engaging and encouraging key stakeholders to participate. For example, Treasury has plans to conduct programming to increase awareness among key stakeholders, such as by briefing minority chambers of commerce, banks, CDFI and credit union membership groups in coordination with the Counselor for Racial Equity.

The Road Ahead

SSBCI received capital program applications from all states, the District of Columbia, and territories by its deadline of Friday, February 11, 2022, for \$8.4 billion in total funding. The Tribal government capital program applications are due on September 1, 2022. Going forward, SSBCI will continue to review and approve capital program applications from states, the District of Columbia, and territories, while continuing to provide support to Tribal governments as they work to complete their applications.

Treasury recently announced plans to deploy \$300 million of the \$500 million available for technical assistance funds focused on SEDI-owned businesses and very small businesses. Of these funds, \$200 million will be provided to jurisdictions to deliver technical assistance to qualifying underserved entrepreneurs and very small businesses with fewer than ten employees. Another \$100 million of the funds will be transferred by Treasury to the Minority Business Development Agency (MBDA) at the Department of Commerce. MBDA which will focus its technical assistance on helping underserved entrepreneurs seeking direct capital investment, such as venture capital financing. Treasury also released guidance on the \$200 million in technical assistance funds that will be allocated to jurisdictions. These funds may be used by jurisdictions to provide legal, accounting, and financial advisory services to small businesses applying for SSBCI and other federal and jurisdiction programs that support small business.

In addition, Treasury will:

- Consider comments on its Interim Final Rule on demographics-related reporting which was published on March 3, 2022.²⁷⁷ The IFR represents a historic effort to collect demographic information, including data on race, ethnicity, sexual orientation, and



gender identity, from small businesses that receive capital from SSBCI from small businesses.

- Provide jurisdictions with reporting guidance which is designed to provide important insights for both program performance and the broader small business landscape. Treasury will collect annual transaction level data in March annually, starting in 2023, and will report publicly on transaction level data annually
- Explore opportunities to evaluate SSBCI and its effect on small businesses.

²⁵⁸ U.S. Small Business Administration Office of Advocacy. (2021). 2021 Small Business Profile. Retrieved from <https://cdn.advocacy.sba.gov/wp-content/uploads/2021/08/30143723/Small-Business-Economic-Profile-US.pdf>; Small businesses are defined as firms employing 500 or fewer employees. Under the SSBCI statute (12 U.S.C. §§ 5704-5705), participating small businesses must have no more than 500 employees or no more than 750 employees depending on what type of capital program it is. Further, some SSBCI funds are to be expended for very small businesses, which are businesses with fewer than ten employees and includes independent contractors and sole proprietors (see 12 U.S.C. § 5702(f)).

²⁵⁹ U.S. Small Business Administration Office of Advocacy. (2019). 2019 Small Business Profile. Retrieved from <https://cdn.advocacy.sba.gov/wp-content/uploads/2019/04/23142610/2019-Small-Business-Profiles-States-Territories.pdf>

²⁶⁰ U.S. Small Business Administration Office of Advocacy. (2021). 2021 Small Business Profile. Retrieved from <https://cdn.advocacy.sba.gov/wp-content/uploads/2021/08/30143723/Small-Business-Economic-Profile-US.pdf>

²⁶¹ U.S. Small Business Administration. (2018). Small Businesses Drive Job Growth in the U.S. Retrieved from <https://www.sba.gov/advocacy/small-businesses-drive-job-growth-us>; U.S. Small Business Administration Office of Advocacy. (2018). 2018 Small Business Profile. Retrieved from <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>; the smallest businesses are defined as firms employing 19 or fewer employees.

²⁶² U.S. Small Business Administration Office of Advocacy. (2021). 2021 Small Business Profile. Retrieved from <https://cdn.advocacy.sba.gov/wp-content/uploads/2021/08/30143723/Small-Business-Economic-Profile-US.pdf>;

²⁶³ Board of Governors of the Federal Reserve System. (2017, September). *Report to the Congress on the Availability of Credit to Small Businesses*. Retrieved from <https://www.federalreserve.gov/publications/2017-september-availability-of-credit-to-small-businesses.htm>

²⁶⁴ Barr, M. S., Kumar, A., & Litan, R. (2007). *Building Inclusive Financial System: A Framework for Financial Access*. Brookings Inst. Press.

²⁶⁵ U.S. Department of Commerce, Minority Business Development Agency. (2010, January). *Disparities in Capital Access between Minority and Non-Minority-Owned Businesses: The Troubling Reality of Capital L*. Retrieved from <https://archive.mbda.gov/sites/mbda.gov/files/migrated/files-attachments/DisparitiesinCapitalAccessReport.pdf>

²⁶⁶ U.S. Department of the Treasury. (2016, October). *Program Evaluation of the U.S. Department of Treasury State Small Business Credit Initiative*. Retrieved from <https://www.treasury.gov/resource-center/sb-programs/Documents/SSBCI%20Program%20Evaluation%202016%20-%20Full%20Report.pdf>

²⁶⁷ Gines, D. (2021, January 8). Crisis hits minority firms hard. Retrieved from <https://www.kansascityfed.org/community/community-connections/crisis-hits-minority-firms-hard/>

²⁶⁸ U.S. Department of the Treasury. (2016, October). *Program Evaluation of the U.S. Department of Treasury State Small Business Credit Initiative*. Retrieved from <https://www.treasury.gov/resource-center/sb-programs/Documents/SSBCI%20Program%20Evaluation%202016%20-%20Full%20Report.pdf>

²⁶⁹ *See Ibid.* at pp. 3-4. Business ownership demographics (women-owned and minority-owned) were optional data fields. In total, 43 out of 56 states reported on a total of 13,479 transactions to either or both of these data fields. Of those transactions, 9,057 transactions were reported to be in a women- and/or minority-owned business. Those 9,057 transactions were responsible for \$1.6 billion in new financing, representing just over 41 percent of the 21,963 total SSBCI transactions.

²⁷⁰ *See Ibid.* at p. 4.

²⁷¹ Fairlie, R. (2020). The impact of Covid-19 on small business owners: Evidence from the first three months after widespread social-distancing restrictions. *Journal of Economics & Management Strategy*, 29(4), 727–740. <https://doi.org/10.1111/jems.12400>

²⁷² Fairlie, R., Robb, A., & Robinson, D. (2020). *Black and White: Access to Capital among Minority-Owned Startups*, Working Paper 28154. NBER Working Paper Series. Retrieved from https://www.nber.org/system/files/working_papers/w28154/w28154.pdf



²⁷³ U.S. Department of the Treasury. (2022, March 3). State Small Business Credit Initiative (SSBCI). Retrieved from <https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbcj>

²⁷⁴ U.S. Department of the Treasury. (2022, April 28). State Small Business Credit Initiative (SSBCI). Retrieved from <https://home.treasury.gov/system/files/136/SSBCI-Technical-Assistance-Guidelines-April-2022.pdf>

²⁷⁵ U.S. Department of the Treasury, State Small Business Credit Initiative (SSBCI). (2017, July 24). *State Small Business Credit Initiative: A Summary of States' 2016 Annual Reports*. Retrieved from

https://home.treasury.gov/system/files/256/SSBCI-Summary-of-States-Annual-Report-2016_508-Compliant.pdf#page=13

²⁷⁶ U.S. Department of the Treasury. (2022, March 3). State Small Business Credit Initiative (SSBCI). Retrieved from <https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbcj>

²⁷⁷ *Ibid.*



Economic Adjustment Assistance (Section 6001)

The American Rescue Plan provides \$3 billion for FY 2021, to remain available through FY 2022, for the Department of Commerce to make economic adjustment assistance grants to prevent, prepare for, and respond to coronavirus and economic injury as a result of coronavirus. The Act required 25 percent of these funds be used to assist States, Territories, and communities that have suffered economic injury as a result of job and gross domestic product losses in the travel, tourism, or outdoor recreation sectors.

Background

The economic recovery since the financial crisis has been uneven. In the 11-year recovery after the Great Recession, rural areas have experienced 14.8 percent gross domestic product (GDP) growth while urban areas experienced 19.2 percent.²⁷⁸ Since the end of the Great Recession, jobs have concentrated in the largest metro areas, with four metro areas—New York, Chicago, San Francisco, and Seattle—seeing a 25 percent increase in average job density, while job density in the next largest 91 metro areas only increased by six percent.²⁷⁹ Other analyses suggest only 25 cities accounted for more than two-thirds of job growth from 2007 to 2017.²⁸⁰ Moreover, demographic groups experienced disparate economic recoveries. By 2017, Black and Asian households had not recovered their pre-recession median income and Black-White income gaps had persisted.²⁸¹

Although these outcomes would have been much worse without strong leadership and action by the federal government in the years following the Great Recession, this experience informed the importance of ensuring a strong long-term and equitable economic recovery spurred by the American Rescue Plan.²⁸²

To ensure communities around the country experienced a strong recovery and built more resilient local economies after the pandemic, ARP provided \$3 billion in funding for distribution by the Economic Development Administration (EDA) within the Department of Commerce. The relative size of this investment is significant: nearly ten times EDA's typical annual appropriation.

EDA was established by the Public Works and Economic Development Act of 1965 and is the only federal agency exclusively focused on coordinating and implementing economic development policy in communities across the nation. EDA's mandate is to establish a foundation for sustainable job growth by promoting innovation and competitiveness, and preparing American regions for growth and success in the worldwide economy.

To accomplish this goal, EDA makes grant investments in a wide range of technical, planning, workforce development, entrepreneurship, and public works and infrastructure projects that leverage existing community assets and support economic development strategies that make it easier for businesses to start and grow in those communities.

ARP's appropriation of \$3 billion to EDA provided significant resources to rebuild the economy in American communities across the country in the wake of the COVID-19 pandemic. This funding enables EDA to provide larger, more transformational investments across the nation.

Due to EDA's flexible authorization and programming, it has been able to leverage these funds in an impactful way – ensuring investments meet the needs of communities around the country,



including communities of color, places hit hardest by the pandemic, and areas suffering from decades of disinvestment even in the shadows of thriving cities. In particular, as a regular practice, including for ARP funding, EDA considers a community's relative distress when determining which places to award funds.

Many of the economic development challenges facing communities preceded the pandemic, such as under skilled workforces, job losses due to out-sourcing, and increased global competition. These challenges were further exacerbated during the pandemic, with added pressures from global supply-chain disruptions, leaving the most distressed communities least prepared to react and adapt.

EDA's investments to state and local governments, Indian Tribes, non-profits, and institutions of higher education support local economic development projects designed to retain and grow jobs and support an ecosystem for local businesses to grow and thrive. EDA's program model is designed to put communities in the driver's seat in order to determine the best investments for communities to recover and grow in the face of economic downturns. ARP's investments in EDA reflect the core values of the Biden-Harris Administration: the importance of place and ensuring communities are not left behind.

Program Overview

One of the first challenges EDA faced was designing a comprehensive economic development program that met the urgency of the moment while accounting for the long-term impact of its investments. The statute required that 25 percent of funds be dedicated to states and communities that have suffered economic injury in the travel, tourism, or outdoor recreation sectors and made two percent of funds available through FY 2027 for federal costs to administer the program. Although EDA typically requires grantees to provide 50 to 80 percent in matching funds depending on their relative distress, ARP and the nature of the economic distress caused by the pandemic enabled EDA to offer up to 100 percent of project funds directly to communities, which would allow more underserved communities to effectively compete for the funds. Beyond this requirement, however, the design and implementation of the grant program was largely left up to EDA, provided funds were obligated by the end of FY 2022.

Recognizing the unique opportunity to make transformational investments in communities and build new agency capabilities, EDA created six different funding opportunities. These funding opportunities leveraged EDA's expertise and incorporated a number of different priorities.

- **Build Back Better Regional Challenge (\$1 billion):** In the recovery from the Great Recession and the COVID-19 pandemic, many communities around the country have stagnated due to a lack of resilient industries that offer high-quality jobs – as well as a lack of federal funding to support the growth or diversification of those places that depend on industry growth and jobs. The \$1 billion Build Back Better Regional Challenge will help these communities create and grow existing regional industry clusters by providing a transformational investment of \$25 to \$75 million, and potentially up to \$100 million, to 20 to 30 regional coalitions across the country to revitalize their economies. These regions will have the opportunity to strengthen local industry through planning, infrastructure, innovation and entrepreneurship, workforce development, access to capital, and more. These investments are designed to embrace equitable economic growth, create good-paying jobs, and enhance U.S. global competitiveness.



- **Good Jobs Challenge (\$500 million):** Workers and employers both acutely feel the impact of the COVID-19 pandemic on the job market. While many workers—particularly those from underserved communities, including women, African Americans, and Hispanics—were displaced during the pandemic, there are now about 1 million more job openings than people looking for work, and some job openings remain vacant for months. Employers cannot find the talent they need to fill their vacancies, and workers cannot find quality jobs that match their skills and meet their health and safety needs. The Good Jobs Challenge will provide \$500 million to approximately 25-50 collaborative skills training systems and programs around the country. EDA encourages efforts to reach underserved populations and areas, communities of color, women, and other groups facing labor market barriers such as persons with disabilities, disconnected youth, individuals in recovery, individuals with past criminal records, including justice impacted and reentry participants, serving trainees participating in the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) and Women, Infants and Children (WIC), and veterans and military spouses. The Good Jobs Challenge aims to fund proven strategies such as regional workforce systems and sectoral partnerships that work closely with employers to train workers with the skills they need to secure quality jobs. EDA received 509 applications across all states and territories for the Good Jobs Challenge and will be making 25-50 awards Summer 2022.
- **Economic Adjustment Assistance Program (\$500 million):** EDA recognized that a broad diversity of economic development projects would benefit from federal assistance but may not be responsive to other ARP programs. The Economic Adjustment Assistance program is EDA’s most flexible program, and grants made under this program meet communities where they are to help hundreds of communities across the nation plan, build, innovate, and put people back to work through construction or non-construction projects designed to meet local needs.
- **Indigenous Communities Program (\$100 million):** Because Indigenous communities were disproportionately impacted by the COVID-19 pandemic, EDA is allocating \$100 million in ARP funding specifically for these communities. This program is designed to support the needs of Tribal Governments and Indigenous communities as they recover from the pandemic. EDA will support these communities to develop and execute economic development projects that they need to recover from the pandemic and build economies for the future.
- **Travel, Tourism, and Outdoor Recreation Program (\$750 million):** Congress included a 25 percent set-aside to address the pandemic’s outsized economic impact on the travel, tourism, and outdoor recreation sectors. To ensure all regions of the country received funding to address this critical priority EDA created the State Tourism Grants program that awarded funds to all 59 states and territories. EDA supplemented that program with competitive grants to reach the hardest hit communities. These two programs are comprised of:
 - **State Tourism Grants:** \$510 million in awards allocated directly to each state and territory to quickly invest in marketing, infrastructure, workforce and other projects to rejuvenate safe leisure, business and international travel.



- **Competitive Grants:** \$240 million to help communities that have been hardest hit by challenges facing the travel, tourism and outdoor recreation sectors to invest in infrastructure, workforce or other projects to support the recovery of the industry and economic resilience of the community in the future.
- **Statewide Planning, Research, and Networks Program (\$90 million):** To ensure all states have EDA allocated funds to coordinate economic development planning and research activities, EDA dedicated \$90 million in funding:
 - **Statewide Planning Grants:** \$59 million to support states and territories in planning efforts. Each state and territory received \$1 million.
 - **Research and Network Grants:** \$31 million to invest in research that assesses the effectiveness of EDA’s programs and in support for stakeholder communities around key EDA programs and initiatives.
- **Coal Communities Commitment (\$300 million):** The programs also include a total commitment of \$300 million of ARP funds to support coal communities as they recover from the pandemic and to help them create new jobs and opportunities, including through the creation or expansion of a new industry sector.²⁸³ This commitment built on the “Initial Report to the President on Empowering Workers Through Revitalizing Energy Communities” developed by President Biden’s Interagency Working Group.²⁸⁴ Specifically, EDA is dedicating \$100 million of its Build Back Better Regional Challenge funds and \$200 million of its Economic Adjustment Assistance funds to directly support coal communities.

Program Implementation

ARP’s historic appropriation for EDA represents a significant opportunity to increase the agency’s impact but also created implementation challenges.

Because ARP funding is so large relative to EDA’s typical annual appropriation, EDA needed to quickly identify ways to scale their systems and internal structures to support six new programs. As a result, EDA partnered with other federal agencies, such as the Department of Agriculture, Department of Labor, and Department of Education, to design the programs, conduct outreach to potential grantees, provide technical assistance, and review applications.

The short timeframe ARP statute gave EDA to obligate funds has also created barriers for some underserved communities, especially those with lower capacity to apply for federal grants. While EDA is confident that it will obligate funds by the statutory deadline of September 30, 2022, EDA recognizes that the individual program deadlines it has been required to set in order to meet this statutory obligation deadline have made it difficult for potential new grantees to put together applications in an accelerated manner and be competitive applicants. A longer obligation timeframe could have given EDA more flexibility to provide additional outreach and technical assistance to applicants who may be new to EDA’s programs and application processes or that have had historically less access to resources and lower capacity than other regions or applicants.

Despite these challenges, EDA has already made significant progress in awarding ARP grants:

- **Selected 60 Build Back Better Regional Challenge finalists:** From 529 applications, EDA selected 60 finalists who are currently competing for 20 to 30 grants of \$25 million to \$100 million. Each finalist received \$500,000 to further develop their proposed



projects and strengthen their regional growth clusters in advance of submitting a Phase 2 application. Of the finalists, many represent underserved communities, including 12 from coal communities and 15 from Indigenous communities.

- **Received 509 applications for the Good Jobs Challenge:** After extensive outreach and technical assistance, EDA received significant interest in this program across all states and territories. Although EDA is in the early stages of reviewing applications, many new applicants are represented and it is offering extensive programming and training opportunities for people from underserved communities. EDA plans to announce grantees later this year.
- **Awarded \$510 million in tourism grants to 59 states and territories:** All 59 states and territories received State Tourism grants to fund local projects. These projects vary in scope based on locally driven needs. Funds were allocated to states and territories based on levels of economic injury, defined as employment loss and share of state GDP in the Leisure and Hospitality sectors (NAICS 71&72). The higher the level of economic injury in these sectors, the higher the amount awarded.
- **Awarded statewide planning grants to 59 states and territories:** Each state or territory received \$1 million to support economic development planning efforts, many of which include a plan to share future economic development benefits with underserved communities.
- **Began to award rolling grant funding for the Economic Adjustment Assistance, Indigenous Communities, and Competitive Tourism programs:** EDA has received and begun evaluating applications for its competitive rolling programs. Several of these applications led to awards, including investments in projects in underserved coal communities such as Morgantown, WV and Springfield, MO.

Major Efforts to Advance Equitable Implementation

EDA has made significant efforts to address implementation challenges and ensure its programs are powering an equitable economic recovery.

Centering Equity

Since the early days of the Biden-Harris Administration, EDA has put equity at the center of all of its work. EDA's investment priorities provide an overarching framework to ensure its grant investment portfolio – ranging from planning to infrastructure construction – contributes to local efforts to build, improve, or better leverage economic assets that allow businesses to succeed and regional economies to prosper and become more resilient. In March of 2021, EDA revised its investment priorities and put equity at the top of the list. Competitive grant applications must be responsive to evaluation criteria, including EDA's investment priorities.

In the design of its ARP programs, EDA has focused on multiple areas relevant for equity:

- **Indigenous Communities:**
 - As EDA was designing its ARP programs it recognized that Indigenous communities had suffered some of the greatest impacts from the COVID-19 pandemic – with a mortality rate almost two times that of non-Hispanic Whites – and decided to allocate \$100 million of its \$3 billion in funding to these



communities, in addition to encouraging Indigenous communities to apply for all of EDA's ARP Act programs.²⁸⁵ This is the *first dedicated funding for Native Americans, Native Hawaiians, and Native Pacific Islanders in EDA's history*. The Indigenous Communities program is designed to meet the crucial recovery needs of Indigenous communities across the country. This flexible program provides a wide range of technical assistance, planning, and infrastructure grants in regions experiencing adverse economic changes.

- EDA also hired its first-ever Tribal Coordinator in October 2021 and is leveraging that position to assist Indigenous Communities applying for EDA funding.
- Finally, in an effort to increase Tribal participation in grant programs, EDA published a new rule extending Tribal eligibility to include for-profit Tribal corporations that are wholly owned by and established for the benefit of the Tribe. To inform this regulatory change, EDA conducted multiple Tribal consultations. This new rule went into effect on September 24, 2021.
- **Underserved workers:** EDA dedicated \$500 million to focus on workforce development programming in the form of the Good Jobs Challenge. This program is designed to provide skills for and connect unemployed or underemployed workers to existing and emerging job opportunities and EDA encourages efforts to reach underserved populations and areas, communities of color, women, and other groups facing labor market barriers.
- **Coal and rural communities:** To support communities impacted by the decline in the coal industry as they recover from the pandemic and to help them create new jobs and opportunities, EDA committed \$300 million of its funds to support coal communities. EDA also partnered with the Interagency Working Group for Coal Communities to provide coordinated technical assistance and ensure strong applications. To further support coal and rural communities, EDA hired a Coal Communities Coordinator and detailed staff from the Department of Agriculture to serve as a Rural Communities Coordinator.
- **Federal match requirements:** EDA typically requires grantees to provide 50 to 80 percent in matching funds, which could be difficult for many underserved communities. ARP enabled EDA to offer up to 100 percent of project funds directly to communities, which has enabled more communities to access and apply for EDA funds than in its traditional programming.
- **Application evaluation:** In addition to being an investment priority that informs award decisions for all programs, EDA used equity as an evaluation criterion to assess competitiveness for the first time, leveraging it in the Build Back Better Regional Challenge, Economic Adjustment Assistance, competitive Travel, Tourism, and Outdoor Recreation, and the Good Jobs Challenge. EDA used this evaluation criterion to ensure grantees of these four programs target and share economic benefits of the programs with underserved communities. Additionally, EDA was intentional about recruiting, selecting, and training a diverse group of experienced, qualified reviewers for its programs.



Engaging in Robust Outreach

EDA has engaged in robust outreach and external engagement to highlight and increase access to ARP funding. These programs have an explicit focus on equity and are intended to directly benefit previously underserved communities impacted by COVID-19.

Early accomplishments in this priority area include:

- Conducting extensive outreach to a broader range of potential EDA applicants through a record number of webinars, access to factsheets, FAQ documents, and dedicated email inboxes to answer questions for each program
- Partnering with the White House and other federal agencies to conduct targeted outreach to priority communities, including communities of color and organized labor
- Building out EDA's Communications Team to provide more tailored and dedicated outreach to new communities or partners, including a Tribal Coordinator, Rural Communities Coordinator, and Coal Communities Coordinator
- Greatly expanding social media presence to reach new and expanded audiences
- Participation by EDA and Department of Commerce senior leadership in a range of events with diverse and new organizations
- Maximizing use of EDA's Gov Delivery e-mail marketing service, which now includes a mailing list of more than 90,000 subscribers including many who had not previously engaged with EDA

In addition to these efforts, EDA has hosted 12 public webinars totaling over 20,000 attendees. EDA created new tools, templates, and technical assistance webinars to help first-time grantees navigate EDA's application process and new programs. EDA also hosted over 60 specific webinars and briefings to small groups to cover information about EDA's American Rescue Plan programs and to encourage new applicants.

Providing Significant Technical Assistance – Including Targeted Efforts

EDA provides significant technical assistance to potential applicants through its regional office staff. Economic Development Representatives in each of EDA's six regional offices around the country consult with potential applicants on funding opportunities, provide technical assistance, and connect potential applicants with resources to ensure they present the strongest possible application.

EDA invested in additional targeted outreach and ensured priority underserved communities received necessary technical assistance through its Tribal Coordinator and Coal Communities Coordinator. EDA also partnered with the Interagency Working Group for Coal Communities to provide all-of-government, coordinated technical assistance and ensure strong applications. This technical assistance took the form of workshops for a set of target communities with an agenda tailored to communities' specific needs.

The Road Ahead

Although EDA is still in the process of awarding funds, the results so far indicate that its equity efforts have been successful. For example, the 60 finalist coalitions in the Build Back Better Regional Challenge represent a broad swathe of the country, including rural, urban, and coastal



areas. These finalists cover 45 states and Puerto Rico, include 12 coal communities, and more than 80 percent of the finalists propose to serve rural communities, including ten proposals that are focused on growing or developing agriculture and natural resource industries.²⁸⁶ Over half of the lead applicants for finalists are either first time EDA recipients or have not received an award in the last three years. Moreover, 20 percent of the finalists are in coal communities and 25 percent are in Indigenous communities.

Implementation of EDA ARP programs continue. The second round of Build Back Better Regional Challenge Finalist applications were due on March 15. Final grantees for the Build Back Better Regional Challenge and Good Jobs Challenge grantees will be announced summer 2022. Moreover, awarding funds is just the beginning of economic recovery; the true impact of these investments will be determined by successful implementation over many years.

In addition to the work described above, EDA has several ongoing priorities for these programs:

Investing in Systems and Processes to Improve Access to EDA Programming

EDA's application process, especially for eligible applicants new to EDA, can be complex and burdensome, sometimes due to governmentwide requirements or simply because infrastructure programs require more documentation than non-infrastructure programs. This can pose a particularly large barrier for eligible applicants in distressed communities that lack technical expertise in grant writing or project development. Moreover, although EDA has no filing fee, due to government-wide federal regulations, applicants often need to invest in costly environmental or historic preservation studies to submit a complete application. Although these requirements have been put in place to ensure federal funds are being awarded prudently and meet federal and local regulations, EDA is exploring options to reduce the burdens on applicants and is pursuing opportunities to invest in staffing and tools to assist potential applicants with capacity building.

EDA is also in the process of developing and rolling out a bureau-wide customer relationship management (CRM) system that will help track outreach conversations with stakeholders and eventually assess whether outreach is effectively targeting underserved communities and geographies.

Leveraging Other Federal Agencies and Outside Organizations

EDA's ARP team has established an initiative to engage both philanthropies and employers to help support and bolster the impact of these programs.

For example, to support Build Back Better Regional Challenge finalist communities – particularly those that ultimately do not receive funds – EDA is organizing opportunities for finalists to pitch to other federal government agencies and outside funders, including philanthropy. This pitch opportunity will further catalyze transformational economic development in these communities.

While these initiatives are in the early stages, EDA expects to develop relationships with philanthropies that are eager to work with applicants on equity initiatives.

Building Communities of Practice

EDA is establishing Communities of Practice (CoPs) for its ARP grantees and will leverage these CoPs to ensure equity is prioritized through the grants' periods of performance.²⁸⁷ The CoPs that EDA plans to establish through this program will support grantees in their project



implementation, including sharing best practices for how to execute and share the benefits of economic development with their communities. For example, EDA will work with its Build Back Better Regional Challenge finalists to provide technical assistance to create strong applications, solidify governance models, build out projects, and ensure equity is a key component of their regional growth strategies. Through these CoPs, EDA will also aim to provide technical assistance to its grantees on how each project can further maximize its efforts around equity and serve more underserved populations and communities through their projects.

Establishing Research and Evaluation Efforts

EDA has dedicated funding from ARP to establish research awards that will support real-time data collection and understanding of the implementation of one of EDA's six ARP programs. Specifically, EDA is looking to fund research projects that will allow it to understand how the full suite of ARP funding is being used, identify lessons learned about how the programs are being implemented, and ultimately support, facilitate, and encourage learning in real-time.²⁷⁸ Awards will provide critical, cutting-edge research and best practices to regional, state, and local practitioners in the economic development field, thereby enhancing understanding and implementation of economic development concepts throughout the country. EDA is looking to work with research partners that will help it assess its ability to reach underserved populations and geographies, ultimately informing future program and implementation decisions. These efforts will complement EDA's traditional practices to regularly collect and analyze performance metrics from grantees.

²⁷⁸ Koppam, R. (2020, August 6). *Gaps in U.S. rural and urban economic growth widened in the post-Great Recession economy, with implications amid the coronavirus recession*. Retrieved from <https://equitablegrowth.org/gaps-in-u-s-rural-and-urban-economic-growth-widened-in-the-post-great-recession-economy-with-implications-amid-the-coronavirus-recession/>

²⁷⁹ Kim, J., & Loh, T. H. (2021, March 2). *What the recovery from the Great Recession reveals about post-pandemic work and cities*. Retrieved from <https://www.brookings.edu/blog/the-avenue/2021/03/02/what-the-recovery-from-the-great-recession-reveals-about-post-pandemic-work-and-cities/>

²⁸⁰ Lund, S., Manyika, J., Segel, L. H., Dua, A., Hancock, B., Rutherford, S., & Macon, B. (2019, July 11). *The future of work in America: People and places, today and tomorrow*. Retrieved from <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-in-america-people-and-places-today-and-tomorrow>

²⁸¹ Wilson, V. (2018, September 12). *10 years after the start of the Great Recession, black and Asian households have yet to recover lost income*. Working Economics Blog. Retrieved from <https://www.epi.org/blog/10-years-after-the-start-of-the-great-recession-black-and-asian-households-have-yet-to-recover-lost-income/>

²⁸² Blinder, A. S., & Zandi, M. (2015, October 15). *The Financial Crisis: Lessons for the Next One*. Policy Futures. Retrieved from <https://www.cbpp.org/research/economy/the-financial-crisis-lessons-for-the-next-one>

²⁸³ Coal communities include those identified by the Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization, as well as communities and regions that can reasonably demonstrate how changes in the coal economy have resulted or are anticipated to result in job losses and layoffs in any coal-reliant commercial sector (e.g., coal mining, coal-fired power plants).

²⁸⁴ Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization. (2021, April). *Initial Report to the President on Empowering Workers Through Revitalizing Energy Communities*. Retrieved from https://netl.doe.gov/sites/default/files/2021-04/Initial%20Report%20on%20Energy%20Communities_Apr2021.pdf

²⁸⁵ Arrazola, J., Masiello, M. M., Joshi, S., Dominguez, A. E., Poel, A., Wilkie, C. M., Bressler, J. M., McLaughlin, J., Kraszewski, J., Komatsu, K. K., Peterson Pompa, X., Jespersen, M., Richardson, G., Lehnertz, N., LeMaster, P., Rust, B., Keyser Metobo, A., Doman, B., Casey, D., ... Landen, M. (2020). COVID-19 mortality among American Indian and Alaska Native persons — 14 states, January–June 2020. *MMWR. Morbidity and Mortality Weekly Report*, 69(49), 1853–1856. <https://doi.org/10.15585/mmwr.mm6949a3>

²⁸⁶ The White House. (2022, March 1). *FACT SHEET: The Biden Administration's Historic Investments To Create Opportunity and Build Wealth in Rural America*. Retrieved from <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/01/fact-sheet-the-biden-administrations-historic-investments-to-create-opportunity-and-build-wealth-in-rural-america/>



²⁸⁷ U.S. Economic Development Administration. (2022, January 7). *EDA Announces Build Back Better Community of Practice Grant to a Partnership of the National League of Cities, America Achieves, Drexel University, and the Federation of American Scientists*. Retrieved from <https://eda.gov/news/blogs/2022/01/07/build-back-better-community-of-practice-grant.htm>

²⁸⁸ U.S. Economic Development Administration. (2022, February 10). *EDA Seeks Additional Applications to Conduct Research on American Rescue Plan Programs*. Retrieved from <https://eda.gov/news/blogs/2022/02/10/eda-seeks-additional-applications.htm>



Paycheck Protection Program (Section 5001)

Established by the CARES Act (Public Law 116-136) in March 2020 and launched within days of enactment, the PPP provided approximately \$790 billion in more than 11 million loans with forgiveness potential across multiple rounds and extensions authorized by Congress. The American Rescue Plan appropriated an additional \$7 billion for PPP and expanded eligibility to additional nonprofit entities and internet news publishers and periodicals. From the outset, the Biden-Harris Administration has made delivering equitable relief to hard-hit small businesses a top priority, and took early action to remedy the inequities found in earlier versions of the program.

Background

From his first day in office, President Biden has focused on providing America’s small businesses with the tools and resources they need to reopen, rehire, and build back better. In 2021, the Biden-Harris Administration has distributed more than \$450 billion in critical relief to more than 6 million small businesses.²⁸⁹ Under the 2020 round of economic relief, while millions of small businesses received support to stay afloat and keep employees on the payroll, too many minority- and women-owned businesses and “mom and pops” found themselves at the end of line while larger, well-connected businesses were able to access relief funds first. These implementation and design shortcomings in the launch of the PPP, were exacerbated by longstanding challenges faced by small and minority-owned businesses in accessing traditional bank lending. According to a 2020 Federal Reserve survey, firms with non-Hispanic Black ownership and firms with \$100,000 or less in revenues were only half as likely as firms with non-Hispanic White ownership to obtain capital from a traditional bank over the previous five years.²⁹⁰

Taken altogether—existing systemic inequities and restrictive provisions in the first rounds of PPP—this highly inequitable environment saw many minority- and women-owned businesses miss out on critical funding. At least one study found that Black businesses disproportionately closed in the first months of the pandemic, with an estimated 41 percent of Black-owned businesses closing from February to April 2020, more than double the share of White-owned businesses that closed (17 percent).²⁹¹ Similarly, the number of Latino business owners fell by 32 percent and Asian business owners dropped by 26 percent.

The Biden-Harris Administration has made delivering equitable relief to hard-hit small businesses a top priority. Within weeks of taking office, the Administration announced a number of policy changes to target the Paycheck Protection Program (PPP) to the smallest businesses and to companies that have been left behind in previous relief efforts.²⁹² These reforms, described in greater detail below, have had a measurable impact.

Program Overview

Established by the CARES Act (Public Law 116-136) in March 2020 and launched within days of enactment, the PPP provided approximately \$790 billion in more than 11 million loans with forgiveness potential across multiple rounds and extensions authorized by Congress.²⁹³ The American Rescue Plan appropriated an additional \$7 billion for PPP and expanded eligibility to additional nonprofit entities and internet news publishers and periodicals. The Small Business Administration (SBA) administered the PPP through a network of participating lenders,



providing forgivable loans to small businesses to help cover payroll and a variety of other eligible costs. The program's initial round of roughly \$350 billion was depleted after two weeks in April 2020, raising concerns that women-and-minority-owned businesses were unable to equitably access relief. A Government Accountability Office (GAO) analysis found that the first round of funding disproportionately benefited larger businesses and those located in rural communities.²⁹⁴

The House Select Subcommittee on the Coronavirus Crisis found that the prior Administration encouraged banks to limit their PPP lending to existing customers, which ultimately excluded many minority- and women-owned businesses.²⁹⁵ Moreover, the subcommittee noted that in 2020, SBA and Treasury failed to issue guidance prioritizing underserved markets, including minority- and women-owned businesses. This was on top of additional decisions made by lenders to prioritize servicing loans for wealthy customers through separate and accelerated processes. For example, it was found that three large lenders processed loans to larger companies with more than 100 employees on average 70 percent faster than loans to smaller companies with five or fewer employees

In addition, the program also included other rules that disproportionately limited access for women- and minority-owned small businesses.

Barriers for Non-Employer Firms

For most of the life of PPP, the loan calculation formula for non-employer firms limited their ability to access relief. While businesses with employees (employer firms) could calculate their eligibility for PPP loans on the basis of payroll costs, those businesses without employees that are run by sole proprietors, independent contractors, and self-employed individuals (non-employer firms) were required to show a profit on their IRS form 1040 Schedule C in order to qualify. The calculation of "net profits" on the Schedule C is based on deducting items such as depreciation, health care costs, rent, and utilities from the business's gross income, making net profits a flawed basis for determining a business's costs. By requiring non-employer businesses to show a profit on their taxes to get aid, PPP rules limited the size of PPP loans available to these businesses and even ruled it out entirely for many of these entrepreneurs. Congress recognized the problems with this approach in the Consolidated Appropriations Act of 2021 (Public Law 116-260) by changing the PPP loan formula for small farmers and ranchers that file Schedule F forms with their IRS 1040 forms to use gross income instead of net profit, but it provided no assistance to businesses that file Schedule C forms.

This disparity in treatment hit minority-owned firms the hardest. Women and minorities own more than 70 percent of non-employer firms, compared to 30 percent of employer firms.²⁹⁶ A 2012 Census survey of business owners found that nearly 95 percent of Black-owned firms and 91 percent of Latino-owned firms were non-employers.

Eligibility Barriers for Formerly Incarcerated Entrepreneurs

Before the Biden-Harris Administration took office, an applicant for the PPP was ineligible if it was at least 20 percent owned by an individual who could not pass (1) a five-year look-back for any felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance; and (2) a one-year look-back for any other felony. Due to disproportionately higher rates of incarceration for Blacks and Latinos, this restriction served as one additional barrier for many minority-owned small businesses.



Student Loan Debt as a Barrier to PPP

When the Biden-Harris Administration took office, PPP loan forgiveness was not available to any business with at least 20 percent ownership by a federal loan borrower who has defaulted in the last seven years and caused a loss to the government or who was currently delinquent. This policy was a barrier to access for the smallest businesses, especially those owned by Blacks and Latinos. Recent research shows that two in five student loan borrowers are likely to experience default while self-employed. Black and Latino student loan borrowers are nearly twice as likely as their White peers to be behind or in collections on their student loans.²⁹⁷

Challenges for Immigrant-Owned Businesses

A business was eligible for PPP if it was at least 51 percent owned and operated by a non-citizen provided that they are lawfully residing in the United States. Many lawful U.S. residents use Individual Taxpayer Identification Number (ITIN) instead of a social security number, including visa holders, green card holders, and U.S. citizens who choose to file taxes with an ITIN due to identify theft concerns. Many business owners that use ITINs had trouble accessing PPP because of a lack of clear guidance from SBA. This resulted in the inconsistency in access for ITIN holders, with some lenders willing to work with ITIN holders while some ITIN businesses declined to apply due to this uncertainty.

Major Efforts to Advance Equitable Implementation

Within weeks of taking office, the Biden-Harris Administration announced a number of policy changes to ensure access to the PPP for the smallest businesses and to companies that have been left behind in previous relief efforts, including the following:

- **Instituted a 14-day period during which only businesses with fewer than 20 employees can apply for relief:** 98 percent of small businesses have fewer than 20 employees. This exclusive application period allowed lenders to focus on serving these smallest businesses, which often need additional time to navigate the paperwork entailed in completion applications.
- **Help sole proprietors, independent contractors, and self-employed individuals receive more financial support:** These types of businesses, which include home repair contractors, beauticians, and small independent retailers, make up a significant majority of all businesses. To address the access challenges identified above, the Biden-Harris Administration revised the loan calculation formula for these applicants to offer additional relief and established a \$1 billion funding pool for businesses in this category located in low- and moderate-income (LMI) areas who do not have any employees. These changes had the support of more than 100 organizations, including the NAACP, National Urban League, and the Center for Responsible Lending.
- **Eliminated an exclusionary restriction that prevented small business owners who were delinquent on their federal student loans from obtaining relief through the PPP:** Working with the Departments of the Treasury and Education, the SBA removed the student loan delinquency restriction to broaden access to the PPP.
- **Consistent with a bipartisan bill, eliminated the restriction that prevented small business owners with prior non-fraud felony convictions from obtaining relief through the PPP:** To expand access to PPP, the Biden-Harris Administration adopted



bipartisan reforms included in the PPP Second Chance Act, co-sponsored by Senators Ben Cardin (D-MD), Rob Portman (R-OH), Cory Booker (D-NJ), and James Lankford (R-OK), to eliminate the one-year look-back for non-fraud felonies unless the applicant or owner is incarcerated at the time of the application.

- **Clarified that ITIN holders can access PPP:** To eliminate uncertainty for lenders and borrowers, the SBA clarified via an FAQ how ITIN holders could access PPP.²⁹⁸
- **Closely partnered with community financial institutions to increase PPP lending:** The Administration also worked to increase the amount of lending made through community financial institutions and minority depository institutions. These lenders have well-established histories making loans to minority-owned businesses and, in recognition of this fact, Congress set a minimum target of \$15 billion in the Consolidated Appropriations Act of 2021 that authorized the final round of PPP. The Biden-Harris Administration worked to exceed this target by partnering closely with lenders through regular calls to ensure a consistent flow of referrals to community financial institutions and minority depository institutions.

Overall, these changes ensured that the 2021 round of the PPP—which consisted of more than \$271 billion in forgivable loans to nearly 6.4 million businesses—reached more of the smallest businesses and those located in LMI communities. The highlights include:²⁹⁹

- In 2021, the PPP made 2 million loans to businesses located in LMI communities, a 62 percent increase from the 1.2 million loans made to businesses in these communities in 2020. Overall, 31 percent of the 2021 PPP loans went to businesses from LMI communities, compared to 22 percent of 2020 PPP loans.
- 6 million businesses with less than 20 employees received PPP loans in 2021, a 35 percent increase from the 4.5 million loans made to these businesses in 2020. More than 95 percent of 2021 PPP loans went to businesses with less than 20 employees compared to 87 percent of 2020 PPP loans.
- Nearly two-thirds of 2021 PPP loans went to Schedule C businesses, providing relief to roughly 4 million of the smallest businesses – 35 percent in LMI areas – with \$60 billion in forgivable loans. This tripled the amount of funding (\$20 billion) that went to Schedule C businesses in 2020.
- The average PPP loan size under the Biden-Harris Administration was \$42.5K, down more than 50 percent from the \$101.5K average in the 2020 round of PPP.
- The number of PPP loans made by community financial institutions and minority depository institutions increased by nearly a factor of six – from more than 240,000 loans in 2020 to nearly 1.4 million loans in 2021. The loan volume nearly doubled, from \$17.5 billion in 2020 to \$29.9 billion in 2021 even as the overall size of the PPP program (\$271 billion) decreased by nearly 50 percent from the \$521 billion in loans made in 2020.

Additionally, a February 2022 study by Robert Fairlie and Frank Fossen found that the 2021 PPP round demonstrated an improvement in loans to businesses in areas that had a high minority share of the population.³⁰⁰ These findings align with a GAO report from September 2021.³⁰¹ Both studies concluded that the program changes implemented by the Biden-Harris Administration played a substantial role in this improvement.



The Road Ahead

The challenges faced by too many women-and-minority-owned small businesses in accessing critical relief from the PPP in 2020 highlights the importance of designing future emergency support and other capital access programs with these barriers in mind. Understanding how traditionally underrepresented and underserved business owners access capital and receive information can help policy makers better target programs to ensure greater equity in outcomes.

²⁸⁹ U.S. Small Business Administration. (2022, January 20). One Year Later: Biden-Harris Administration, SBA Have Prioritized an Equitable Recovery, Centered on Strengthening Main Street and Supply Chains. Retrieved from <https://www.sba.gov/article/2022/jan/20/one-year-later-biden-harris-administration-sba-have-prioritized-equitable-recovery-centered>

²⁹⁰ U.S. Federal Reserve Banks. (2020). 2020 Report on Employer Firms: Small Business Credit Survey. Retrieved from <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2020/2020-sbcs-employer-firms-report>

²⁹¹ Mills, C. K., & Battisto, J. (2020, August). Double Jeopardy: COVID-19's Concentrated Health and Wealth Effects in Black Communities. Retrieved from https://www.newyorkfed.org/medialibrary/media/smallbusiness/DoubleJeopardy_COVID19andBlackOwnedBusinesses

²⁹² The White House. (2021, February 22). Fact sheet: Biden-Harris administration increases lending to small businesses in need, announces changes to PPP to further promote equitable access to relief. Retrieved from <https://www.whitehouse.gov/briefing-room/statements-releases/2021/02/22/fact-sheet-biden-harris-administration-increases-lending-to-small-businesses-in-need-announces-changes-to-ppp-to-further-promote-equitable-access-to-relief/>

²⁹³ U.S. Small Business Association. (2022, February 20). PPP data. Retrieved from <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program/ppp-data>

²⁹⁴ United States Government Accountability Office. (2021, September). Paycheck Protection Program: Program Changes Increased Lending to the Smallest Businesses and in Underserved Locations. Retrieved from <https://www.gao.gov/assets/gao-21-601.pdf>

²⁹⁵ U.S. House of Representatives Select Subcommittee on the Coronavirus Crisis (2020). Underserved and Unprotected: How the Trump Administration Neglected the Neediest Small Businesses in the PPP. Retrieved from <https://coronavirus.house.gov/sites/democrats.coronavirus.house.gov/files/PPP%20Report%20Final%20%283%29.pdf>

²⁹⁶ U.S. Small Business Association, Office of Advocacy. (2018, August). A Look at Nonemployer Business. Retrieved from <https://www.sba.gov/sites/default/files/advocacy/Nonemployer-Fact-Sheet.pdf>

²⁹⁷ Center for Responsible Lending. (2021, February). SBA Student Loan Restriction Disproportionately Impacts Black and Latino Business Owners. Retrieved from <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-student-debt-busowners-feb2021.pdf>

²⁹⁸ U.S. Small Business Association. (2021, March 12). Paycheck Protection Program Loans. Retrieved from <https://www.sba.gov/sites/default/files/2021-03/PPP-FAQs-3.12.21.pdf>

²⁹⁹ The White House. (2022, March 11). *FACT SHEET: New Data Show Progress on Biden-Harris Commitment to Equity in Emergency Small Business Relief*. Statements and Releases. Retrieved from <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/11/fact-sheet-new-data-show-progress-on-biden-harris-commitment-to-equity-in-emergency-small-business-relief/>

³⁰⁰ Fairlie, R., & Fossen, F. (2022, February). The 2021 Paycheck Protection Program Reboot: Loan Disbursement to Employer and Nonemployer Businesses in Minority Communities. NBER Working Paper Series. Retrieved from https://www.nber.org/papers/w29732?utm_campaign=ntwh&utm_medium=email&utm_source=ntwg11

³⁰¹ U.S. Government Accountability Office. (2021, September 21). *Paycheck Protection Program: Program Changes Increased Lending to the Smallest Businesses and in Underserved Locations*. Retrieved from <https://www.gao.gov/products/gao-21-601>



Community Navigator Pilot Program (Section 5004)

The American Rescue Plan provides \$100 million for the establishment of a Community Navigator Pilot Program at the Small Business Administration to make grants to, or enter into contracts or cooperative agreements with, private nonprofit organizations, resource partners, States, Tribes, and units of local government to ensure the delivery of free community navigator services to current or prospective owners of eligible businesses in order to improve access to assistance programs and resources made available because of the COVID-19 pandemic by Federal, State, Tribal, and local entities.

Background

From the earliest days of pandemic-driven shutdowns, small businesses across America have faced an uncertain environment, with many struggling to stay afloat. One study of the impact of mandates and demand shifts estimates that the total number of active business owners dropped from 15 million in February 2020 to 11.7 million in April – a 22 percent drop.³⁰² The loss of 3.3 million active business owners was the largest drop on record across any previous one-, two-, or 12-month window of time.³⁰³ Further, the study notes that “African-Americans experienced the largest losses, eliminating 41 percent of active business owners. Latinos also experienced major losses with 32 percent of business owners halting activity between February and April 2020. Immigrant business owners suffered a large drop of 36 percent in business activity, and female business owners suffered a disproportionate drop of 25 percent.”³⁰⁴

Six months into the pandemic, a Federal Reserve survey found three out of every ten small businesses in the U.S. said they likely wouldn’t survive 2021 without additional government assistance during the coronavirus pandemic. Similarly, the outlook was worse for minority-owned firms, with 79 percent of Asian-owned firms, 77 percent of Black-owned firms and 66 percent of Latino-owned firms characterizing their financial condition as “fair” or “poor,” compared with 57 percent of overall firms.³⁰⁵ Similarly, a U.S. Chamber of Commerce survey published in August 2020, showed distinct differences in the prospects of women-owned businesses when compared to male counterparts, with 47 percent of women owners ranking the health of their businesses as “somewhat or very good” in July 2020, while 62 percent of male business owners reported that their business health was “good.” These were drops from January 2020 of 13 percent and five percent, respectively.³⁰⁶

Of the small businesses who have been able to survive, access to federal, state, and local financial assistance has been a lifeline. However, even access to those programs has not guaranteed survival. Given this environment, and the disparities that exist for minority-owned businesses, it is critical that small businesses are connected to stabilizing supports during this turbulent time. To address this issue, the American Rescue Plan (ARP) included \$100 million in funding to establish a first-ever federal Community Navigator Pilot Program.

Program Overview

Modeled on the success of navigator programs adopted by a number of cities and states implementing emergency small business relief programs and successful efforts to ensure access to benefits such as the Affordable Care Act Navigators, ARP created the Community Navigator Pilot Program with the explicit goal of advancing equity through improving technical assistance and support for small businesses owned and controlled by women, veterans, and socially and



economically disadvantaged individuals.³⁰⁷ The program offers funding to nonprofits, state and local governments, universities, and Tribal entities to partner with SBA at the center of a *hub and spoke network* that aims to engage trusted stakeholders and culturally knowledgeable local groups and individuals to connect entrepreneurs to relevant economic resources. This includes support across the following:

- Financial assistance and access to capital
- Contracting and procurement
- Marketing, operations, business development, and exporting
- Industry-specific training

The Community Navigator Pilot Program was born out of identified small businesses' needs that evolved alongside an ecosystem of various support options. The pandemic highlighted how small businesses, particularly historically underrepresented small businesses, have a harder time accessing capital and financial assistance as well as accessing procurement and contracting opportunities. All businesses benefit from marketing, operations, and other training and counseling, but historically underrepresented businesses are often least likely to participate because of a lack of network. By partnering with trusted partners in the community who work with these small businesses, the SBA expects that prioritized small businesses will better access these services.

This pilot was developed to test whether this model can enhance the SBA's efforts to address the challenges to resource access that were both created and exacerbated by the pandemic. The Community Navigator Pilot Program is delivering on Biden-Harris Administration and SBA Agency priorities to advance equity through its priority focus on socially and economically disadvantaged small businesses and small businesses owned by women and veterans. However, the program also aims to better connect *all* U.S. small businesses to SBA and other critical resources, to help them recover and thrive.

In addition to funding for navigators, the legislation also provided \$75 million in funding for outreach and education activities to raise awareness of the navigator program and available resources for small businesses and entrepreneurs, including through website improvements, and outreach and education in the ten most commonly spoken languages in the United States.

While the existing networks of SBA resource partners are robust, there remains significant room for growth in helping small businesses, particularly those prioritized by the legislation, to access SBA resources. For instance, 20.7 percent of the more than 7.9 million small business establishments (<500 employees) are in counties without any type of SBA service center.³⁰⁸

With funding to establish a pilot and conduct awareness activities, the primary implementation challenge for SBA was designing a navigator model and program to reach those who have historically been unaware of, or have had difficulty accessing, relevant SBA resources. To address this challenge, SBA chose to implement a *hub and spoke navigator* model to reach and engage with new and existing entrepreneurs.



Major Efforts to Advance Equitable Implementation

Implementing a “hub and spoke navigator model” to reach and engage with new and existing entrepreneurs

As described in the Notice of Funding Opportunity, the *hub and spoke* approach features a lead organization – a “hub” – at the center of a network of “spoke” organizations that deploy trusted messengers to work with businesses in targeted communities.³⁰⁹ These networks leverage the business development expertise of the central “hub” organization and the community credibility of “spoke” organizations to better connect businesses owners in underserved communities with critical services and assistance programs.

Hub organizations typically coordinate navigator activities via regular meetings, joint planning, and collaborative strategy development, among a broad set of other support activities for “spoke” organizations. These additional activities include the development of training curricula, document preparation and data collection support, and coordination of communication strategies with SBA, including planning outreach events, and webinars, and coordinating activities with SBA District Offices and Resource Partners.

Spokes play a “last mile” role, and serve as the on-the-ground resource for potential business owners. Their activities include:

- Engaging in direct outreach and 1:1 loan, grant, and relief assistance application preparation for businesses
- Providing technical assistance to small businesses in areas including, but not limited to financial literacy, credit counseling, financial assistance, accessing government contracts and exporting
- Focusing on reaching or exceeding agreed upon goals for participation in aid and technical assistance programs by underserved communities
- Conducting focused, grassroots outreach
- Providing linguistically and culturally knowledgeable experts such as CPAs, attorneys, or other professionals to offer counseling for entrepreneurs in underserved communities
- Amplifying communications via earned and paid media and leveraging other trusted partners like schools, churches, and local elected officials
- Collecting client’s data in accordance with required metric collections and furnishing such information to the “Hub” for additional analysis and reporting in a timely manner

To implement this model, SBA awarded \$100 million to 51 organizations out of 502 applications received, selected as part of a rigorous review process to ensure geographic diversity and diversity of small business service segments. In turn, the 51 grantee organizations are working with more than 400 hyperlocal organizations to connect America’s small businesses to SBA, and other federal, state, and local resources. The diversity of grantees reflects the diversity of America’s entrepreneurs, including relevant expertise to ensure a diverse set of underserved entrepreneurs are able to access available services.³¹⁰



To ensure the greatest amount of diversity across geographies and to optimize the SBA's service delivery reach, the program established a tiered approach, awarding eight Tier 1 grants to organizations with a national footprint; 11 Tier 2 awards to organizations with statewide and/or regional reach; and, 32 Tier 3 awards to organizations focused on city, countywide and/or rural engagement.³¹¹ All 50 states and Puerto Rico are covered by this pilot program.

Data Collection and Analysis

Effective *hub and spoke* networks are data-driven and have a meaningful accountability structure. To that end, SBA has asked hub and spoke organizations to collect a robust set of performance metrics to help provide insight into the types of services being delivered, and the types of businesses being served. These metrics include the following:

- Number of unique clients who receive assistance in the development of their loan, forgiveness, or grant applications
- Dollar amount request of completed loan and grant applications
- Number of counseling hours to develop and submit loan and grant applications
- Number of clients receiving approved loan or grant funding starting a business
- Demographic crosscuts such as gender, race, ethnicity, veteran status, disability status, years in business, industry, and geography

Reporting is done quarterly, with all organizations held accountable to target goals for the number of clients they serve.

The Road Ahead

The Community Navigator Pilot Program is still in the relatively early stages of implementation, with a period of performance from December 1, 2021 through November 30, 2023. In addition to data collection and evaluation throughout program implementation, SBA is staying closely engaged with grantees to support their work and solicit feedback on program improvements. This includes quarterly listening sessions with grantees to solicit feedback, alongside surveys. The first quarterly reports were received at the end of March 2022.

The SBA will bolster the Navigator's efforts through an outreach and education campaign, which will engage trusted, hyperlocal, and diverse outlets to ensure that all types of small business owners can access this critical new resource. To ensure that the campaign reaches the broadest swath of entrepreneurs, outreach will be conducted in the ten most commonly spoken languages in the United States. This multi-lingual approach will ensure that small business owners from diverse communities across the United States will be aware of Community Navigator services and other federal programs. This will also bring new subcontractors and small businesses into the SBA network, opening the door for expanded contracting opportunities for small businesses across the country and delivering on the SBA's commitment to equity in procurement.

As part of the scope of work, the selected contractor will work hand-in-hand with the SBA to develop landing pages and an integrated print and mixed media marketing campaign which will promote Community Navigator services to current or prospective owners of eligible businesses across the United States and Puerto Rico. One additional major element of this effort will be to create an experience where small business owners can easily connect to Navigators' resources.

The SBA selected the contractor ECU Communications in April 2022. ECU Communications has a strength in digital marketing and a successful track record of working with the federal



government to access hard-to-reach populations, for example with the Census bureau to increase participation. ECU Communications will be working as a Prime with two teaming partners, APartnership and EFX Media that specialize in reaching Asian-American communities and producing digital media assets, respectively. As of April 2022, the SBA is partnering with ECU to design and kick off the outreach campaign.

This Community Navigator Pilot Program stands to contribute to the growing literature on the effect of such navigator models in connecting individuals and organizations, particularly those from underserved communities, with critical resources.³¹²

³⁰² Fairlie, R. (2020). The impact of Covid-19 on small business owners: Evidence from the first three months after widespread social-distancing restrictions. *Journal of Economics & Management Strategy*, 29(4), 727–740.
<https://doi.org/10.1111/jems.12400>

³⁰³ U.S. House of Representatives Committee on Small Business. (2021, February 4). The State of the Small Business Economy in the Pandemic: Testimony by Robert W. Fairlie. Retrieved from https://smallbusiness.house.gov/uploadedfiles/02-04-21_dr_fairlie_testimony.pdf

³⁰⁴ Fairlie, R. (2020). The impact of Covid-19 on small business owners: Evidence from the first three months after widespread social-distancing restrictions. *Journal of Economics & Management Strategy*, 29(4), 727–740.
<https://doi.org/10.1111/jems.12400>

³⁰⁵ Fed Small Business. (2021). 2021 Report on Employer Firms Based on the Small Business Credit Survey. Retrieved from <https://www.fedsmallbusiness.org/survey/2021/report-on-employer-firms>

³⁰⁶ U.S. Chamber of Commerce. (2022, January 28). Metlife & U.S. Chamber Special Report on women-owned small businesses during COVID-19. Retrieved from <https://www.uschamber.com/workforce/special-report-women-owned-small-businesses-during-covid-19>

³⁰⁷ Illinois Department of Commerce & Economic Opportunity. (2021, January 22). Pritzker Administration Invests Over \$3 million in Community Navigators and other Supports to Help Illinois Small Businesses Access PPP and Federal Assistance Programs. Retrieved from <https://www2.illinois.gov/dceo/Media/PressReleases/Pages/PR012221-2.aspx>; The City of Columbus City Council. (n.d.). Hundreds of Small and Minority Businesses Receive Funding from the City and Franklin County. Retrieved from <https://www.columbus.gov/Templates/Detail.aspx?id=2147517146>; Sommers, B. D., Maylone, B., Nguyen, K. H., Blendon, R. J., & Epstein, A. M. (2015). The impact of state policies on ACA applications and enrollment among low-income adults in Arkansas, Kentucky, and Texas. *Health Affairs*, 34(6), 1010–1018.
<https://doi.org/10.1377/hlthaff.2015.0215>

³⁰⁸ U.S. Small Business Administration. (2021, October 28). Community Navigator Pilot Program Frequently Asked Questions. Retrieved from https://www.sba.gov/sites/default/files/2021-11/CNPP%20FAQs%20Approved%5B90%5D_508.pdf

³⁰⁹ Grants.gov. (2021, May 25). CNP-2021-01 Community Navigator Pilot Program. Retrieved from <https://www.grants.gov/web/grants/view-opportunity.html?oppId=333792>

³¹⁰ A full list of grantees can be found here: U.S. Small Business Administration. (2022). Community Navigators. Retrieved from <https://www.sba.gov/local-assistance/community-navigators>

³¹¹ U.S. Small Business Administration. (2021, October 28). SBA Administrator Guzman, Biden-Harris Administration Announce Community Navigator Pilot Program Grantees. Retrieved from <https://www.sba.gov/article/2021/oct/28/sba-administrator-guzman-biden-harris-administration-announce-community-navigator-pilot-program>

³¹² U.S. Department of Labor. (2021, November 2). Navigators in Social Service Delivery Settings: A Review of the Literature with Relevance to Workforce Development Programs. Retrieved from https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/NavigatorLitReview_20211203_508.pdf



Restaurant Revitalization Fund (Section 5003)

The American Rescue Plan established the Restaurant Revitalization Fund (RRF) to provide funding to help restaurants and other eligible businesses keep their doors open. This program provided restaurants with funding equal to their pandemic-related revenue loss up to \$10 million per business and no more than \$5 million per physical location. RRF also included several provisions to address previous concerns that pandemic relief programs for businesses failed to reach businesses owned and controlled by women, veterans, and socially and economically-disadvantaged individuals, or reached them last.

Background

From his first day in office, President Biden has focused on providing America's small businesses with the tools and resources they need to reopen, rehire, and build back better. In 2021, the Biden-Harris Administration distributed more than \$450 billion in critical relief to more than 6 million small businesses.³¹³ This relief included the Restaurant Revitalization Fund (RRF), a \$28.6 billion program managed by the U.S. Small Business Administration (SBA) that provided direct funding that did not have to be repaid to more than 100,000 restaurants, food trucks, street food vendor, and other dining and drinking businesses.

The Biden-Harris Administration worked with Congress to establish the RRF in recognition of the significant losses experienced by the restaurant industry due to the COVID-19 pandemic. According to one industry survey released in January 2021, restaurant sales fell by 24 percent in 2020.³¹⁴ Numerous studies have found that minority-owned businesses were disproportionately harmed by the pandemic's economic impact.³¹⁵

Program Overview

The American Rescue Plan (ARP) established the RRF to provide funding to help restaurants and other eligible businesses keep their doors open. This program offered restaurants with funding equal to their pandemic-related revenue loss up to \$10 million per business and no more than \$5 million per physical location. Funds could be used for a broad range of expenses, including payroll, supply costs, and rent—as well as covering costs associated with sick leave, construction of outdoor seating, and expenses around protective equipment and cleaning materials.³¹⁶ ARP also established an initial \$5 billion amount of dedicated funding for RRF applicants with gross receipts of not more than \$500,000, thereby ensuring funding reached some of the smallest businesses.

Most notably, RRF was designed with an initial 21-day priority period for applications to be submitted by businesses owned and controlled by women, veterans, and socially and economically-disadvantaged individuals. The RRF application period opened on May 3, 2021 and closed on May 24, 2021 because the appropriated funds were significantly oversubscribed.³¹⁷ **During that period, the program received more than 278,000 submitted applications representing over \$72.2 billion in requested funds.** SBA awarded all of the \$28.6 billion in funding by June 30, 2021.³¹⁸



Major Efforts to Advance Equitable Implementation

Ensuring Underserved Small Businesses Accessed Available Funding

Per the authorizing legislation, during the first 21 days of program, the SBA prioritized funding applications from businesses owned and controlled by women, veterans, and socially and economically-disadvantaged individuals.³¹⁹ Applicants were asked to self-certify on the application that they meet eligibility requirements. SBA defines socially and economically disadvantaged individuals as the following:

- **Socially disadvantaged individuals** as “those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities.³²⁰ It presumes the following groups to be socially disadvantaged: Black Americans; Hispanic Americans; Native Americans (Including Alaska Natives and Native Hawaiians); Asian Pacific Americans; or Subcontinent Asian Americans).
- **Economically disadvantaged individuals** as “those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged.³²¹

Just over two weeks after the portal opened, SBA had received 303,000 applications—57 percent from women, veterans, and socially and economically disadvantaged business owners—representing over \$69 billion in requested funding, of which more than \$6 billion had been approved.³²² However, on May 28th, an injunction was issued by a federal judge in response to legal challenges to the race- and gender-based criteria used to determine priority period eligibility. The injunction prevented additional funding disbursement based on the prioritization criteria. The injunction allowed SBA to continue processing applications, but only in the order in which they were received, and not with consideration for those that businesses that qualified for the priority period. As a result, 2,965 priority applicants who were notified of approval but had not yet received funding had their award rescinded due to exhausted funding.

Ultimately, **nearly two-thirds of RRF funds (\$18 billion) went to businesses owned by women, veterans, and economically and socially disadvantaged individuals.**³²³ This included the following distributions:³²⁴

- Women-Owned businesses: \$7.5 billion
- Veteran-Owned businesses: \$1 billion
- Socially and Economically-Disadvantaged-Owned businesses: \$6.7 billion
- Businesses Owned by Representatives of Multiple Underserved Populations: \$2.8 billion

Additionally, SBA data show that **85 percent of recipients were located in urban areas (85,128 recipients, totaling \$26 billion) and 27 percent of recipients operated in low-to-moderate income areas – including rural and urban areas (27,210 recipients, totaling \$7.3 billion).**³²⁵

These outcomes were also aided by additional efforts by SBA to further create dedicated funds for the smallest restaurants to access funds equitability. In addition to the \$5 billion in dedicated funding for applicants with gross receipts not more than \$500,000, **SBA created two additional funding allocations to further ensure an equitable distribution of funds. SBA dedicated**



\$500 million for applicants with 2019 gross receipts not more than \$50,000, and \$4 billion for applicants with 2019 gross receipts between \$500,000 and \$1,500,000.³²⁶

Outreach and Accessibility

In addition to the 21-day priority period and dedicated funding for small businesses, SBA focused on policies and outreach strategies to ensure greater equity in distribution of funds. Specifically, the following:

- **Expanding Language Accessibility in Outreach and Communications Efforts:** SBA conducted more than 600 outreach events in multiple languages leading up to the RRF launch to educate small business owners on eligibility requirements and how to apply.³²⁷ In addition to English, SBA provided translated information about RRF eligibility requirements, application instructions, and frequently asked questions in 17 languages – including Mandarin, Hindi, Somali, Italian, Arabic, and Indonesian.³²⁸
- **Innovating to Provide Easier Access to RRF Funds:** In April 2021, SBA announced a first-of-its-kind technology initiative to partner with point of sale (POS) providers, such as Clover, NCR Corporation, Square, and Toast to provide a consumer-centric approach to the delivery of critical RRF relief funding.³²⁹ These partnerships allowed for thousands of restaurant owners to streamline their RRF application submission process, by allowing qualified restaurants to work directly with their point-of-sale service providers to help them apply for RRF.³³⁰

The Road Ahead

Going forward, programs targeting small businesses owners must be designed with an understanding of how traditionally underrepresented and underserved business owners access capital and receive information. Dedicated, targeted outreach and education are critical, highlighting the importance of two other American Rescue Plan investments that will benefit businesses over the coming years: SBA’s \$100 million Community Navigator program and Treasury’s State Small Business Credit Initiative, which includes \$500 million in technical assistance funding.

³¹³ U.S. Small Business Administration. (2022, January 20). *One Year Later: Biden-Harris Administration, SBA Have Prioritized an Equitable Recovery, Centered on Strengthening Main Street and Supply Chains*. Retrieved from <https://www.sba.gov/article/2022/jan/20/one-year-later-biden-harris-administration-sba-have-prioritized-equitable-recovery-centered>

³¹⁴ National Restaurant Association. (2021). *State of the Restaurant Industry 2021*. Retrieved from <https://go.restaurant.org/rs/078-ZLA-461/images/2021-State-of-the-Restaurant-Industry.pdf>

³¹⁵ Mills, C. K., & Battisto, J. (2020, August). *Double jeopardy: COVID-19’s concentrated health and wealth effects in Black communities*. Retrieved from [https://www.newyorkfed.org/medialibrary/media/smallbusiness/DoubleJeopardy_COVID19andBlackOwnedBusinesses; Small Business Majority. \(2021, February 9\). Small Businesses Continue to Face Closures in 2021. Retrieved from https://smallbusinessmajority.org/our-research/small-businesses-continue-face-closures-2021](https://www.newyorkfed.org/medialibrary/media/smallbusiness/DoubleJeopardy_COVID19andBlackOwnedBusinesses; Small Business Majority. (2021, February 9). Small Businesses Continue to Face Closures in 2021. Retrieved from https://smallbusinessmajority.org/our-research/small-businesses-continue-face-closures-2021)

³¹⁶ U.S. Small Business Administration. (2021, April 28). *Restaurant Revitalization Funding Program*. Retrieved from https://www.sba.gov/sites/default/files/2021-04/Restaurant%20Revitalization%20Fund%20Program%20Guide%20as%20of%204.28.21-508_0.pdf

³¹⁷ U.S. Small Business Administration. (2021, November 18). *Last Call: Administrator Guzman Announces Final Push for Restaurant Revitalization Fund Applications*. Retrieved from <https://www.sba.gov/article/2021/may/18/last-call-administrator-guzman-announces-final-push-restaurant-revitalization-fund-applications>



³¹⁸ U.S. Government Accountability Office. (2021, October). *COVID-19: Additional Actions Needed to Improve Accountability and Program Effectiveness of Federal Response*. Report to Congressional Committees. Retrieved from <https://www.gao.gov/assets/gao-22-105051.pdf>

³¹⁹ After SBA launched the Restaurant Revitalization Fund, three lawsuits were filed challenging the 21-day priority application period—one in the Eastern District of Tennessee and two in the Northern District of Texas. These lawsuits have led to three adverse court rulings against the SBA. Due to the legal conclusions in the court rulings, SBA was unable to continue processing priority applications and unable to pay certain priority applicants that received notice of an award.

³²⁰ U.S. Government Accountability Office. (2021, October). *COVID-19: Additional Actions Needed to Improve Accountability and Program Effectiveness of Federal Response*. Report to Congressional Committees. Retrieved from <https://www.gao.gov/assets/gao-22-105051.pdf>

³²¹ *Ibid.*

³²² U.S. Small Business Administration. (2021, November 18). Last Call: Administrator Guzman Announces Final Push for Restaurant Revitalization Fund Applications. Retrieved from <https://www.sba.gov/article/2021/may/18/last-call-administrator-guzman-announces-final-push-restaurant-revitalization-fund-applications>

³²³ U.S. Small Business Administration. (2021, July 2). SBA Administrator Announces Closure of Restaurant Revitalization Fund Program. Retrieved from <https://www.sba.gov/article/2021/jul/02/sba-administrator-announces-closure-restaurant-revitalization-fund-program>

³²⁴ *Ibid.*

³²⁵ U.S. Government Accountability Office. (2021, October). *COVID-19: Additional Actions Needed to Improve Accountability and Program Effectiveness of Federal Response*. Report to Congressional Committees. Retrieved from <https://www.gao.gov/assets/gao-22-105051.pdf>

³²⁶ U.S. Small Business Administration. (2021, November 18). Last Call: Administrator Guzman Announces Final Push for Restaurant Revitalization Fund Applications. Retrieved from <https://www.sba.gov/article/2021/may/18/last-call-administrator-guzman-announces-final-push-restaurant-revitalization-fund-applications>

³²⁷ *Ibid.*

³²⁸ U.S. Small Business Administration. (2021, April 28). Restaurant Revitalization Funding Program. Retrieved from https://www.sba.gov/sites/default/files/2021-04/Restaurant%20Revitalization%20Fund%20Program%20Guide%20as%20of%204.28.21-508_0.pdf

³²⁹ U.S. Small Business Administration. (2021, April 22). SBA Announces First-of-Its-Kind Technology Initiative for Restaurant Revitalization Fund. Retrieved from <https://www.sba.gov/article/2021/apr/22/sba-announces-first-its-kind-technology-initiative-restaurant-revitalization-fund>

³³⁰ *Ibid.*



USDA Assistance and Support for Farmers, Ranchers, Forest Landowners, and Operators, and Groups (Section 1006)

The American Rescue Plan provides direction and over \$1 billion in funding for USDA to act to ensure underserved communities have the tools, programs and support they need to succeed in agriculture. Section 1006 also provides funding to begin long-term racial equity work within USDA, including to provide technical assistance, improve access to credit, address heirs property claims and other land access issues, and to stand up an Equity Commission to identify barriers to accessing USDA programming. It also provides funds and direction to create career opportunities for next generation leaders in agriculture and to provide direct assistance to producers who have experienced discrimination.

Background

While USDA's expansive presence in rural communities is one of its greatest strengths, it is increasingly clear that the decentralized, local nature of information sharing and decision-making can be problematic, especially for underserved communities and producers. Agriculture is a complex industry with significant upfront costs including land, seed, labor, fertilizer, and other inputs. In addition to assistance accessing affordable capital, producers often need assistance with business plan development, tax planning, or simply navigating the complexity of the financial institutions from which they are seeking to secure credit, be that USDA or elsewhere. These challenges are compounded in rural communities of persistent poverty where racial inequity, historical discrimination, and place combined have resulted in structural exclusion from financial systems and other ladders of opportunity. Unable to access private capital, a producer may turn to USDA for assistance.

However, while USDA's Farm Service Agency can provide access to capital, FSA has very few staff and few programs that help with business planning or financial management. USDA's farm loan program staff can help a producer secure a loan, but this requires a producer to have an existing business plan and the ability to use a balance sheet to demonstrate appropriate cash flow. This is just one example of how many farm programs have been designed and implemented for decades in ways that favor and reward those who have access, means, prior experience and education, and land, and create barriers for those who are in persistently poor regions and most in need of assistance.

USDA is committed to overcoming these systemic weaknesses and institutional biases that are preferential to those who have resources, and sophisticated organizations. Section 1006 of the American Rescue Plan provides USDA with new authorities, direction, and \$1.01 billion dollars for USDA to act to ensure underserved communities have the tools, programs and support they need to succeed. More specifically, the provision directs USDA to use the funds to conduct several activities, including to:

- Provide outreach, mediation, financial training, capacity building training, cooperative development training and support, and other technical assistance on issues concerning food, agriculture, agricultural credit, agricultural extension, rural development, or nutrition to underserved communities



- Provide grants and loans to improve land access and address issues related to heirs' property
- Create one or more Equity Commissions
- Work closely with a set of specified Minority Serving Institutions (MSIs) to create, support, and supplement agricultural research, education, and extension and develop scholarship and internship pathways to federal employment
- Provides funds to assist farmers, ranchers or forest landowners that are former farm loan borrowers that suffered related adverse actions of past discrimination or bias in USDA programs.

Program Overview

Since Section 1006 requires USDA to craft new programs, listening to and learning from stakeholders has taken first priority. In March 2022 USDA held a two-day, all-of-USDA Tribal consultation on racial justice and equity that resulted in myriad inputs from Tribes with regard to how USDA programs and services can better serve Indian Country. Subsequently, USDA published a Request for Information and held listening sessions with stakeholders focused on how USDA programs can advance racial justice and equity. The input from stakeholders has helped to educate USDA staff and leadership and influenced how Section 1006 programming is being designed.

Starting in April 2021, litigation over the provisions of the American Rescue Plan designed to provide debt relief to socially disadvantaged farmers (Section 1005) affected USDA's ability to efficiently deploy Section 1006 funds. USDA has made strong progress on two important provisions.

First, USDA has established an Equity Commission comprised of external stakeholders who were announced on February 10, 2022.³³¹ Commission Members will conduct a thorough review of USDA policies and programs and provide the Secretary with a set of recommendations for how the Department can act to advance equity. The Equity Commission provides a formal mechanism to ensure USDA receives important input from a diverse array of stakeholders. The Equity Commission will develop a report to serve as a vehicle to incorporate stakeholder experiences, perspectives, and wisdom into a set of actionable recommendations. The Equity Commission and its Subcommittee for Agriculture will provide an initial set of recommendations in late 2022. Additional recommendations from the Commission's forthcoming rural development subcommittee and any other subcommittees will be provided no later than 2023. While waiting for the Equity Commission's recommendations, USDA is leveraging existing authorities including those available via Section 1006 to ensure that underserved producers can better access technical assistance and capital in the near-term to minimize further suffering and land losses in underserved communities.

Second, USDA has deployed funds for technical assistance. On November 24, 2021, USDA announced [\\$75 million for](#) technical assistance partnerships focused on underserved producers, which will support partnerships with 20 technical assistance providers that will work closely with USDA over the course of the next five years.³³² The partner organizations selected have knowledge and expertise in providing technical assistance and support, with specific experience working with underserved communities. All organizations selected as partners and receiving



funds for technical assistance have established measurable goals. Every agreement outlines how the partners will provide key technical assistance to agricultural producers, number of producers they will reach, the type of content to be provided, and anticipated outcomes with producers. Partnership agreements also detail USDA's substantial involvement including how staff will collaborate and support the partner's efforts. Partners will attend annual meetings as a collaborative group and will take part in quarterly virtual meetings with USDA.

On March 9, 2022, USDA announced a Request for Assistance (RFA) that will provide at a minimum \$25 million to additional organizations that will also provide technical assistance. This funding opportunity provides organizations and stakeholders with the opportunity to put forward their proposals for how to design and most effectively provide technical assistance to underserved farmers, ranchers, and forest-land owners. The RFA deadline is June 1, 2022. Review of applications will happen this summer with agreements in place no later than early Fall 2022. All selected partners will meet the same standards described for those in the initial round of funding and will participate in the collaborative group together with round one partners.

USDA's early emphasis on technical assistance is informed by stakeholder input that has made clear that past USDA efforts have focused on outreach (e.g., ensuring the public and our stakeholders are aware of the various programs and services USDA is authorized to support) as opposed to technical assistance (e.g., imparting knowledge related to the mechanics of USDA programs and service). Stakeholders emphasized that producers do not just need information about USDA programs and services, they need the opportunity to learn and understand how to access, best utilize, interact with, and succeed in using USDA programs effectively. USDA's initial step in deploying ARP resources in response to demands for more immediate technical assistance on farm business planning, market development and access assistance, tax planning and land access assistance is an historic opportunity to course-correct and strengthen engagements with its stakeholders.

Major Efforts to Advance Equitable Implementation

- **Using Administrative Authority to Improve Existing Programs:** Since navigating the complex legal and legislative environment has required USDA to move methodically as it deploys Section 1006 funds, USDA has examined how it can use its administrative authority and existing programs to tackle the challenges that Section 1006 identifies. For example, the Farm Service Agency has issued a moratorium on all farm foreclosures and is now looking at options for providing producers who are in debt with additional loan servicing options. The Natural Resource Conservation Service has entered into cooperative agreements with organizations that partner with underserved producers to ensure conservation programs are accessible and used by all types of producers including in underserved rural communities.
- **Cross-USDA Collaboration:** Section 1006 prompts USDA to develop programming that does not sit neatly within a particular section of USDA, nor can the funds simply be made available through existing programs. Instead, these funds force USDA to work across silos and to seriously consider how to respond to stakeholder needs in ways that are responsive, sustainable, and get to the root causes of systemic discrimination. To make the most of this opportunity, USDA has created a working group focused on Section 1006 implementation comprised of staff from numerous USDA components ranging from the Farm Production and Conservation and Research Education and Economics Mission



Areas to the Office of General Counsel, Office of Partnerships and Public Engagement, and Office of Budget and Program Analysis, among others.

- **Knowledge Sharing Amongst Technical Assistance Providers:** To ensure Section 1006 technical assistance providers are delivering the services with a high level of quality and to ensure that they remain aligned on goals and intended outcomes, USDA is developing several channels of communication and knowledge sharing, including a website that host specialized materials for use by the technical assistance providers, and lift up success stories and lessons learned through case studies. USDA has also announced it will design and host annual “clinics” for outreach providers and technical assistance providers to ensure that USDA partner organizations have the knowledge, expertise, support, and organizational capacity essential to supporting underserved communities and effectively assisting producers as they navigate USDA programs and policies. These clinics will 1) impart deeper knowledge of USDA programs; 2) share best practices; and 3) enable participants to collaborate on more complex issues facing underserved producers.
- **Performance and Evidence:** Building a framework for performance and evidence is particularly challenging in programs serving people and places that lack the capacity for data and reporting. As USDA builds this community of technical assistance providers, they will be assisting in data collection, analysis, and reporting of incremental outcomes. Reported outcomes will show – through data and evidence – how technical assistance is reducing barriers and increasing economic opportunities for underserved producers, and identify areas where more resources or different strategies are needed. Through regular reporting and the evidence collected, these technical assistance providers will inform future technical assistance strategies for USDA to reduce barriers, unlock access to capital, and ensure programs are equitably and fairly available to underserved producers and customers.

The Road Ahead

In the months ahead, USDA will publish a call for proposals for efforts that will comprehensively address the credit, land access, and/or market access needs of underserved producers. USDA will also host the first of what will become annual clinics for outreach providers and technical assistance providers to ensure that USDA partner organizations have the knowledge, expertise, support, and organizational capacity essential to supporting underserved communities and effectively assisting producers as they navigate USDA programs and policies.

Additionally, USDA will build on input received from MSIs via a series of roundtables that the Secretary and Deputy Secretary held with university presidents in 2021 to launch a funding opportunity that will support partnerships and programming at MSIs that create career opportunities in agriculture and at USDA for the next generation of agriculture, food, nutrition, and rural development leaders.

As USDA continues to design and launch Section 1006 programs, ongoing engagement with stakeholders to understand their needs and priorities will remain central—additional input from stakeholders will likely be requested in the months ahead. Concurrently, USDA will invest in its workforce to develop an organization that has the staff, skills, programming, relationships, accountability, and trust to do a greater share of this work itself in the long run.



³³¹ U.S. Department of Agriculture. (2022). *Advancing Equity at USDA*. Retrieved from <https://www.usda.gov/equity-commission>

³³² U.S. Department of Agriculture. (2021, November 24). *USDA Announces American Rescue Plan Technical Assistance Partnerships Focused on Underserved Producers*. Retrieved from <https://www.usda.gov/media/press-releases/2021/11/24/usda-announces-american-rescue-plan-technical-assistance#:~:text=The%20American%20Rescue%20Plan%20Section,equity%20as%20a%20key%20priority>



National Endowment for the Arts (Section 2021)

The American Rescue Plan appropriated \$135 million for fiscal year 2021 for grants and relevant administrative expenses to state arts agencies and regional arts organizations.

Appropriated funds are also designed for direct grants and relevant administrative expenses that support organizations' programming and general operating expenses.

Background

Art, artists, and cultural organizations have a profound role in advancing equity and accelerating social change. The arts and culture have a unique power to bring people together, challenge deeply-held beliefs, build empathy and connection, and catalyze transformation. As the late Congressman and civil rights icon John Lewis famously stated, “Without the arts, without music, without dance, without drama, without photography, the civil rights movement would have been like a bird without wings.” The National Endowment for the Arts (NEA) is focused on achieving equitable outcomes through the American Rescue Plan Act of 2021 (ARP) and in all its programs and operations.

Prior to the COVID-19 pandemic, the arts and cultural sector was approaching a \$1 trillion industry that directly employed over 5.2 million Americans and indirectly supported millions more. In 2019, production of arts and cultural goods and services in the U.S. added 4.3 percent directly to the nation’s GDP and grew at a rate of three percent, higher than the growth rate for the U.S. economy as a whole.³³³ However, the arts and culture sector has suffered devastating losses due to the COVID-19 pandemic. Fifty-four percent of all arts nonprofits reported losses in total revenue in 2020, compared with 36 percent of all other types of nonprofits.³³⁴

The NEA, an independent federal agency, is the only arts funder in the United States, public or private, that provides access to the arts in all 50 states, the District of Columbia, and U.S. jurisdictions. In recent years, the National Endowment for the Arts’ appropriations have constituted approximately .003 percent of the federal budget, or 49 cents per capita. More than 80 percent of the appropriation is distributed as grants and awards to organizations and individuals across the country. Forty percent of the NEA’s grantmaking budget is awarded directly to states and territories through their state and regional arts agencies. In addition, a portion of every state and regional partnership grant is specifically allocated to serving underserved communities. The remaining 60 percent of the grantmaking budget supports organizations and individuals through direct grant awards. NEA grants have been shown to provide a significant return on investment of federal dollars with \$1 of NEA direct funding leveraging up to \$9 in private and other public funds, resulting in \$500 million in matching support.³³⁵

While 42 percent of Arts Endowment grants take place in high-poverty neighborhoods and 35 percent of grants reach low-income audiences of underserved populations, barriers to full participation in the arts remain.³³⁶ One example is that several underserved populations are reported to participate in arts programming at a lower rate than the national average of 54 percent. These populations include individuals at the lowest levels of educational attainment (grade school, some high school, or high school degree), populations over the age of 75, populations that live in non-metro areas, and populations that identify as Black, Hispanic, or Asian.³³⁷



Program Overview

In preparation for distribution of ARP funding, in Spring 2021, NEA staff worked with arts sector representatives to better understand the pandemic-related challenges and ways the NEA might assist. Representatives consulted between January and March 2021 reflected diverse perspectives and included regional arts organizations, state arts agencies, Local Arts Agencies, service organizations, arts organizations, NEA staff, and artists, among others. From these virtual conversations, several themes emerged, including the tradeoffs between expediency and equitable distribution of funds, the need for technical assistance to help new and smaller organizations overcome barriers to apply, the need for flexibility as organizations navigated COVID-19 realities, and the pervasive financial needs of the arts sector. NEA staff also received feedback about opportunities to improve implementation of the CARES Act grant program, which was incorporated into its ARP program design.

CARES Act Background

In 2020, the NEA received \$75 million through the CARES Act. The CARES grant program was designed to be executed as quickly and efficiently as possible – to get much needed relief to the arts sector immediately – while maintaining the agency’s obligation to be responsible stewards of federal dollars. In total, 846 organizations received grants of \$50,000, and nine local arts agencies received \$250,000 each for sub-granting. While the CARES Act program was administered quickly, speed came with a tradeoff: only applicants that had received a grant from the NEA in the preceding four years were eligible to apply. Because of this constraint, the grants were inaccessible to thousands of arts organizations, especially organizations that had never received NEA funding previously. The grants were also distributed in the fixed amount of \$50,000, limiting their utility for some organizations. Informed by this experience with CARES and by feedback from the field, NEA staff designed ARP grant program to reach more diverse communities by encouraging new applicants and focusing on equity throughout the application process.

Major Efforts to Advance Equitable Implementation

In response to this feedback, NEA staff worked across the agency to reimagine its approach to grantmaking. With the agency’s regular 2021 appropriations at \$167 million, the \$135 million in ARP funding nearly doubled the grantmaking budget. Internal-facing adjustments were made to manage the workload and gain efficiencies. External-facing adjustments fell into two categories: first, the structure of the grant program overall; second, the public engagement and technical assistance efforts. With the twin goals of supporting arts and cultural organizations and expanding access to funds for communities underserved and underrepresented by government, the NEA’s ARP approach exhibited several tactics new to the agency.

Program Structure Informed by Public Engagement

The NEA worked to embed equity and fairness into the design of ARP grant program and guidelines in the following ways that were new for the agency:

- ARP funds were distributed in three phases: In April 2021, the NEA announced \$52 million (40 percent) in ARP funding would be allocated to 62 state, jurisdictional, and regional arts organizations for sub-granting. In November 2021, the NEA announced



\$20.2 million to 66 local arts agencies for sub-granting. In January 2022, the NEA announced \$57.8 million in grants directly to 567 arts organizations.³³⁸

- This phased approach allowed the agency to distribute funds quickly while concurrently implementing a robust public engagement program for its direct grant program.
- The approach also recognized the key role that local arts agencies play in increasing public access to the arts, supporting artists and arts organizations, and enhancing the quality of life in their communities. The \$20.2 million ARP investment in 66 local arts agencies represented a major increase compared with \$2.2 million to nine organizations in CARES. NEA grants to local arts agencies under ARP also represented a greater proportion of granted funding, from three percent under CARES to 15 percent.
- The application pool was not limited to previous NEA applicants. This approach, which differed from the CARES program, and was enacted in direct response to feedback about CARES.
- Applicants could self-select one of three grant amounts to choose from based on their needs, in direct response to feedback about limited grant award sizes in CARES.
- Application forms were streamlined to ease burden on applicants. Written resources such as FAQs, first-time applicant tip sheets, and checklists were developed.³³⁹ Funding guidelines were written in a welcoming tone and in easy-to-understand language.

Components of the CARES Act that focused on broad applicability of funds, limiting constraints, and an independent review process, were repeated with the ARP program:

- ARP funds support a broad range of general operations, including facilities, health and safety supplies, marketing and promotional efforts to encourage attendance and arts participation.
- Grants do not require a match or cost share.
- Applications submitted to the NEA are required to be reviewed by independent panels of arts experts, including at least one layperson knowledgeable about the arts. To review an unprecedented number of applications, approximately 500 reviewers were engaged to assess each application. The NEA ensured that all panels were composed of individuals reflecting wide geographic and ethnic/racial representation, as well as individuals reflecting diverse artistic and cultural points of view.

Public Engagement to Increase Awareness and Accessibility to ARP Funds

While ARP guidelines opened the opportunity to more organizations, challenges around awareness, accessibility, and knowledge about how to apply for federal funding remained.

- To address the first challenge of awareness, the NEA organized a significant public engagement effort, which focused on organizations that would be new to federal and NEA funding. During the summer of 2021, the NEA's public engagement efforts included thirty-four virtual workshops outlining the ARP opportunity, explanation of details and review of deadlines, and Q&A. These webinars, hosted by arts and culture organizations, service organizations, and members of Congress, represented a wide



diversity of regions, artistic disciplines, ethnicities, and budget sizes. More than 3,000 people participated in these events. The NEA also promoted social media content regarding the ARP opportunity, using Twitter (over 300,000 impressions) and Facebook posts (over 1.4 million impressions).

- To address the second challenge of accessibility, for the first time in its history, the NEA translated the guidelines into Spanish and Chinese.³⁴⁰ Corresponding translated press releases were made available on the NEA website. In addition, several virtual workshops were offered with American Sign Language and live Spanish translation.
- To address the third challenge of knowledge about how to apply for federal funding, the NEA offered robust technical assistance, above and beyond the virtual workshops. This assistance program included twenty virtual question and answer sessions, during which potential applicants could ask questions of NEA program staff. Several Q&A sessions included Spanish translation and ASL. More than 1,200 participated in these events, and a dedicated email for Q&A was staffed with specialists to field subsequent questions.
- The technical assistance program also included the creation of ten short videos that were made available on the NEA's website and YouTube, and promoted on social media. Each video focused on a different aspect of the grant application process, including SAM.gov, Grants.gov, and application forms.

The Road Ahead

The initial results of the NEA's ARP program are promising and validate many of the equity-focused goals built into the program design. Initial outcomes of the three components of the program are outlined below.

- **State and regional arts organizations, which received \$52 million in ARP funds for sub-granting in April, 2021, encouraged applications that indicated a deep commitment to cultural equity, social justice and service to a host of constituencies.**³⁴¹ Grant recipients represent communities across the country who are now able to continue their programming and encourage participation. For example, Osage Ballet, located on the Osage Nation Reservation in Oklahoma will be able to continue high quality dance instruction in their rural community, host their annual Spring Performance and the Nutcracker Ballet in December. Many students had to leave during the COVID pandemic, and the school looks forward to welcoming them back and encouraging youth opportunities. Grants will also help maintain staff, like at Delaware Shakespeare, and extend the employment of associate artists and programmatic partnerships.
- **Local arts agency grant recipients are geographically diverse** and range from the Arts Foundation of Tucson and Southern Arizona and the Arts Council of Wilson in North Carolina, to the Regional Arts & Culture Council in Portland, Oregon, and Ohio's Arts Commission of Greater Toledo.³⁴²
- **The NEA's direct grant program, open to arts and culture organizations throughout the country, received more than 7,500 applications, of which 41 percent had not applied to the NEA within the last ten years.** This was an unprecedented number of applications for a single NEA grant program.



- The organizations recommended for ARP grants include those serving underserved populations, organizations with small and medium-sized budgets, organizations from rural and urban communities, and organizations applying for federal support from the NEA for the first time.
- Recommended applicants represent all fifteen of the NEA’s artistic disciplines and fields.
- Twenty-seven percent of the recommended applicants were new to funding from the NEA.
- Seventy-nine percent of the recommended applicants are small to medium-sized organizations (annual budget less than \$2 million).

The Path Forward: Continued Learning and Engagement

The ARP application volume highlights the tremendous needs of the arts sector, especially as the agency welcomes and supports new grant applicants. As part of the continued engagement with these applicants, staff will survey ARP applicants to assess the program and to determine barriers in the application process. Survey responses will be examined and evaluated for incorporation into other grant programs.

The Arts Endowment will continue to offer technical assistance and supplement existing materials. It will also continue to convene and educate; for example, staff is planning an event specifically targeted to new applicants that will provide an overview of the funding available from the NEA and regional, state, and local arts agencies.

Finally, building upon the experience and lessons from ARP, the NEA continues to develop ways to advance equity and inclusion through its response to the President’s Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government.³⁴³ The NEA is retooling and enhancing agency operations including research, public engagement, accessibility, and contracting. Despite the successful adjudication of ARP grants to organizations throughout the country, the work of the NEA to assist with equitable recovery is far from over.

³³³ National Endowment for the Arts. (2021, March 30). *New Report Released on the Economic Impact of the Arts and Cultural Sector*. Retrieved from <https://www.arts.gov/about/news/2021/new-report-released-economic-impact-arts-and-cultural-sector>

³³⁴ Urban Institute. (2021, October). *Nonprofit Trends and Impacts 2021: National Findings on Donation Trends from 2015 through 2020, Diversity and Representation, and First-Year Impacts of the COVID-19 Pandemic*. Retrieved from https://www.urban.org/sites/default/files/publication/104889/nonprofit-trends-and-impacts-2021_1_0.pdf

³³⁵ National Endowment for the Arts. (2020, February). *Quick Facts*. National Endowment for the Arts. (2021, May 28). *Your Federal Arts Agency*. Retrieved from <https://www.arts.gov/about/facts-and-figures/your-federal-agency> from https://www.arts.gov/sites/default/files/Quick_Facts_February2020.pdf:

³³⁶ *National Endowment for the Arts. (2020, February). Quick Facts. Retrieved from https://www.arts.gov/sites/default/files/Quick_Facts_February2020.pdf*

³³⁷ National Endowment for the Arts. (2019, December). *U.S. Patterns of Arts Participation: A Full Report from the 2017 Survey of the Public Participation in the Arts*. Retrieved from <https://www.arts.gov/impact/research/publications/us-patterns-arts-participation-full-report-2017-survey-public-participation-arts>

³³⁸ National Endowment for the Arts. (2022, January 27). *NEA Announces American Rescue Plan Grants to Arts Organizations*. Retrieved from <https://www.arts.gov/about/news/2022/nea-announces-american-rescue-plan-grants-arts-organizations>

³³⁹ NEA American Rescue Plan Applicant Resources: National Endowment for the Arts. (2021, June 30). *American Rescue Plan Grants to Organizations: Applicant Resources*. Retrieved from <https://www.arts.gov/grants/american-rescue-plan-grants/american-rescue-plan-grants-to-organizations/applicant-resources> and specific resources for first-time



applicants: National Endowment for the Arts. (2020, January 26). *Applying for a Federal Grant for the First Time?*. Retrieved from <https://www.arts.gov/grants/applying-for-a-federal-grant-for-the-first-time>

³⁴⁰ Spanish: National Endowment for the Arts. (2021, July 19). *Plan de Rescate de Estados Unidos*. Retrieved from <https://www.arts.gov/sites/default/files/ARP-Grants-to-Organizations-Spanish-revised.pdf>; Chinese: National Endowment for the Arts. (2021, July 20). *American Rescue Plan Grants*. Retrieved from <https://www.arts.gov/sites/default/files/ARP-Grants-to-Organizations-Chinese-revised.pdf>

³⁴¹ Regional Arts Organization programs are in different stages of completion. They include: Arts Midwest: <https://www.artsmidwest.org/programs/american-rescue-plan/opportunities>, Mid-America Arts Alliance: <https://www.maaa.org/1-1-million-awarded-in-american-rescue-plan-grants/>, New England Foundation for the Arts: <https://www.nefa.org/news/cultural-nonprofits-awarded-new-england-arts-resilience-funds>, WESTAF: <https://www.westaf.org/westaf-announces-american-rescue-plan-awardees/>, Mid-Atlantic Arts Foundation: <https://www.midatlanticarts.org/2021-2022-artsconnect-grants/>, South Arts: <https://www.southarts.org/community-organization-grants/sustainability-grants-film-and-literary-organizations>

³⁴² National Endowment for the Arts. (n.d.). *American Rescue Plan - Grants to Local Arts Agencies for Subgranting*. Retrieved from <https://www.arts.gov/sites/default/files/ARP-LAA-Subgranting-List-by-State.pdf>

³⁴³ The White House. (2021, January 20). *Executive Order On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*. Retrieved from <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/>



Securing Dignified Housing and Living Conditions



Emergency Rental Assistance (Section 3201)

The American Rescue Plan Act of 2021 appropriates \$21,550,000,000, including \$2.5 billion for high-need grantees, to the U.S. Department of the Treasury to provide households facing financial hardship up to 18 months of financial assistance for rent and utility arrears and prospective payments, and other expenses related to housing. ARP allows grantees to use not more than ten percent of funds for services intended to keep households stably housed and not more than 15 percent of funds for administrative costs. After October 1, 2022, grantees that have obligated 75 percent of their allocations for the foregoing purposes may use their remaining funds for affordable rental housing and eviction prevention. Combined with funding from the Consolidated Appropriations Act, 2021 (Public Law 116-260), the Emergency Rental Assistance Program includes \$46 billion in rental and utility assistance to state, city, county, and Tribal grantees that fell under the responsibility of the Biden-Harris Administration to implement.

Background

When the pandemic struck, the United States was already facing one of the most severe housing crises in a century, with 3.7 million evictions filed in 2019, over 20.4 million households rent burdened, and only one in four eligible renters receiving financial assistance.³⁴⁴ Widespread layoffs at the outset of the pandemic, which resulted in unemployment rates exceeding that of the Great Depression, left renter households unable to pay their rent and escalated the risk of eviction across the country.³⁴⁵ Low-income households and Black, Latino, Asian and female workers experienced much higher rates of job loss than their White counterparts.³⁴⁶ Black families also saw the greatest decrease in housing stability during the pandemic.³⁴⁷

Leading into the pandemic, Black and Latino households experienced a disproportionate risk of eviction. Over half of Black (54 percent) and Latino (52 percent) renter households were rent burdened (paying more than 30 percent of their income toward rent) in 2019. Black households also faced the greatest eviction rates, with Black households in some communities facing eviction at twice the rate of White renters.³⁴⁸ One in every seven Black renters (14.7 percent) is repeatedly filed against at the same address, increasing the risk of displacement. Latino renters (13.1 percent) and Asian renters (11.2 percent) were more likely to be the target of repeat eviction filings than White renters (9.7 percent).³⁴⁹ Black and Latino women, in particular, are disproportionately threatened with eviction and disproportionately evicted from their homes.³⁵⁰ These disparities in housing stability reflect longstanding patterns of discriminatory practices in housing and suggested heightened risk of eviction at the outset of the pandemic.³⁵¹ In the first quarter of 2021, nearly a quarter of Black renter households, 19 percent of Latino households, and 18 percent of Asian households were behind on their rent payments compared to nine percent of White households.³⁵² Rural communities also experienced significant housing challenges before the pandemic—nearly 30 percent of rural households struggle with at least one major housing problem, such as physical deficiencies, high costs, or overcrowding in homes.³⁵³ Forty-seven percent of rural renters pay more than 30 percent of their income on housing and nearly half of rural renters pay more than 50 percent of their income on housing.³⁵⁴

Eviction has implications for individual and public health, especially during the pandemic.³⁵⁵ Without housing stability, individuals infected with COVID-19 or with underlying medical conditions cannot self-isolate. Homelessness often leads to overcrowded living environments, such as congregate shelters and “doubling up” with others, which heightens the spread of



COVID-19 and other diseases.³⁵⁶ At the same time, eviction creates barriers to employment, is a cause of unemployment, negatively affects maternal health, disrupts educational attainment, and is associated with numerous comorbidities that increase complications and death due to COVID-19.³⁵⁷ Even an eviction filing that does not result in displacement can have long-term repercussions for renters, scarring rental history and credit, and pushing families to the outskirts of the rental market.³⁵⁸ These outcomes detract from an equitable recovery and set households on a downward spiral that increases the likelihood of eviction and housing instability in the future.

At the outset of the pandemic, the United States had never established a nationwide infrastructure to provide emergency rental payments directly to landlords or tenants to prevent eviction. Other than the American Recovery and Reinvestment Act of 2009, which distributed \$741 million in short-term rental assistance to about 336,000 households across three years, there is no history of a large-scale, national federal program dedicated to short-term emergency rental assistance.³⁵⁹ While portions of multiple federal block grant and benefits programs—such as the Community Development Block Grant, Community Services Block Grant, Social Service Block Grant, Emergency Solutions Grant, and HOME-TBRA, among others—can be used for rental assistance to prevent eviction or rehouse displaced renters, grantees rarely elected to use funds for these purposes, opting for rapid re-housing, which provides time-limited rental assistance for people experiencing homelessness, or other financial and supportive services for families and individuals who are homeless or at risk of homelessness. Even if all available funds were dedicated to rental assistance, it would only amount to under \$1 billion in assistance and each payment would likely cover only a portion of the growing rental arrears owed to landlords during the pandemic.

The largest pool of federal funding available for emergency rental assistance prior to the creation of ERA was the CARES Act. In 2020, the CARES Act appropriated \$4 billion in Homeless Assistance Grants, which could be used to provide shelter, short-term rental assistance, or outreach, though only a fraction was used for rental assistance. The amount fell far short of the national need but was still far greater than existing federal programs. Further, the CARES Act-funded programs often capped assistance amounts or the number of months covered and required substantial documentation to prove eligibility.³⁶⁰

Access to legal counsel and court-based eviction diversion programs have both been shown to help households avoid eviction.³⁶¹ However, prior to the pandemic, diversion programs were rare and only \$10.1 million (0.3 percent) in Community Development Block Grant 2019 funding was used to fund legal counsel and as of 2019 only five jurisdictions guaranteed the right to counsel in eviction cases.

During the pandemic, policymakers responded by providing \$25 billion for rent and utility assistance (now referred to as “ERA1”) in the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA),³⁶² but economists estimated that more support was needed to address the crisis. In December of 2020, Moody’s analysis of the Census Bureau’s Household Pulse Survey found that 10 million renters—more than three times the typical rate—owed \$57 billion in rent, putting them at risk of eviction and placing a financial strain on landlords.³⁶³ Utility companies estimated that consumer utility arrears surpassed \$32 billion in 2020.³⁶⁴ Recognizing the continued and urgent need among renters and landlords, ARP appropriated an additional \$21.55 billion (now referred to as “ERA2”).³⁶⁵ The appropriation included dedicated funding of \$2.5 billion for high-need grantees, identified by looking to each jurisdiction’s need generated by very low-income renter households paying more than fifty



percent of income on rent or living in substandard or overcrowded conditions, rental market costs, and changes in employment since February 2020.

For both ERA1 and ERA2, Treasury was able to disburse funding allocations to grantees promptly. The implementation challenge stemmed from the need for over 400 state and local ERA grantees to expand or build from scratch an infrastructure able to support the administration of the funds, including staffing up, creating partnerships with the community, identifying and providing technology solutions, building out compliance functions, marketing the programs within the community and ensuring that tenants – often very low-income with a variety of disadvantages – were able to work with their landlords and able to fill out applications often during times of stress and COVID restrictions. Some programs, especially those that had been able to use CARES Act funding for smaller scale rental assistance offerings, were able to open as quickly as February 2021, while others did not accept applications until the summer, or even later.

The effort to start-up and drastically expands this new national eviction prevention policy and ensure accessible and simple applications for low-income renters and small landlords was in many ways a race with time. There was a critical need to ensure ERA relief was widely available when the federal eviction moratorium lifted throughout the country. After a very uneven start among grantees across the nation, the first-ever national rental assistance program provided unprecedented relief as the national eviction moratorium lifted.

After a challenging start-up period, within one year, **\$30 billion in assistance was distributed or obligated and nearly all of the \$46.5 billion is now expected to be spent or deployed by mid-2022. ERA grantees have made nearly 5.3 million payments to eligible renters and landlords, with over 80 percent of funds delivered to very low-income households (those earning 50 percent of area median income or less). The data also indicate that Black, Latino, and female-led households are being equitably served by ERA.** For example, in the fourth quarter of 2021, more than 40 percent of ERA recipients self-identified as Black and over 20 percent as Latino, and female applicants made up two thirds of beneficiaries.³⁶⁶ This is in line with rates at which Black, Latino and female-headed households had faced eviction filings earlier in the pandemic.³⁶⁷ Much of the progress in turning around the speed and effectiveness in distributing ERA relief was due to an ongoing process of the Treasury Department and White House conducting extensive outreach and listening to grantees, advocates, experts and on-the-ground housing organizations and making continual adjustments to improve guidance, conducting major outreach events, holding White House summits, and publicizing of best practices.

Program Overview

As outlined in CRRSAA and ARP, the goals of Emergency Rental Assistance Program are to allow grantees to:

- Provide funds for rent and utility expenses, including rental arrears and prospective rental costs, to low-income households affected by the economic consequences of the COVID-19 pandemic; and
- Provide housing stability services, including eviction-diversion programs and access to legal counsel, to prevent eviction.



The program is designed as a federally funded and locally administered direct aid program. By February 2021, Treasury disbursed the full \$25 billion in ERA1 funds to state, local, Tribal governments and the Department of Hawaiian Home Lands. In early May 2021, Treasury disbursed \$8.6 billion in additional funds made available through ERA2. The funds were provided directly to all states, the District of Columbia, territories and participating local governments with more than 200,000 residents to establish their own locally administered emergency rental assistance program. Funds were also disbursed to the Department of Hawaiian Home Lands, Indian Tribes or the Tribally designated housing entity of an Indian Tribe. States have relied on a variety of state agencies to administer their emergency rental assistance programs, such as: Housing Finance Authority/Corporation, Department of Human Services, Department of Housing, Department of Health Services, Finance Authority, Community Development Department, Department of Commerce, among others. The grantee has discretion in how to operate the state or local rental assistance program. Among other things, grantees can elect to adopt flexibilities in the application process, provide funds directly to tenants under certain circumstances, and provide the program materials in multiple formats or languages.

The ERA program is critical to ensuring housing stability and equitable pandemic recovery. However, multiple challenges rooted in the legislative requirements and the lack of a national infrastructure or well-tread inroads to underserved communities presented numerous barriers to effective and equitable access to the program.

Policy Design

In implementing the ERA program's eligibility requirements, Treasury worked to avoid overly burdensome application processes that had the potential to exclude some of the most vulnerable households from the program. While ERA1 and ERA2 are broadly aligned, they have different eligibility criteria, which makes them more difficult for grantees to implement and can raise access issues while confusing potential applicants.

Under the ERA1 statute, to be eligible, a household must be obligated (such as through a lease) to pay rent on a residential dwelling and the grantee must determine that:

1. one or more individuals within the household qualified for unemployment benefits or experienced a reduction in household income, incurred significant costs, or experienced a financial hardship due, directly or indirectly, to the pandemic;
2. one or more individuals within the household can demonstrate a risk of experiencing homelessness or housing instability; and
3. the household has a household income at or below 80 percent of area median income.

Under ERA2, the eligibility criteria are similar, but were expanded to better meet the need and reduce the burden of demonstrating eligibility. For instance, in prong (1) the household's financial hardship may have occurred "during" the pandemic rather than only "due to" the pandemic, and the income requirements in prong (3) specifically target low-income families as defined in the United States Housing Act of 1937.

ERA1 also caps how much rent can be paid prospectively and under what conditions, which poses potential equity barriers for tenants with the greatest housing needs, especially when the household needed to relocate and required additional prospective rent to secure a lease.



Allocations Based on Total Population

By statute, funding levels were largely determined by grantee population with a distinct allocation procedure for Tribal governments and Tribally Designated Housing Entities, minimum designated funding for Tribes and territories, and under ERA2, funds designated for “high-need grantees.” As a result, some states with larger renter populations did not receive enough funds to meet the need (such as California and New York), whereas other states with small renter populations (such as Wyoming) received more funds than necessary to meet their needs. ERA2’s designated amount of \$2.5 billion for eligible grantees with high need was allocated based on the number of very low-income renter households paying more than 50 percent of income on rent or living in substandard or overcrowded conditions, rental market costs, and change in employment since February 2020. This statutory focus on low-income renters was an important improvement to the program and increased funding where it was needed most, particularly among underserved groups who are disproportionately represented in low-income populations and experienced unemployment and substandard or overcrowded conditions at higher rates.

As described below, Treasury used the statutorily prescribed reallocation process to help mitigate the mismatch between supply and demand for ERA funds.

Burdensome Eligibility Requirements

Burdensome documentation requirements related to proving economic hardship [prong (1)] and housing instability [prong (2)], in particular, create barriers to program access. Making this more difficult at the outset of the Biden-Harris Administration was inherited guidance written under the previous Administration in early January 2021 that required more onerous documentation to meet eligibility criteria than the letter of the statute required. This inherited guidance required applicants to obtain documentation of job loss verification from an employer whose business may have shuttered, or written documentation from a landlord or social services provider about a tenant’s imminent or current homelessness, making the application process time consuming, confusing, and littered with often insurmountable hurdles for many households who were behind on rent, but otherwise eligible.

As described further below the Biden-Harris Administration has provided considerable documentation flexibilities that have increased access, while maintaining program accountability.

Limited Awareness Among Underserved Groups

The ultimate success of the program depends on the local strategies to increase access to the program and make awards to applicants before the eviction process is initiated or progresses through the court system. There was a risk that lack of awareness about the program and the nonexistence of application assistance, especially among underserved groups, would prevent equitable access. Challenges were compounded when grantees engaged in uneven program implementation from jurisdiction to jurisdiction and where grantees elected to shift funds to the state or neighboring grantee. The large majority of ERA grantees did not operate emergency rental assistance programs prior to the pandemic, and none at the scale made possible by ARP, making it unlikely that high-need communities would be aware of the program without significant outreach.³⁶⁸ Similarly, while those applying for resources ideally should require minimal assistance to successfully complete the application, the nature of so many new programs creates the potential for burdensome application processes in some places and difficulty among non-English speakers where translation is unavailable, as well as technological challenges.



Major Efforts to Advance Equitable Implementation

Throughout the implementation of the ERA program, the Biden-Harris Administration engaged with a wide range of stakeholders including grantees, landlords, tenants, community-based organizations, companies, and associations, to learn how locally administered programs were faring and to troubleshoot obstacles to the delivery of ERA funds and equitable access. In response, Treasury issued numerous rounds of guidance and FAQs to provide clarity and flexibility for program delivery, and also used the reallocation process to address program participation and access challenges.³⁶⁹ In addition, the U.S. Digital Service (USDS) and Consumer Financial Protection Bureau created resources and tools for grantees, tenants, and landlords.³⁷⁰ Treasury and the U.S. Department of Housing and Urban Development partnered to provide technical assistance to grantees, which emphasizes the promising practices and recommended policies described in the FAQs on the Treasury website. Finally, the White House, Department of Justice, and Treasury made major pushes to advance eviction prevention—including three White House Summits on Eviction Prevention—and the adoption of court-based eviction diversion programs to increase access to ERA.³⁷¹

To increase access and prioritize low-income and underserved groups, Treasury issued multiple rounds of guidance to support grantees in reaching the most vulnerable populations and to respond to stakeholder concerns and observations. These FAQs directed grantees to adopt policies that can increase equitable access and speed the delivery of ERA funds to underserved groups. For example, Treasury directly addressed equitable access in its June 24, 2021 FAQ:³⁷²

How can grantees promote access to assistance for all eligible households?

Grantees should address barriers that potentially eligible households may experience in accessing ERA programs, including by providing program documents in multiple languages, by enabling persons with disabilities to access the programs, and by conducting targeted outreach to populations with disproportionately high levels of unemployment or housing instability or that are low income. Grantees should also provide, either directly or through partner organizations, culturally and linguistically relevant outreach and housing stability services to ensure access to assistance for all eligible households.

In addition, Treasury, supported by USDS, researched how grantees were successfully implementing ERA and developed best practice documents designed to improve equitable access that included practices such as simplifying the application process and prioritizing lowest-income households, elevating program visibility and increasing culturally and linguistically competent outreach, and encouraging the provision of housing stability services to increase equity in program access and housing outcomes.

Prioritizing Lowest-Income Households

- Grantees were required to prioritize assistance to households with incomes less than 50 percent area median income and to households with one or more members who have been unemployed for at least 90 days.
- Treasury encouraged grantees to target their outreach practices strategically based on social vulnerability index scores, risk of evictions, or other data-driven measures of housing insecurity to ensure high risk communities have access to the program.³⁷³



Simplifying the Application Process

While Treasury continually put forward resources and guidance to encourage responsible but simplified application processes, Treasury and White House observed—and information provided by housing experts showed—over the summer of 2021 that many jurisdictions were continuing to have excessive application requirements that risked slowing critical relief in time to prevent avoidable evictions.³⁷⁴ As the ERA program already required critical documentation—such as evidence of a lease, amount of rent, and location—the Biden-Harris Administration believed these multi-step application processes and excessive documentation were needlessly creating challenges for low-income renters in proving eligibility, especially for households who may not have access to documentation. To address these barriers, Treasury issued multiple FAQs and with the White House engaged in outreach to grantees to support effective adoption and implementation.

- In August, Treasury issued additional FAQs that went further in clarifying the permissibility for *self-attestation of all eligibility criteria*, during the public health emergency related to COVID-19, subject to appropriate safeguards.³⁷⁵ Treasury encourages grantees to use a variety of strategies to identify low-income applicants like fact-specific proxies using high-poverty census tract or residential zip code and strategies like categorical eligibility (e.g., receipt of state or federal government benefits) criteria or self-attestation to verify income.
- Treasury further strongly encouraged grantees to avoid establishing documentation requirements that would create barriers to those with irregular incomes. Treasury also reminded grantees of their discretion to provide waivers or exceptions to any documentation requirements to accommodate disabilities, extenuating circumstances related to the pandemic, or a lack of technological access.
- Treasury urged user friendly application processes that were available in multiple modalities, including phone, in person, and online. On its website, Treasury highlights multiple simplified, short application forms and examples of grantees that have provided multiple channels for residents to apply.
- Illustrative examples include:
 - The state of **Alaska**, the city of **Anchorage** and 15 Tribally Designated Housing Entities representing 148 federally recognized Tribes collaboratively developed a standardized mobile-friendly application system using five nonprofit providers from across the state. The application was broken into several stages that each required 3-5 minutes to complete, and the program implemented text messaging functionalities to speed the process. The collaborative planning and implementation approach led to one third of renters in Alaska applying to the program, with Alaska Native/American Indian applicants representing 28 percent of responses. Alaska obligated or spent all ERA1 and ERA2 funding in 2021.
 - **New Jersey** allows self-certification for annual and monthly income, rent arrears, financial hardship, and proof of active renter status and worked to streamline the application and more aggressively use self-certification for income documentation.³⁷⁶ New Jersey also implemented a door-knocking campaign in high-risk communities and assisted tenants on the spot in submitting applications.



In part because of these actions, New Jersey obligated or spent its entire allocation of ERA1 and ERA2 funds in 2021.

- **Virginia and Kentucky**—states which each have nearly two million rural residents—adopted a fact-specific proxy for income eligibility based on low-income zip codes and adopted categorical eligibility for households participating in TANF, WIC, SNAP or LIHEAP.³⁷⁷ Virginia expended or obligated all ERA1 and ERA2 funds in 2021. The Kentucky Housing Corporation was able to clear a significant backlog of applications that lacked complete income documentation by approving applications using the fact-specific proxy approach, thereby increasing their total monthly assistance provided for households from \$9,784,364 in September to \$18,296,443 in October, an 87 percent increase.

Elevating Program Visibility

- To address lack of awareness of the program, Treasury has encouraged grantees to partner with community-based organizations, tenant organizations, *promotoras*,³⁷⁸ or trusted community leaders to increase awareness and provide tenants with application assistance, among other interventions. By partnering with community organizations, and sometimes providing financial support, many grantees were able to leverage existing local partnerships with nonprofits and community organizations already working on housing stability issues and integrated into the community. These grantees were not only able to expedite assistance, but also provided holistic support across a variety of housing stability, food security, financial, and health-services programs. Some grantees have made efforts to integrate their ERA programs into other relevant services, allowing program providers to identify appropriate resources to address the full range of applicants' needs.
- The CFPB developed tools that homeowners, renters, and landlords can use to identify funding and resources, including the Rental Assistance Finder Tool.³⁷⁹ The CFPB's targeted outreach and tool-demonstration sessions included stakeholders like community-based organizations, legal aid intermediaries, and a broad array of direct service providers. The White House hosted a day of awareness by enlisting government agencies, dozens of nonprofits and faith-based organizations, and private sector companies like PayPal/Venmo, Square, Lyft, GoFundMe, Propel, and others to promote the new CFPB Tool.
- Illustrative examples include:
 - **North Carolina** has noted that partnering with trusted stakeholders is a critical part of its outreach efforts, including partnering with networks of faith-based organizations in predominately Black communities, and coordinating with school systems serving high-need areas to help identify families who may be in crisis and in need of ERA program support.
 - **Richland County, South Carolina**, has found strong partnership opportunities with the 13 libraries spread out across the county. In addition to providing convenient centers of support to residents, the library system also has a preexisting relationship with local social workers. This network has provided the ERA program administrators an opportunity to train the existing network professionals to educate residents about the ERA program. This effort has led to



increased accessibility of professional and holistic support for households in need of ERA services, while also providing applicants free web access and other resources.

Increasing Linguistically and Culturally Competent Outreach

- To address language access barriers, Treasury encourages, and many grantees have incorporated, Spanish-language translation services into their application processes, with some grantees offering support in multiple additional languages.
- Some grantees have achieved significant benefits by partnering with trusted community organizations with high levels of cultural and linguistic competencies. Intentional partnerships with trusted organizations can help support outreach efforts to serve harder-to-reach populations that face technological, cultural, and linguistic barriers to ERA participation. These partnerships can be especially critical when working with immigrant populations, the elderly, survivors of domestic violence or human trafficking, and other underserved communities.
- Treasury permits grantees to sub-contract with community-based organizations that can provide in-person application support while maintaining social distancing protocols. Many grantees have reported that these partnerships occur through sub-contracts and engagement with smaller nonprofits that work with specific vulnerable populations disproportionately affected by the COVID-19 pandemic.
- Illustrative examples include:
 - **Virginia** has implemented efforts to address incomplete applications with outreach phone calls. Combined with translation services, this targeted and direct phone outreach helped to push many applicants in high-need areas to complete their applications. Program administrators have noted that many applicants had not realized that their applications were incomplete, and these efforts have improved application completion.
 - The city of **San Antonio, Texas**, has been intentional in contracting with community organizations to ensure access for underserved communities. For example, the partners include an organization that provides various support services to domestic workers and has strong ties to the local Spanish-speaking community.
 - **Maine** translated its application and program materials into eight languages, and program administrators have found that building partnerships with cultural brokers is critical to engagement with local immigrant populations. For instance, partnerships with local organizations focused on Somali immigrants have helped the program identify more specific services that can help these households successfully navigate the ERA program while also providing a bridge to other relevant health and human services programs offered by the state.
 - **Illinois** conducts program outreach efforts using grassroots networks and trusted local businesses. Outreach partners have included small grocery stores, laundromats, local faith-based organizations, and the Hispanic consulates, all of which has resulted in greater ERA visibility in the renter community and through ethnic media.



Providing Support and Flexibility to Tribal Nations

- To support Tribal governments in distributing ERA funds, Treasury tailored the definition of Area Median Income (AMI) for Tribes to match existing Tribal housing and income-based program requirements. This expanded eligibility to additional households experiencing overcrowding, who due to the number of household members, exceeded local AMI.
- Tribes were permitted to serve members and non-members, including on and off Tribal lands, in recognition that Tribal members do not all live on Tribal lands and member status requirements could exclude community members with great need.
- Treasury adjusted inequitable timelines for Tribes by exempting Tribal and TDHE recipients from the reallocation process until June 30, 2022, amounting to an additional eight months to distribute funds compared to state and local grantees. Allowing Tribes additional time preserved Tribal decision-making processes and allowed Tribes to address access barriers and increase the speed of spending. Additionally, even though ERA funds were not recaptured from Tribes in the first three rounds of reallocation, Tribes were eligible to receive funds.
- Treasury only required Tribes to submit quarterly reports, as opposed to monthly, in order to streamline reporting for Tribal recipients to address administrative capacity challenges and allow Tribes to focus on disbursement of funds.
- Treasury held continuous compliance information sessions and consultations with Tribes to develop the Tribal recapture and reallocation process based on Tribal needs and circumstances.

Encouraging the Provision of Housing Stability Services

- Treasury issued [guidance](#) encouraging grantees to provide housing stability services to increase equitable access to housing. The ERA FAQs further define how grantees can use ten percent of their allocations for housing stability services in a manner that prioritizes underserved populations, including for eviction prevention and eviction diversion programs; mediation between landlords and tenants; housing counseling; fair housing counseling; housing navigators or *promotoras* that help households access ERA programs or find housing; case management related to housing stability; housing-related services for survivors of domestic abuse or human trafficking; legal services or attorney's fees related to eviction proceedings and maintaining housing stability; and specialized services for individuals with disabilities or seniors that support their ability to access or maintain housing. Treasury has also emphasized that grantees should expend funds to support culturally and linguistically relevant housing stability services or legal assistance to populations with limited English proficiency.
- Treasury guidance allows grantees to use ERA funding to support relocation services, prospective rent, and rehousing through a "commitment letter" flexibility.³⁸⁰ The **Northern Circle Indian Housing Authority (NCIHA)**, a Tribally Designated Housing Entity that works on behalf of seven Federally Recognized Tribes in Northern California, connected unhoused members with landlords and utilized ERA funding to help those tenants get a start on their new housing by focusing on commitment letters.³⁸¹ Additional



support beyond rent, such as financial counseling, helped to build trust with landlords that the program was helping set up applicants for increased housing stability. By taking a holistic and human-centered approach to program management, NCIHA has been able to secure new leases for over 100 individuals who were previously unhoused.

- Treasury guidance strongly encourages grantees to provide information to judges, magistrates, court clerks, and other relevant court officials about the availability of assistance under the ERA program and housing stability services with the goal of providing information about assistance under ERA programs to tenants and landlords as early in the adjudication process as possible. In **Boston**, Massachusetts, landlords are required to provide a copy of any notice of eviction to the ERA program. The ERA program contacts the tenant directly to provide a referral to the program and other assistance. In **Chicago and Cook County**, Illinois, the court’s post-filing Early Resolution Program has an agreement with the ERA program and can refer pending eviction cases directly to the ERA program to open an application and expedite assistance. Tenants and small landlords also receive access to attorneys and an opportunity to participate in mediation. **Texas** set aside ten percent of ERA funds for court-based diversion, which enabled the court to refer eviction cases to the ERA program.
- To increase housing stability, Treasury required that grantees prohibit eviction for the rental period covered by ERA and strongly encouraged grantees to extend the prohibition thirty to ninety days beyond the covered period. For example, **North Carolina** required landlords to agree not to evict a tenant for sixty days following the receipt of ERA.
- Treasury guidance encouraged grantees to use ERA housing stability funds for access to counsel and eviction diversion programs to assist households against which an eviction action for nonpayment of rent has been filed. Dozens of state grantees dedicated ERA housing stability services to increasing access to legal counsel and eviction diversion. **Michigan** Chief Justice Bridget Mary McCormack issued one of the first standing orders that pauses the eviction process once a rental assistance application has been submitted. The **New Mexico** and **Indiana** Supreme Courts also created statewide eviction diversion programs that pause the eviction process to allow access to counsel, ERA, and other alternatives to eviction. Eviction diversion has a strong evidence base, with up to 95 percent of tenants staying housed and landlords realizing cost savings across studied programs.³⁸²

Leveraging Reallocation to Improve Program Design and Access

ERA reallocation provides an opportunity to address program participation and access challenges. Grantees that obligated less than 65 percent of ERA1 allocations by September 30, 2021, or that did not provide an “Obligated Funds Certification” to Treasury, were required to submit for Treasury’s approval a Program Improvement Plan that included an assessment of current practices and improvement actions the grantee would take to adopt promising practices and recommended policies, including those that address barriers to equitable access to the program.³⁸³

In the first and second rounds of reallocation, Treasury reallocated over \$2 billion in ERA1 funding to grantees in need of additional funds, including states with high rates of low-income



renters that expended or obligated all ERA1 and ERA2 funding. Ultimately, because grantees are spending ERA funds so quickly, little has been left for reallocation.

Biden-Harris Administration Whole-Of-Government Effort to Encourage Eviction Diversion Programs, Access-to-Counsel, and Other Reforms Aimed at Making Eviction a Last Resort

- Over the summer and early fall, the White House hosted three Summits on Eviction Prevention: On June 30, 2021, the White House hosted the first-ever Summit on Eviction Prevention, which featured a public plenary on best practices in eviction diversion and brought together 46 of the highest eviction risk cities to share best practices on eviction prevention, diversion practices, and ERA distribution.³⁸⁴ On July 21, 2021, the White House hosted the second Summit on Eviction Prevention.³⁸⁵ This convening featured county judges and public officials who had successfully implemented eviction diversion programs and distributed assistance. On September 9, 2021, the White House hosted the third Summit on Eviction Prevention which featured mayors, governors, and county officials overseeing high performing ERA programs and successful diversion programs.³⁸⁶
- These efforts were supported by the leadership and initiative of the Department of Justice who worked with the White House and Department of Treasury to strongly promote the expansion of eviction diversion programs. On June 24, 2021, the Biden-Harris Administration announced initiatives to promote housing stability and Associate Attorney General Vanita Gupta sent a pathbreaking letter to state courts encouraging them to immediately establish eviction diversion programs and directing them to federal resources and the National Center for State Courts diversion tool.³⁸⁷ State Supreme Courts in Michigan, Indiana, and Texas adopted statewide eviction diversion programs, along with jurisdictions in 31 states.
- On August 11, 2021, Attorney General Merrick Garland met with nearly 40 state supreme court chief justices to emphasize eviction diversion strategies and issued a Call to Action to states to implement eviction diversion programs.³⁸⁸ The Attorney General's Call to Action to the Legal Profession followed shortly after on August 30, 2021.³⁸⁹
- On August 11, 2021, Second Gentleman Douglas Emhoff, White House Counsel Dana Remus, and Attorney General Merrick Garland convened a listening session with legal aid providers, pro bono counsel, and a State Attorney General to identify and expand creative innovations in access to justice, including those designed to keep renters in their homes.³⁹⁰
- On August 17, 2021, officials from the White House, Departments of Labor, Treasury, Justice, Health and Human Services and Centers for Disease Control and Prevention met with the U.S. Conference of Mayors, urging mayors to adopt eviction diversion strategies and highlighting best practices for swift delivery of ERA.³⁹¹
- In October 2021, Treasury, working with USDS, launched a website that spotlights eviction diversion and prevention models and provides tools to help ERA grantees and community stakeholders to take actionable steps to adopt eviction diversion.³⁹² Treasury also dedicated a site to promising practices among ERA programs to prevent eviction.³⁹³



- On October 29, 2021, the White House reconvened the Legal Aid Interagency Roundtable and released its report, *Access to Justice in the Age of COVID-19*, which underscored the urgent need, and the federal response to, housing and evictions.³⁹⁴
- On January 28, 2022, the White House and Department of Justice convened ninety-nine law schools across thirty-five states to discuss and encourage their continued response to the eviction crisis in response to the Attorney General’s August call to action to the legal profession. Collectively, over five months, over 2,100 law students dedicated over 81,000 hours to serve over 10,000 households facing eviction and their efforts are ongoing.
- Throughout 2020 and 2021, Treasury engaged in interagency webinars designed for ERA grantees and ERA stakeholders, often featuring panels of grantees describing efforts to increase the accessibility of ERA programs. These included co-hosting webinars with HUD’s Office of Public and Indian Housing, and the Federal Housing Administration; the Department of Health and Human Services’ Administration for Children and Families; the Department of Education’s Education for Homeless Children and Youth Program; and the Consumer Financial Protection Bureau.

Monthly and Quarterly Reporting

In February 2021, Treasury issued guidance regarding monthly and quarterly reporting that included the number of households served, spending rates, demographics, and housing stability spending. Given the first-time nature of the ERA program and the rapidly evolving public health crisis, Treasury made the decision to request monthly updates from grantees to try to spot issues as early as possible. In addition, the Legal Services Corporation and the Eviction Lab at Princeton University began providing partial data on eviction filings in many of the jurisdictions administering ERA. Collectively, these data were critical to informing early course corrections and helping the Biden-Harris Administration understand where to apply more attention and how best to support grantees. Over time, the data revealed a successful effort to rapidly disburse resources to address the eviction and housing crisis.

The Road Ahead

Initial data indicate the Biden-Harris Administration’s efforts were successful in speeding up the rate of spending and meeting the need. The rate of spending and number of households served tripled between May and August, from \$760 million to \$2.5 billion in expenditures, after Treasury issued guidance urging the adoption of flexibilities, and increased steadily through November. The program tracked with the need; for example, by the fall of 2021, outside experts estimated there was \$11 billion to \$21 billion in rental debt to clear.³⁹⁵ In 2021 alone, grantees obligated or spent more than \$25 billion in ERA1 and ERA2 funds and provided 3.8 million payments to households to prevent eviction. As of the end of March 2022, the Emergency Rental Assistance Program had made nearly 5.3 million payments to households with more than \$26 billion in total spending. Of that amount, more than \$264 million was spent on Tribal households.

The majority of ERA funding went to extremely low-income households, Black and Hispanic renters and female-led households—in line with the rates at which Black, Latino, and female-headed households had faced eviction filings earlier in the pandemic.³⁹⁶ In the fourth quarter of 2021, more than 40 percent of all primary applicants receiving assistance self-identified as Black and more than 20 percent self-identified as Latino, and female-headed households made up close



to two-thirds of ERA beneficiaries. Through the fourth quarter of 2021, about 1.5 million households (64 percent) with income levels of 0-30 percent AMI received assistance, over 530,000 households (23 percent) with income 31-50 percent of AMI received assistance, and approximately 319,000 households (14 percent) with incomes 51-80 percent of AMI received assistance.

The efforts to speed up ERA relief across the nation paid off as the national eviction moratorium was lifted by a Supreme Court decision on August 26, 2021.³⁹⁷ While monthly payments to households averaged about 204,000 between January and July, the average increased to nearly 550,000 payments per month to households between August and December. The ramp up of ERA payments was critical. Over the summer, experts had told the Biden-Harris Administration that evictions could more than double above historic averages in the months following the end of the national eviction moratorium. Instead, as a result of the Biden-Harris administration-wide efforts and unprecedented ERA assistance, in 2021, eviction filings remained around 65 percent of historical averages over the seven months after the end of the national eviction moratorium, according to Princeton's Eviction Lab, despite earlier fears of a major spike in evictions once the moratorium was lifted.³⁹⁸

Continued Grantee Engagement and Assistance

Working with USDS, Treasury conducted and continues to conduct consistent outreach with grantees and recipients in the process of designing and implementing program assistance, guidance, and reporting to ensure that its design is based on firsthand, on-the-ground experience of which strategies best work to advance equity at all stages of rollout. The White House American Rescue Plan Implementation team and the Domestic Policy Council has also engaged in ongoing outreach to experts, government officials and those on-the-ground to understand obstacles to equity and to ensure they are incorporated into the response. This work has continued, with increasing focus on understanding the experience of tenants, landlords, grantees, and other stakeholders to identify remaining barriers to access. The approach to feedback for ERA is two-fold. First, Treasury and the White House are soliciting and receiving feedback from recipients through meetings with advocacy groups, associations, and recipients directly. Second, USDS and Treasury are conducting further direct engagement with recipients on questions of application usability and access for ERA, as well as the integration of housing support services. Feedback from both of these avenues has and will continue to inform Treasury's implementation of the program, including the issuance of additional guidance and FAQs and the publication of "promising practices" on Treasury's website to better serve recipients.

Assessment of Equitable Access

While Treasury consulted experts and resources within many governmental agencies to conduct its due diligence on designing an evidence-based program that would further advance equity, there are gaps in the ability to assess program outcomes. Ideally, research questions will identify the effect the ERA program has on preventing evictions and housing stability in the immediate and long-term: Are all populations benefiting equitably? How are ERA funds changing the housing stability of tenants? How has the use of promising practices, which Treasury encouraged grantees to adopt, affected the equitable distribution of ERA funds? Treasury has begun conversations with other federal agencies and external researchers in attempts to identify ways to answer these and similar questions.



Reallocation to Grantees in High Need Areas

Although there were initially concerns that ERA funds were not going out fast enough, the adoption of flexibilities and best practices for ensuring equitable access accelerated the pace of spending across programs. There are now multiple states and local grantees that have spent or obligated all of their ERA1 and ERA2 funds and quickly disbursed any reallocated funds. Given this level of spending and obligation, which represents substantial progress in the program's reach to those in need, Treasury will have far less available to reallocate than the requests that it has received. According to the ERA1 statute, obligated funds are not subject to the statutory reallocation process, further underscoring the gap between requested and available funds. For ERA2, the statutory reallocation process applies only to those funds that have not been awarded to grantees. Ensuring that all high-need and underserved groups have access to ERA during this time of great need will be an ongoing challenge that heightens as funds are depleted.

Sustainable Eviction Prevention

As the ERA funding dwindles, attention will shift to strategies to support long-term eviction prevention programs, including right-to-counsel and eviction-diversion programs that reform the harmful eviction system. Treasury will continue to urge grantees to use housing stability funds for these purposes and to work toward long-term adoption of interventions to mitigate housing instability. However, in light of the rapid pace of ERA spending, additional funding sources—such as State and Local Fiscal Recovery Fund or state and local funding—will need to be identified to sustain the interventions and ensure housing stability.³⁹⁹ At the same time, successfully averting the eviction crisis will require continued efforts toward a humane eviction policy that includes sustainable eviction prevention, court-based eviction diversion, access to legal counsel, support for community-based organizations, and continued engagement of underserved communities and individuals, among other critical interventions that prevent the devastation of eviction and secure long-term housing stability and economic dignity for all renter households

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Emergency Housing Vouchers (Section 3202)

Through the Emergency Housing Voucher (EHV) program, the U.S. Department of Housing and Urban Development (HUD) is providing approximately 70,000 housing choice vouchers to local Public Housing Authorities (PHAs) in order to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

Background

America's affordable housing crisis is heavily concentrated in low-income communities and disproportionately affects people of color, families with children, women, seniors, people with disabilities, and veterans, among other underserved groups. Heading into the pandemic, twenty-four million renters in low-income households were paying over half their income toward rent.⁴⁰⁰ The majority of these households were people of color—28 percent Latino and 24 percent Black. The pandemic economic recession further strained low-income households: 80 percent of job loss occurred among the lowest quarter of wage earners and workers with the lowest wages and hours, and Black and Hispanic women, and Asian Americans, Native Hawaiian, and Pacific Islanders in particular experienced disproportionate losses.⁴⁰¹ By March 2021, 49 percent of Black adults and 58 percent of Latino adults experienced income loss, compared to 29 percent of White adults surveyed by the U.S. Census

Many families and single adults and youth entered the pandemic without the safety of housing. At the outset of the public health emergency, in January 2020, over 580,000 people experienced homelessness on a single night, with Black people accounting for 39 percent of all people experiencing homelessness and 53 percent of families with children experiencing homelessness.⁴⁰² Domestic violence, which accounts for 22 to 57 percent of homelessness among women and children in a typical year, also increased by as much as 27 percent in 2020 in some U.S. cities.⁴⁰³

Despite the escalating need for safe and stable housing, the nation's housing safety net was insufficient. Prior to the pandemic, only one in four eligible households received federal housing assistance and no state had enough affordable housing to accommodate all low wage workers and low-income families who pay more than 30 percent of their income towards rent.⁴⁰⁴ Without sustained rental assistance, low-income renters with a history of eviction, homelessness, or domestic violence often face future housing precarity.⁴⁰⁵

In recognition of the heightened need to support households that may experience prolonged housing instability during and in the recovery from the pandemic, the American Rescue Plan (ARP) appropriated \$5 billion for the Emergency Housing Voucher program—through September 2030—to Public Housing Authorities (PHAs) for new housing choice vouchers and voucher renewals.⁴⁰⁶ The funding provided approximately 70,000 vouchers, and generally cover the difference between 30 percent of a household's adjusted income and the allowable unit rent and utility costs in the private market.

Housing vouchers are a demonstrated tool for significantly reducing homelessness, overcrowding, and subsequent moves.⁴⁰⁷ Given between COVID-19 transmission and housing instability, they are also a critical pandemic mitigation strategy.⁴⁰⁸ HUD's 70,000 EHV vouchers



is one of the largest voucher issuances in many years, since the inception of the Housing Choice Voucher (HCV) program, and has the potential to permanently reduce homelessness in communities across the country.

Program Overview

The EHV program provides emergency rental assistance vouchers to individuals and families who are: 1). homeless, 2). at risk of homelessness, 3). recently homeless and for whom rental assistance will prevent homelessness or have high risk of housing instability, or 4). fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking

HUD administers the EHV program and, to date, has provided approximately 70,000 vouchers to 613 PHAs nationwide, including 147 PHAs serving rural areas. The EHV program operates similarly to HUD’s tenant-based Housing Choice Voucher program (Section 8). However, due to the emergency nature of securing housing for homeless and vulnerable populations during the pandemic, ARP authorized HUD to waive statutory and regulatory provisions in order to facilitate the distribution of funding and expedite the use of vouchers.⁴⁰⁹ The EHV program provides administrative fee funding for expenses that are not normally eligible under the HCV program, including start-up costs, incentives for expedited lease ups, as well as placement, service and issuance fees.

Despite the necessity of rental assistance to secure safe and decent housing for families and individuals facing homelessness, housing instability and violence during the pandemic, program participants may face significant barriers while attempting to use the voucher in the rental market. The longstanding Housing Choice Voucher program—which EHV was built from—requires public housing authorities to grant tenants at least 60 days to “lease up” the voucher they have been issued, although housing agencies have discretion to grant longer search periods. In addition, some households who receive housing choice vouchers have faced challenges in securing an apartment due to supply shortages (particularly in high opportunity neighborhoods) and landlord preferences for non-voucher households.⁴¹⁰ In a study of rental housing, only one in 39 units screened were available and met local voucher program limits and rejection rates ranged from 15 percent to 78 percent across metro areas, with the highest rate of rejection occurring in low-poverty neighborhoods.⁴¹¹ Racial and familial discrimination within the housing market and bias against low-income voucher holders also affects the ability of families to secure a rental unit.⁴¹² In order to overcome these significant challenges during the pandemic, HUD took multiple steps to ensure the EHV served communities with the highest risk, while also encouraging landlord participation and facilitating the identification of units.

Major Efforts to Advance Equitable Implementation

In light of the urgent need to secure long-term housing for vulnerable populations, especially those experiencing homelessness, trafficking, and domestic violence, HUD developed an allocation formula for the EHV program that prioritized vouchers to the communities with the greatest homeless population and risk of homelessness, while also considering urban and rural needs. The formula included the total count of persons experiencing homelessness, rental households with incomes less than 30 percent of Area Median Income, and overcrowding. This formulation ensured that vouchers would be available in communities with high need.



HUD also provided substantial start up technical assistance, required the use of community partners and exercised the waiver authority to adopt flexibilities and incentivize PHAs to expedite voucher distribution and “lease up.”⁴¹³

Continuum of Care Partnership

HUD required PHAs to work with community partners who have contact with high risk populations to identify voucher recipients, while also coupling the assistance with other available supportive resources.⁴¹⁴ To receive EHV, PHAs must enter into an MOU with their local Continuum of Care (CoC) within 30 days of receiving the EHV to determine eligibility and ensure a coordinated referral system. CoCs coordinate funding under HUD’s Continuum of Care program and exist to help plan and coordinate homeless assistance across a community regardless of funding source. Because CoCs maintain an established Coordinated Entry System for intake and referral and are well advertised, CoCs are well-situated to quickly identify eligible households.⁴¹⁵ PHAs were also required to survey their existing Section 8 voucher waiting list for eligible households. CoCs are encouraged to provide or partner with other organizations to provide supportive services beyond those available through the EHV to families referred to the PHA, such as housing counseling, housing search assistance, and security deposit assistance.

Technical Assistance and Office Hours

To assist PHAs and their partners in program implementation, HUD hosted weekly office hours for the first three months of the program, followed by bi-weekly sessions. These office hour sessions, beginning in May 2021 have focused on a variety of EHV related topics, including advancing equity using EHV and how to serve survivors, including trauma-informed practices and respecting confidentiality to remove barriers to access.⁴¹⁶

Housing Search Assistance

Unique to the EHV program, HUD required PHAs to make housing search assistance available to all EHV families during their initial housing search. PHAs were allowed to use administrative fees for this purpose and, to date, have dedicated over \$1.7 million in search assistance expenditures. PHAs were required to provide housing search assistance services that included, but are not limited to:

1. Help identifying available units, including physically accessible units for persons with disabilities, as well as units in low-poverty areas;
2. Transportation assistance and directions to potential units;
3. Owner outreach;
4. Assistance completing rental applications and PHA forms; and
5. Help expediting the leasing process.

In addition, PHAs were also encouraged to maintain contact with households by providing workshops on housing searches, assistance overcoming barriers to leasing, regular check-ins, and a dedicated EHV landlord liaison. To address lengthy voucher waiting lists, PHAs were required to create a separate EHV waiting list



Prohibiting Admission Denial for History of Eviction

In the HCV program, the PHA may deny an applicant admission to the program for numerous reasons, including prior eviction from federally assisted housing.⁴¹⁷ Using its waiver authority, HUD provided alternative requirements for PHAs barring households from participating in EHV due to an eviction from federally assisted housing, owed rent or damages to the PHA or another PHA, breach of an agreement to a PHA for debts owed, violation of alcohol abuse standards, or certain drug-related criminal activity. Opening the program to households with these circumstances increased the ability of PHAs to serve populations with the highest risk of homelessness. Many individuals who are homeless may be struggling with drug addiction and safe housing may be a crucial first step in recovery from addiction. Barring programs from considering drug-related criminal activity also prevents the potential discriminatory effect that reliance on this history may have.⁴¹⁸

Adopting Self-Certification for Income Verification and Family Characteristics

The HCV program requires PHAs to obtain third party verification for an applicant's income. However, EHV eligible families may not have documentation readily available or it may be time consuming and difficult to obtain. HUD waived the third-party verification standard and allowed PHAs to consider self-verification as the highest form of income verification in HUD's verification hierarchy of the types of supporting documentation that can be used to verify income.⁴¹⁹ In addition, HUD waived the requirements to obtain and verify Social Security Number documentation, date of birth, and proof of disability status prior to admission to the program. The adoption of self-certification allows PHAs to assist more families and to expedite assistance, while also providing families more time to obtain the necessary documentation, which may have been lost and need to be replaced after experiencing homelessness.

Enhancing the Housing Search to Increase Likelihood of Lease Up

HUD allows PHAs to pre-inspect units to ensure that homeless families who selected pre-screened units could move in quickly. In addition, to ensure eligible households are able to use the voucher, even if they experience delays in the housing market, HUD extended the minimum lease up period from 60 days under HCV to 120 days for EHV holders, thereby giving households more time to find housing rather than risk losing their voucher. HUD also reminded PHAs of the mandate to grant extensions as a form of reasonable accommodation for households with an individual with a disability. HUD also allowed PHAs to accept a lease term of less than 12 months, providing additional flexibility to renters. Among the most important changes to the program, PHAs may establish a payment standard up to 120 percent of Fair Market Rent (as opposed to 110 percent in the HCV program) in competitive markets without requesting approval. PHAs may still request HUD approval to go above that rate. Among other benefits, higher payment standards can help the program respond to recent rising rent costs, help voucher holders access more expensive neighborhoods or help people with disabilities find accessible units that meet Americans with Disabilities Act standards.

Administrative Fees and Funding for Other Eligible Expenses

EHV provides administrative fee funding for expenses that are not normally eligible under the HCV program, and for the cost of administering the program generally. In addition to the typical administration fees PHAs receive, HUD used the waiver authority to create new administrative fees for PHAs, including a preliminary fee per voucher to cover start-up costs, a placement fee to cover lease-up costs and the added cost/effort to expedite leasing in the first four to six months of



the program, issuance fees and a service fee. The service fee can be used for housing search assistance, application fees, moving costs, essential household items, security deposit, utility deposit/utility arrears, tenant readiness services, and renter's insurance. To overcome landlord reluctance to participate in the program, the service fee can also be used to recruit landlords and provide incentive or retention payments to landlords.

The Road Ahead

On average, EHV assisted households have an income of \$11,349 and receive \$356 a month in assistance to support housing and utility expenses. As of April 2022, 18,385 households have successfully used EHV's to secure new leases. An additional, 29,157 vouchers have been issued to households who are actively seeking housing.⁴²⁰ In all states and territories, over 70 percent of PHAs (433 PHAs) have successfully issued over 50 percent of their EHV's.

Thus far, the EHV's went to extremely low, very low, and low-income households, with many receiving public and disability benefits, including six percent receiving Temporary Assistance for Needy Families or General Assistance, 15 percent receiving Supplemental Security Income and nearly 22 percent receiving Social Security. In addition, 13,829 new emergency housing vouchers were delivered to 149 public housing authorities serving rural areas to prevent homelessness.

While HUD has held numerous trainings and office hours to support PHAs in successfully implementing the EHV program, the focus of technical assistance is shifting to landlord outreach, streamlining applications, improving processes, and training PHAs and their partners on how to advance equity.⁴²¹ HUD has accepted ten EHV communities to participate in the first cohort of a Community of Practice (CoP) focused on advancing equity in EHV. This CoP is designed as a collective approach to technical assistance delivery and will draw upon the strengths of communities to foster and encourage resource sharing, innovative thinking, and connections amongst PHAs while exploring inequalities within their existing systems and develop system adjustments to ensure efforts to advance equity throughout the program.

In addition, HUD will be hosting a series of focus groups beginning in June 2022 for people with lived experience leasing a new home through the EHV program. To ensure households can participate, HUD will compensate participants for their time. The results of these focus groups will inform the program administration and areas of technical assistance in the future.

Finally, HUD will be launching a national evaluation of the EHV program at the end of FY 2022 with an emphasis on equitable access and how waivers and other approaches reduced or removed barriers to accessing the program.

⁴⁰⁰ CBPP analysis of 2014-2018 ACS microdata and HUD AMI (28% Latino, 24% Black, 6% Asian/Pacific Islander, 3% Multiracial, 1% American Indian/Alaska Native, 38% white). See Fischer, W., Acosta, S., & Gartland, E. (2021, May 13). *More housing vouchers: Most important step to help more people afford stable homes*. Retrieved from <https://www.cbpp.org/research/housing/more-housing-vouchers-most-important-step-to-help-more-people-afford-stable-homes#:~:text=Vouchers%20are%20highly%20effective%20at%20helping%20low%20income%20people%20afford,%2C%20housing%20instability%2C%20and%20overcrowding>

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- ⁴¹⁴ This is one of the first times HUD required community partnerships. HUD-Veterans Affairs Supportive Housing (HUD-VASH) program is administered by PHAs that have partnered with local Veterans Affairs (VA) medical facilities or other entities as designated by the Secretary of the Department of Veteran Affairs. The HUD-VASH program combines HCV rental assistance for homeless Veterans with case management and clinical services provided by VA.
- ⁴¹⁵ Coordinated Entry Systems are designed to coordinate program participant intake, assessment, and provision of referrals for a geographic area. Coordinated Entry Systems are required to be easily accessed by individuals and families seeking housing or services and be well advertised. Requirements for Coordinated Entry Systems are established at 24 CFR 578.7 and in CPD Notice 17-01. (<https://www.hud.gov/sites/documents/17-01CPDN.PDF>)
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Housing Assistance and Supportive Services for Native Americans and Native Hawaiians (Section 11003)

The American Rescue Plan Act appropriated \$750 million—available through September 2025—to maintain and fund affordable housing and respond to the housing needs and imminent threats to health and safety related to the pandemic among Native Americans, Alaska Natives, and Native Hawaiians.

Background

High poverty levels, severe housing shortages, substandard housing conditions, and overcrowding threatened the health and well-being of American Indians, Alaska Natives, and Native Hawaiians both before and during the pandemic.⁴²² Over a third of American Indian and Alaska Native homes need at least one structural repair, compared to seven percent of other American homes. At the same time, American Indians are 3.7 times more likely than other households to lack plumbing and six times more likely to experience heat deficiencies.⁴²³ In Indian Country and Native Hawaiian Homelands, 16 percent of homes are considered overcrowded, compared to two percent nationally.⁴²⁴

Substandard living conditions created barriers to adopting pandemic mitigation strategies and increased the risk of COVID-19 transmission. Overcrowding also has negative consequences for health, safety and academic performance—further disadvantaging Native Americans at a time when health and school systems were strained.⁴²⁵

The Indian Housing Block Grant (IHBG) program is the single largest source of funding for housing in Indian Country, where safe, decent, and affordable housing is desperately needed. The flexibility of this self-determination program enables Indian Tribes to design, develop, and operate their own affordable housing programs based on local needs and customs.

Since IHBG's inception 25 years ago, funding for the IHBG formula program has been largely level funded and has not been able to keep up with general inflation and the increased costs of construction materials and labor. This severely limits the buying power of the IHBG program and its ability to make new housing units available. It also requires Tribes to use more funding to operate and maintain existing units.

While Tribes received additional funding through the CARES Act and the Consolidated Appropriations Act of 2021, these appropriations still fell short of the housing needs in Indian Country and Native Hawaiian Homelands.⁴²⁶

Program Overview

The American Rescue Plan (ARP) appropriated critical funding for housing assistance and supportive services to address housing and community needs, including:

- \$450 million for Indian Housing Block Grants (IHBG-ARP) to fund affordable housing activities
- \$5 million for Native Hawaiian Housing Block Grants (NHHBG-ARP) to provide affordable housing, including rental assistance, to Native Hawaiian families



- \$280 million for Indian Community Development Block Grants (ICDBG) to address imminent threats to health and safety
- \$10 million for technical assistance related to HUD’s Tribal ARP programs

These non-competitive ARP funds enable Tribes to prevent, prepare for, and respond to COVID-19 and are designed to give Tribes discretion to determine which community development and housing activities best meet local needs. To help minimize unnecessary administrative burden, especially among smaller Tribes with limited internal capacity, HUD exercised its waiver authority granted under ARP to streamline program requirements to allow Tribes to quickly provide critical assistance to families in need, and to protect the health and safety of their community.⁴²⁷ This includes streamlining the normal IHBG application process by allowing Tribes and Tribally Designated Housing Entities to submit Abbreviated Plans to HUD before receiving a grant.

Major Efforts to Advance Equitable Implementation

In an effort to quickly disburse funds and support implementation that ensures equitable distribution of resources and supportive services, HUD maintained frequent communication with Tribal Leaders and leveraged the waiver authority granted by ARP to ensure funds could quickly meet local needs.

Frequent Communication and Outreach to Tribal Leaders

Within a week of the passage of ARP, HUD’s Office of Native American Programs sought feedback from Tribal Leaders on the implementation process and how to prioritize funding. HUD incorporated verbal and written feedback from many Tribes and Tribally Designated Housing Entities in the Implementation Notices for the programs and also released Guidance and FAQs that addressed barriers and challenges to equitable implementation that prioritized the needs of the most vulnerable American Indians, Alaskan Natives, and Native Hawaiians.⁴²⁸ In addition, HUD provided ongoing technical assistance to Tribes, Tribally Designated Housing Entities, and the Department of Hawaiian Home Lands, and continues to host regular implementation calls for Tribal Leaders and Tribal housing practitioners.

Leveraging Waiver Authority to Meet Local Needs and Expedite Use of Funds

ARP provides HUD with authority to waive or specify alternative requirements of the Native American Housing Assistance and Self Determination Act of 1996 (NAHASDA) and Title I of the Housing and Community Development Act or applicable regulations, which includes the laws and regulations governing the IHBG, ICDBG and NHHBG programs that received additional funding through ARP. HUD was not permitted to waive requirements related to fair housing, nondiscrimination, labor standards, and the environment, but could waive sections of the statutes or regulations to expedite or facilitate the use of ARP funds. The waiver authority enabled HUD to provide flexibility in the administration and delivery of funds, allowing Tribes to address the significant housing and infrastructure needs of communities during the pandemic.



Indian Community Development Block Grant⁴²⁹

- **Community Input without Increased COVID-19 Exposure:** ICDBG required Tribes to obtain community input via a public meeting prior to the submission of applications for funding. To allow for social distancing and to expedite the submission of applications, HUD waived the pre-application public meeting requirement for ICDBG-ARP grant funding; However, to ensure meaningful engagement among community members, HUD still required applicants to publish or post information on applicant plans for the use of ICDBG-ARP funds, hold virtual meetings, and accept and consider comments received. To ensure equitable access to public comment opportunities, HUD advised grantees on taking appropriate steps to ensure effective communication with persons with disabilities consistent with the requirements of accessibility laws; on providing meaningful access to their virtual meetings for persons with limited English proficiency by providing appropriate language services; and on making sure virtual meetings were available via telephone so that individuals without internet access could participate.
- **Construction of New Housing:** To address the major challenges of severe overcrowding and substandard housing, HUD used its waiver authority to provide an alternative requirement for expedited housing construction projects: “Indian Tribes and organizations may use ICDBG-ARP funds to carry out new housing construction when construction is carried out to reduce overcrowding, or to otherwise prevent, prepare for, or respond to COVID-19.” To ensure residents of new construction are not exposed to additional hazards, HUD did not waive lead-based paint and environmental requirements. As an example, the Native Village of Chuathbaluk is constructing a health facility, which will provide health care and serve as a temporary shelter for families impacted by COVID-19.
- **No Cap on Public Service Activities:** To ensure that households were able to safely shelter in place, ARP lifted the usual 15 percent cap on ICDBG public service activities and allowed grantees to use up to 100 percent of their ICDBG-ARP grant for public services. Typical activities included up to six months of rental and utility assistance, mortgage assistance to families facing foreclosure, meal delivery services to vulnerable populations, among other critical interventions. Grantees are also allowed to use their annual IHBG funds to maintain and operate housing developed or acquired using ICDBG funds for emergency housing or quarantine housing, and to continue to operate the housing for the benefit of low-income Native American families in the future once the COVID-19 public health emergency ends.⁴³⁰ For example, the Native Village of Kongiganak was able to provide emergency assistance, including food delivery and utility assistance to families impacted by COVID-19.
- **Funding for Necessary Equipment to Support Recovery Efforts:** Typically, ICDBG may not be used to acquire equipment. To address access to essential services and the lack of plumbing in many households, grantees were allowed to use ICDBG-ARP funds to purchase water trucks and other necessary equipment to ensure that families without access to water receive water distribution. For example, the Emmonak Village will repair residential water lines, which will improve access to treated, potable water.
- **Rental, Utility, and Mortgage Payments to Increase Housing Stability:** Generally, ICDBG funds may not be used for income payments. In light of the pandemic’s



substantial negative impact on Native American families' ability to work, earn an income, pay their rent or mortgage, access or pay for food and clothing, and access many other essential services, HUD allowed grantees to provide emergency payments for low- and moderate-income individuals or families impacted by COVID-19 for items such as food, medicine, clothing, and other necessities, as well as rental assistance and utility payment assistance for up to six months and emergency mortgage assistance for no more than three months.

Native Hawaiian Housing Block Grant⁴³¹

- **Expanded Eligibility for Rental Assistance:** HUD used its waiver authority to expand eligibility beyond low-income Native Hawaiian families who reside on the Hawaiian Home Lands to those who reside both on and off the Hawaiian Home Lands, as defined in Section 801(9) of NAHASDA. Rental costs in Hawaii remain high and many Native Hawaiian families struggled to stay current on their monthly rent due to economic and health disruptions caused by the pandemic. The Department of Hawaiian Home Lands (DHLL) received and fully expended the entirety of the \$5 million grant. DHLL used the funds to provide emergency rental and utility assistance to stabilize housing for Native Hawaiian families in need both on and off the Hawaiian Home Lands. The Department of Hawaiian Home Lands built on the success of this program when designing its ARP-funded Emergency Rental Assistance program, which has assisted over 28,456 families and continues to make a positive impact.

Indian Housing Block Grant and Native Hawaiian Housing Block Grant⁴³²

- **Remote and Less Frequent Income Verification:** Given the challenges facing families seeking assistance, instead of requiring families to periodically verify income by providing documentation, HUD allowed IHBG-ARP and NHHBG-ARP recipients to allow less frequent income recertifications and to verify income of applicants and residents remotely if the recipient or eligible families chooses to do so, including allowing income self-certification over the phone (with a written record by the recipient's staff), or through an email with a self-certification form signed by a family.⁴³³ Many Tribes require assisted families to annually recertify and demonstrate that they meet income eligibility requirements. This relief allowed ARP recipients impacted by the pandemic to do so more easily, safely, and less frequently.

The Road Ahead

Looking ahead, HUD plans to deploy up to \$10 million in technical assistance resources to support Tribes and Tribally Designated Housing Entities' implementation of these HUD ARP programs. Cooperative agreements have been executed and the plan for outreach, training, and technical assistance devised. Providers are in the process of developing curriculums and associated work plans. These resources will be used to provide national and regional training sessions to help with program planning and implementation, develop guidance materials, provide in-person individualized technical assistance on-site when doing so is deemed safe, and much more. HUD will continue to assess the effectiveness of these programs, consider issuing additional waivers and alternative requirements when doing so will assist Tribes and Tribally Designated Housing Entities in making the best use of their ARP grant dollars, and assess program performance data once grantees report on program status and progress to HUD annually



(the first reports will come in the summer 2022). Throughout, HUD will continue to consult with Tribal leaders on a government-to-government basis and consider all Tribal feedback when developing policies and programs that impact Tribal Nations. This includes forming HUD’s first ever Tribal Advisory committee to ensure that HUD decision making considers the unique needs and views of Tribal leaders.

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⁴²³ *Ibid.*

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Homeowner Assistance Fund (Section 3206)

The American Rescue Act of 2021 provided nearly \$10 billion to establish the Homeowner Assistance Fund to mitigate financial hardship associated with the COVID-19 pandemic by providing funds to eligible entities for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020. At least 60 percent of HAF funds must be used for homeowners with income at or below 100 percent of area median income or median U.S. income, and socially disadvantaged individuals must be prioritized with remaining funds.

Background

As housing costs continue to increase faster than wages, it has become increasingly difficult for households to keep up with mortgage or rental costs and related housing expenses.⁴³⁴ A 2018 analysis by Harvard University’s Joint Center for Housing Studies found that nearly a third of U.S. households are cost burdened, including 23 percent (17 million) of homeowners.⁴³⁵ Low-income and older (65+) homeowners as well as Black and Hispanic homeowners were most likely to be cost-burdened as compared with all households.

The Pandemic Increased Hardship Among Homeowners

The pandemic imposed new and unanticipated limitations on employment and child care, compelling millions of people to stay home. For low- and middle-income earners in particular, this also translated into disproportionate job loss and lost income.⁴³⁶ Underserved households, especially people of color and low-income workers, were disproportionately affected by the pandemic and have experienced a slower economic recovery.⁴³⁷ Taken together, these challenges threatened to undo significant progress in homeownership among women, which increased from 50.9 percent to 61.2 percent in the decade preceding the pandemic⁴³⁸ and further disadvantage Black and Hispanic households, who, as a result of systemic and structural discrimination, have a homeownership rate of 44.4 percent and 48.1 percent, respectively, compared to 73.7 percent of White households leading into 2020.⁴³⁹

In December 2020, 2.15 million loans were seriously delinquent or more than 90-days past due, exceeding pre-pandemic levels by 400 percent.⁴⁴⁰ In January of 2021, just over 10 million homeowners were behind on mortgage payments.⁴⁴¹ In a review of the Census Bureau’s Household Pulse Survey, the Urban Institute reported that 28 percent of Black homeowners were likely to miss or defer payments in May 2021 as opposed to nine percent of White homeowners.⁴⁴² To address the intensifying challenges shouldered by these households and to preserve homeownership, the American Rescue Plan (ARP) provided \$9.961 billion for a new Homeowner Assistance Fund (HAF) at the Treasury Department.

The Housing Assistance Fund in the Context of the Biden-Harris Administration Whole-of-Government Effort to Reduce Foreclosures

At the same time, the Administration implemented a series of measures that protected homeowners from foreclosure, including a foreclosure moratorium, increased options for mortgage payment forbearance, and enhanced loan modifications to resolve delinquencies, and streamlined related processes. 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.⁴⁴³ However, the last of the foreclosure protections for homeowners lapsed at the end of 2021. HAF was strategically designed so that state homeowner assistance programs would become fully operational starting in January 2022, in order to provide foreclosure support to homeowners even after the end of these foreclosure protections.

Beyond HAF, the Biden-Harris administration also adopted additional tools to enable struggling borrowers across the country to stay in their homes after the restrictions on initiating foreclosure ended on December 31, 2021. For example, the Consumer Financial Protection Bureau's (CFPB) June 2021 mortgage servicing rule still requires additional outreach to borrowers by mortgage servicers and enables streamlined options for homeowners. Also, in 2021, the Administration announced substantial payment reduction options for borrowers with government-insured and guaranteed mortgages.⁴⁴⁴ COVID-impacted homeowners with mortgages insured or guaranteed by the Federal Housing Administration (FHA), HUD, USDA, and VA may be eligible for up to a 25 percent reduction in their monthly principal and interest (P&I) payments and COVID-impacted homeowners with mortgages guaranteed by Fannie Mae and Freddie Mac are eligible for a 20 percent P&I reduction.

Program Overview

Under HAF, Treasury makes payments to states, U.S. territories, Indian Tribes or Tribally Designated Housing Entities (TDHEs), and the Department of Hawaiian Home Lands (DHHL) to mitigate financial hardships associated with the coronavirus pandemic, including for the purposes of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020, through qualified expenses related to mortgages and housing. These funds may also be used in connection with loan modifications, including those enhanced options made available by federal agencies since the Biden-Harris Administration assumed office.⁴⁴⁵

HAF participants—states, territories, Indian Tribes, TDHEs and DHHL—must use at least 60 percent of funds for homeowners with income at or below 100 percent of Area Median Income (AMI) or median U.S. income. “Socially disadvantaged individuals” must be prioritized with remaining funds, making addressing barriers to equitable access a key consideration in the program's implementation.⁴⁴⁶ Funds from HAF may be used for assistance with mortgage payments, homeowner's insurance, utility payments, and other specified purposes.

HAF provides a minimum of \$50 million for each state, the District of Columbia and Puerto Rico, for a total of \$9.39 billion, and \$498 million has been dedicated for Tribes or TDHEs and DHHL. In addition, \$30 million has been allocated for the territories of Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands.⁴⁴⁷

In implementing this new program, Treasury has developed policies, guidance, and a reporting regime to support the successful implementation of programs across the country and effectively address the needs of homeowners to support long-term financial stability. **To facilitate the development of HAF programs across the country, in 2021, Treasury immediately released ten percent of each participant's HAF allocation to implement pilot programs and worked with state, territorial, and Tribal participants on development of their HAF implementation plans to allow for states' HAF programs to be open early in 2022 (after the**



last foreclosure prevention protections lapsed at the end of 2021). In addition, federal agencies incorporated HAF into their loss mitigation process.

HAF was developed in direct response to financial assistance needs for homeowners as a result of the pandemic's uneven economic effects on low-income and socially disadvantaged homeowners. As such, it is an entirely new program, established for approximately five years and ending by September 30, 2026. The primary challenges associated with ensuring the equitable implementation of this new program include ensuring eligible recipients are aware of and can easily access program benefits.

Major Efforts to Advance Equitable Implementation

Treasury issued HAF guidance for all participants on April 14, 2021, with subsequent updates on November 12, 2021 and February 24, 2022. The guidance requires recipients to submit a HAF plan, which outlines how they intend to implement the program in their jurisdictions.⁴⁴⁸ Treasury also developed HAF Plan templates and supporting materials to assist participants in the development and submission of their HAF Plans.⁴⁴⁹ Treasury designed this guidance to encourage consistency among programs and emphasize the importance of accessibility to vulnerable and disadvantaged homeowners, while providing flexibilities for Tribes receiving less than \$5 million in HAF funds, which includes customized reporting and compliance training webinars to assist them in meeting their reporting obligations.

To promote best practices, Treasury has required participants to structure their programs and target assistance based on data-driven assessments of homeowner needs, with an emphasis on data that identifies disparate hardships across demographic groups and encouragement to engage in pilot programs. Treasury also strongly encouraged participants to inform their plans with input from Tribal Councils, community-based organizations, providers of housing counseling, and/or providers of legal assistance to homeowners facing foreclosure or displacement. These elements were included to help ensure that vulnerable homeowners have awareness of and access to the program.

To ensure awareness among participants, the HAF program has conducted robust outreach with a wide diversity of stakeholders. For example, Treasury has conducted extensive outreach to Tribal governments and TDHEs in order to reach as many Tribes as possible that are interested in participating in the HAF program. Treasury engaged in direct, individual outreach leading up to the deadline of December 15, 2021, for Tribes to submit a Notice of Funds Request (NFR). **This included partnering with national and regional Tribal organizations to communicate the deadline, resulting in over 200 Tribes and TDHE's submitting NFRs.**

For every HAF plan submission, a member of the HAF team reviews the proposal for evidence of effectiveness and equity. When necessary, a feedback letter is sent to the participant, who is then given time to address the feedback and provide further support for its implementation plan. This consistent communication between the HAF team and participants allows for continuous improvement as program administrators implement their programs. While the law prioritizes assistance for low-income individuals, it provides Treasury with narrow authority to require grantees to adopt certain approaches. As such, the HAF plan feedback process is a key way to encourage best practices with respect to equity and overall effectiveness, including the areas delineated below related to increasing awareness and improving access for low income homeowners.



As of May 23, 2022, Treasury has disbursed over \$9 billion to HAF programs nationwide to distribute to eligible homeowners. To date, 49 states and territories, as well as the District of Columbia, are accepting applications through full or pilot programs, and Treasury has approved all but two state and territorial HAF plans.

Increasing Awareness Among Homeowners in Need

HAF is committed to getting available funds into the hands of homeowners at risk of foreclosure or falling behind on their payments. As the program is geared towards low-income homeowners, outreach to those communities is a pivotal part of successful implementation. To facilitate that outreach, every grantee must include in its HAF plan a description of its strategy for reaching underserved communities. Specifically, their plans must indicate how they will “engage in outreach through partnerships with organizations that focus primarily on serving homeowners earning incomes below 100 percent of AMI or socially disadvantaged individuals, and that have the capacity to engage targeted communities in a culturally and linguistically relevant manner to encourage the submission of applications for HAF resources.”⁴⁵⁰ Each HAF grantee must describe its targeting strategies according to disaggregated characteristics of the targeted population such as income ranges, racial and ethnic demographics, and/or geographic areas (including rural communities), as appropriate for the relevant jurisdiction.

Treasury encourages HAF participants to prioritize assistance to homeowners who have Federal Housing Administration (FHA), Department of Veterans Affairs (VA), or U.S. Department of Agriculture (USDA) mortgages and homeowners who have mortgages made with the proceeds of mortgage revenue bonds as well other mortgage programs that target low- and moderate-income borrowers. In addition, because homeowners with private mortgages may be at greater risk of foreclosure due to limited options for loss mitigation, HAF plans must describe how the grantee will determine and address these needs.

Treasury has also integrated HAF educational materials with an interagency effort to provide information about the menu of housing support resources available to homeowners through a unified housing website hosted by the Consumer Financial Protection Bureau.⁴⁵¹ Non-profits, housing counselors, and other affordable housing stakeholders widely use this central repository to inform homeowners about options for managing their mortgages during the pandemic.

Increasing Access for Low-Income and Socially Disadvantaged Homeowners

During the last housing crisis, policy makers learned that the most effective government responses were those that lowered or eliminated administrative burdens for people who are in the midst of financial emergencies.⁴⁵² Lowering barriers to accessing programs and incorporating robust support structures can be critical to helping people maintain housing stability, particularly those facing financial crisis.

A common barrier to participation in similar programs has been cumbersome documentation requirements for homeowners seeking assistance. The HAF guidance has encouraged participants to avoid establishing documentation requirements that are likely to be barriers to participation. HAF participants may use self-attestation combined with a fact-specific proxy—such as median income in the census block that includes the home—in determining household income for purposes of income eligibility. In the HAF plan approval process, Treasury has required participants to provide a justification of additional eligibility requirements beyond a core set established by the HAF guidance and sample term sheets.



HAF plan guidance also encourages the use of housing counseling/legal service providers that have experience serving low to moderate income populations, addressing housing discrimination, and providing counseling in multiple languages. Specifically, the guidance notes that “targeted outreach may be needed to reach homeowners who are likely to experience barriers to access, including persons with limited English proficiency and those with disabilities.” To further encourage this, **Treasury, in partnership with the White House and the federal mortgage providers hosted a training session for legal aid providers on HAF and other mitigation strategies. In addition, Treasury and CFPB are partnering with the U.S. Department of Housing and Urban Development’s Office of Housing Counseling to train housing counselors to provide information to homeowners about HAF.**⁴⁵³

Developing Program Measures to Track Program Implementation

Treasury will require HAF participants to submit quarterly reports, beginning this spring, and a more detailed annual report to Treasury that includes financial data, targeting data, and measures of program impact. Treasury also intends to monitor local foreclosure rates and other economic indicators to inform how HAF programs are faring relative to foreclosures, as well as to identify foreclosure hotspots where more resources may be needed, and track outcomes over the long-term. In addition, Treasury is working to identify potential evaluations of the HAF program that could be conducted in the future to study the implementation of and outcomes from the program.

The Road Ahead

Treasury will continue to monitor developments in HAF program implementation, elevate innovative practices that support equity, and proactively offer technical assistance in standing up programs and in the development of innovative strategies to effectively and equitably support vulnerable homeowners.

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comparable economic circumstances, based on disparities in homeownership rates in the HAF participant’s jurisdiction as documented by the U.S. Census. The impairment must stem from circumstances beyond their control. Indicators of impairment under this definition may include being a (1) member of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society, (2) resident of a majority-minority Census tract; (3) individual with limited English proficiency; (4) resident of a U.S. territory, Indian reservation, or Hawaiian Home Land, or (5) individual who lives in a persistent-poverty county, meaning any county that has had 20 percent or more of its population living in poverty over the past 30 years as measured by the three most recent decennial censuses. In addition, an individual may be determined to be a socially disadvantaged individual in accordance with a process developed by a HAF participant for determining whether a homeowner is a socially disadvantaged individual in accordance with applicable law, which may reasonably rely on self-attestations.”

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Low Income Home Energy Assistance Program (Section 2911)

The American Rescue Plan provides \$4.5 billion, more than doubling previous annual appropriations, to remain available through FY 2022 for the Low Income Home Energy Assistance Program (LIHEAP). LIHEAP, which has been in existence for over 40 years, provides federally funded assistance for families to help manage costs associated with home energy bills, energy crises, weatherization and energy-related minor home repairs.

Background

One quarter of all U.S. households have high energy burdens, meaning they spend more than six percent of their income on utility bills. Low-income households and communities of color face disproportionate burdens: compared to non-Hispanic White households, Black households spend 43 percent more of their income on energy, Hispanic households spend 20 percent more, and Native American households spend 45 percent more. Low-income households (those with incomes below 200 percent of the federal poverty level) spend three times more of their income on energy than other households.⁴⁵⁴

The economic fallout from the pandemic has further strained budgets of low-income households and put them at higher risk of utility shut-offs. At the beginning of the pandemic, many state and local governments imposed moratoria on utility disconnections to protect vulnerable households and public health. However, as the pandemic progressed, these moratoria expired, leaving many households vulnerable to devastating utility shut-offs.⁴⁵⁵

In response, the American Rescue Plan (ARP) provided \$4.5 billion in emergency resources for the Low Income Home Energy Assistance Program (LIHEAP), more than doubling previous annual appropriations.

Program Overview

LIHEAP was established in 1981. Through LIHEAP, the federal government makes annual grants to states, Tribes, and territories to operate home energy assistance programs for low-income households. The federal LIHEAP program is administered by the Administration of Children and Families (ACF) within the Department of Health and Human Services (HHS). LIHEAP is executed as a formula block grant and, as a result, grantees have significant flexibility in administering their programs. Grantees may use LIHEAP funds to assist households with heating and cooling costs, crises, weatherization, and related services or case management.

Grantees can provide benefits to households up to 150 percent of the federal poverty level (FPL) or 60 percent of State Median Income (SMI)—whichever is higher—but households must apply and there is no guarantee they will receive benefits. Grantees are not permitted to set income eligibility below 110 percent of FPL but may add other requirements. Grantees must have policies to serve renter and owner households equitably. Grantees are allowed flexibility in determining payment levels and types of payments, including direct cash payments, payments to vendors on behalf of eligible households, and/or energy vouchers. Grantees typically elect to provide benefits in the form of direct payments to energy vendors on behalf of recipient households, and households that have utilities included as part of their rent typically receive



direct payments. LIHEAP assistance offset an average of 61.3 percent of households' annual heating costs in FY 2019 and 83.5 percent in FY 2020.

Although LIHEAP grantees typically serve over 5 million households each year, annual LIHEAP appropriations are not sufficient to serve all eligible households nor all households that require energy assistance. In a typical year, Congress appropriates \$3 to \$4 billion in funds for LIHEAP. For example, in FY 2021, Congress appropriated \$3.75 billion for LIHEAP. However, in practice, LIHEAP serves roughly one-fifth of eligible households each year.⁴⁵⁶ Federal regulations require states to prioritize the most vulnerable households—including households with members who are older, have a disability, or are young children. However, some households are not aware of these benefits or are not able to access them before funds run out. In FY 2019, of the 5.7 million households served, over 4.1 million reported having at least one vulnerable member.

In addition to annual appropriations and ARP funding, the CARES Act provided \$900 million for LIHEAP available through FY 2021 and the Bipartisan Infrastructure Law (BIL) also invests \$500 million in LIHEAP over five years. Moreover, ARP funded or created other programs that can address households' energy costs, including the Emergency Rental Assistance (ERA) program, the Homeowners Assistance Fund (HAF), and the U.S. Treasury's State and Local Fiscal Relief Fund.⁴⁵⁷

Although LIHEAP is a longstanding program, the significant infusion of ARP funds and other emergency relief programs raised a significant implementation challenge of expediting the delivery of unprecedented resources to people in need and ensure they were being used effectively and equitably.

Major Efforts to Advance Equitable Implementation

Call to action to grantees, dissemination of best practices, and technical assistance

Recognizing the importance of expediting assistance ahead of winter, in November 2021, the White House called on states, localities, and Tribes to plan early to distribute ARP funds to address home energy costs this winter.⁴⁵⁸ In particular, the Administration encouraged:

- **Early planning:** The Administration provided technical assistance to LIHEAP grantees to speed up state and local planning and program implementation for winter.
- **Quick and automatic distribution of benefits:** ACF urged grantees to consider expediting payments to households that have received LIHEAP assistance in previous years and simplify eligibility verification.
- **Expanded outreach to newly eligible households:** ACF urged grantees to consider additional outreach to households who may need energy assistance for the first time this year. Although many receive LIHEAP year after year, the economic disruption of the pandemic increased demand for assistance. These newly-eligible households may have been unfamiliar with how to access benefits and grantees helped these families access the unprecedented LIHEAP resources available as well as referred them to other benefits.
- **Technical Assistance Tools:** ACF released grantee-specific profiles to support grantees in reducing eligible households' energy burden as well as a nationwide, and publicly available energy price dashboard based on data from the U.S. Energy Information Administration.⁴⁵⁹ These tools were developed to help grantees understand the impact of



home energy costs in their state and adequately target resources to reduce the energy burden for low income households. ACF also released a second dashboard which provides information on the progression of extreme heat over time, the health impacts of extreme heat, and visualizations on how LIHEAP can alleviate extreme heat stress for vulnerable populations.⁴⁶⁰

- **First-ever coordination with Emergency Rental Assistance and other programs:** ACF and Treasury released guidance clarifying how grantees of LIHEAP could coordinate with ERA and other housing programs funded in ARP to quickly provide benefits to eligible households. As this was the first-year households could apply for ERA, coordination with LIHEAP was particularly important. These best practices included coordinating outreach to households, establishing regular communication with program leaders and energy providers, streamlining intake, and referring across programs as appropriate. For example, renters not fully served by LIHEAP could be referred to ERA, and homeowners could be referred to LIHEAP. To facilitate this coordination, ACF and Treasury conducted webinars to encourage close collaboration across programs—particularly LIHEAP and ERA—and held several listening sessions to share best practices across jurisdictions. These coordinated efforts helped support ERA programs in equitably serving low-income households.

In order to illustrate these best practices, during the November call to action, governors from four states with strong utility assistance programs (Connecticut, Maine, Michigan, Minnesota) spoke about innovations their states had pursued.⁴⁶¹

- Michigan piloted a program in which grantees worked with major utilities to identify eligible customers with past due arrearages and paid those energy accounts using LIHEAP funds without customers needing to act.
- Maine provided automatic LIHEAP payments to households who have received benefits during the same fiscal year.
- Connecticut is working with utility providers to use third-party data to pre-qualify and contact customers to expedite ERA payments.
- Minnesota’s LIHEAP and ERA programs are coordinating their work with utility providers and outreach to households.

ACF and Treasury followed the November event with a webinar series and targeted technical assistance to encourage additional coordination.

- Webinars on LIHEAP and ERA best practices attracted over 500 administrators—collectively representing 47 states, the District of Columbia, and 72 Tribal governments. **By December 2021, more than 50 percent of these administrators reported they were coordinating across these programs.**
- A webinar on coordinating benefit programs with utility providers attracted over 800 home energy assistance program administrators and utility providers from across the country. Panelists shared their perspectives on effective coordination between utility assistance administrators and utility providers and highlighted a range of best practices



Call to action to utilities

In November 2021, the White House issued a call to action to energy providers to prevent devastating utility shut-offs and help expedite the delivery of unprecedented federal aid. **By January 2022, the White House announced that it had welcomed commitments from fourteen major utility companies across the country, as well as a major delivered fuel trade association.**⁴⁶²

Outreach to households encouraging applications, including to underserved communities

To ensure American households were aware of these unprecedented resources and able to take advantage of them, the Administration engaged in an all-out push to raise awareness. The White House published a state-by-state breakdown of funding and partnered with members of Congress to inform the public about available resources.⁴⁶³ The Administration also raised public awareness by promoting the release of the first \$100 million installment of LIHEAP funds provided by BIL.⁴⁶⁴ Following this press release, weekly calls to the National Energy Assistance Referral (NEAR) hotline increased by over 90 percent and weekly email inquiries about LIHEAP assistance increased by over 80 percent.

Additional outreach tied to the inaugural National Energy Assistance Day on February 1, 2022 included:

- The White House coordinated outreach to state and local officials as well as other stakeholders, encouraging them to publicize the availability of these resources.
- ACF released a radio announcement in English and Spanish and a video to encourage families to apply for LIHEAP. The radio announcements aired over 5,000 times and reached an estimated 81 million listeners.
- ACF released a Dear Colleague Letter to LIHEAP Administrators encouraging their participation in National Energy Assistance Day.⁴⁶⁵
- Other agencies—including Treasury and Department of Energy—publicized LIHEAP and the Weatherization Assistance Program to help families manage energy costs.

In addition to these efforts, in late February, ACF released a radio ad directed to Black households in need of energy assistance. Given the racial disparities in energy burden discussed above, it is important that low-income communities of color are aware of LIHEAP and how the program can help address their unmet energy needs.

The Road Ahead

LIHEAP is on track to serve more households in FY 2022 than in any prior year in the program's over 40-year history—thanks to the record amounts of funding available and the efforts of the Biden-Harris Administration.⁴⁶⁶

ACF is ensuring coordination between LIHEAP and other federal programs such as Head Start and those administered by the Administration for Community Living, the Health Resources and Service Administration, and the Administration for Native Americans. ACF is also working with national stakeholder organizations, grant recipients, and local administering agencies to continue to target outreach to those most in need.



The LIHEAP program is also in the process of developing reporting that will capture key demographic data and allow the program to better monitor and advance its equity goals. Beginning in FY 2023, grantees will be required to provide the number of assisted applicants by race, ethnicity, and gender. Starting in FY 2024, grantees will be required to provide the number of assisted household members by race, ethnicity, and gender; this reporting will be optional in FY 2023.⁴⁶⁷ This reporting will supplement existing data collections, such as the number of households assisted with older adults, young children, and people with disabilities.

⁴⁵⁴ American Council for an Energy-Efficient Economy (ACEEE). (2020, September 10). Report: Low-Income Households, Communities of Color Face High "Energy Burden" Entering Recession. Retrieved from <https://www.aceee.org/press-release/2020/09/report-low-income-households-communities-color-face-high-energy-burden>

⁴⁵⁵ Plautz, J. (2021, September 8). Utility shutoff moratoriums protected many consumers earlier in the pandemic. What happens now? Retrieved from <https://www.smartcitiesdive.com/news/utility-shutoff-moratoriums-during-pandemic-whats-next/606101/>

⁴⁵⁶ Macartney, S., & Ghertner, R. (2021, November). Participation in the U.S. Social Safety Net: Coverage of Low-Income Families, 2018. Retrieved from <https://aspe.hhs.gov/sites/default/files/documents/9e9000cb7b1e4e30c2e616e547ed9bd9/program-eligibility-participation-brief-december-2021.pdf>

⁴⁵⁷ ERA allocates \$46.5 billion to state, local, and Tribal grantees to provide direct assistance to tenants, landlords, and utility companies for rental and utility payments.

⁴⁵⁸ The White House. (2021, November 18). FACT SHEET: Biden Administration Deploys American Rescue Plan Funds to Protect Americans from Rising Home Heating Costs; Calls on Utility Companies to Prevent Shut Offs This Winter. Retrieved from <https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/18/fact-sheet-biden-administration-deploys-american-rescue-plan-funds-to-protect-americans-from-rising-home-heating-costs-calls-on-utility-companies-to-prevent-shut-offs-this-winter/>

⁴⁵⁹ Administration for Children & Families. (2021). Projected Increase in Energy Bills for LIHEAP Households (FY 2020 to FY 2022). Retrieved from <https://hhs-acf.maps.arcgis.com/apps/dashboards/85516b3abae446b3b104d06e025acd0b>

⁴⁶⁰ Administration for Children and Families (2022), Heat Stress Geographic Information System (GIS) Dashboard. Retrieved from <https://liheap-and-extreme-heat-hhs-acf.hub.arcgis.com/unsupported.html>

⁴⁶¹ The White House. (2021, November 18). Readout of White House Meeting on American Rescue Plan Resources Addressing Home Heating Costs. Retrieved from <https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/18/readout-of-white-house-meeting-on-american-rescue-plan-resources-addressing-home-heating-costs/>

⁴⁶² The White House. (2021, November 18). Readout of White House Meeting on American Rescue Plan Resources Addressing Home Heating Costs. Retrieved from <https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/18/readout-of-white-house-meeting-on-american-rescue-plan-resources-addressing-home-heating-costs/>

⁴⁶³ The White House. (2021, November 18). Readout of White House Meeting on American Rescue Plan Resources Addressing Home Heating Costs. Retrieved from <https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/18/readout-of-white-house-meeting-on-american-rescue-plan-resources-addressing-home-heating-costs/>

⁴⁶⁴ Administration for Children & Families. (2022, January 25). President Biden's Bipartisan Infrastructure Law Directs \$100 Million to Lower Heating and Cooling Costs. Retrieved from <https://www.acf.hhs.gov/media/press/2022/president-bidens-bipartisan-infrastructure-law-directs-100-million-lower-heating>

⁴⁶⁵ Administration for Children & Families. (2022, January 31). LIHEAP DCL 2022-06 National Energy Assistance Day FY2022. Retrieved from <https://www.acf.hhs.gov/ocs/policy-guidance/liheap-dcl-2022-06-national-energy-assistance-day-fy2022>

⁴⁶⁶ In addition to benefits provided through LIHEAP, ERA grantees had provided 1.4 million payments to cover utility arrears and prospective payments as of January 2022. U.S. Department of the Treasury. (2022). Emergency Rental Assistance Program (ERA1) Interim Report. Retrieved from <https://home.treasury.gov/system/files/136/Q1-Q4-2021-ERA-Demographic-Data.xlsx>

⁴⁶⁷ Administration for Children & Families. (2022, January 11). LIHEAP DCL 2022-03 Preparation for Data Collection and Reporting Enhancements. Low Income Home Energy Assistance Program Dear Colleague Letter. Retrieved from <https://www.acf.hhs.gov/ocs/policy-guidance/liheap-dcl-2022-03-preparation-data-collection-and-reporting-enhancements>



Funding for Water Assistance Program (Section 2912)

The American Rescue Plan appropriated \$500 million for fiscal year 2021, for grants to states, territories and Indian Tribes to assist low-income households, particularly those with the lowest incomes, that pay a high proportion of household income for drinking water and wastewater services, by providing funds to owners or operators of public water systems or treatment works to reduce arrearages of and rates charged to households for services.

Background

Water affordability is a significant and growing concern in too many communities across the country. According to the Environmental Protection Agency (EPA), water and wastewater services that exceed 4.5 percent of household income are considered unaffordable.⁴⁶⁸ Before the COVID-19 pandemic, research indicated that millions of low-income households were paying between 4-19 percent of their monthly household income on drinking water and wastewater services.⁴⁶⁹ Moreover, water affordability concerns and growing household indebtedness disproportionately impacts low-income individuals and communities of color and can lead to multiple adverse household impacts such as service disconnections, home foreclosures, and evictions.⁴⁷⁰

For many households with low incomes across America, water affordability needs have been exacerbated by the COVID-19 public health crisis. Water is required to follow the federal guidance from the Centers for Disease Control and Prevention, which advises frequent hand washing to reduce the transmission of COVID-19. However, the economic impact of the pandemic has made it even more difficult for individuals and families with low incomes to pay their home drinking water and wastewater bills. Although some states have instituted temporary moratoria on shutoffs, water consumers' accumulated debts can have serious economic consequences for both households and public water utilities.

In recognition of the public health and economic imperatives for safe and affordable water and wastewater as a result of the COVID-19 pandemic, **Congress funded the first-ever national Low Income Household Water Assistance Program to provide critical nationwide emergency water support.** The Biden-Harris Administration is implementing these water assistance funds to equitably serve households with low incomes.

Program Overview

The Low Income Household Water Assistance Program (LIHWAP) was created to assist households with low incomes that pay a high proportion of household income on drinking water and wastewater services. The amount of LIHWAP financial support to eligible households varies by region—from as little as \$30 to \$5,000—with the ultimate goal of ensuring that households are not forced to choose between paying for water services and other necessities like food and medicine during a global pandemic.

The Office of Community Services (OCS) within the Administration for Children and Families, a division of the Department of Health and Human Services (HHS), administers LIHWAP through funds awarded to eligible grant recipients. Eligible grant recipients include states, the District of Columbia, U.S. Territories, and federally and state-recognized Indian Tribes and



Tribal organizations that received FY 2021 Low Income Household Energy Assistance Program (LIHEAP) grants. Grant recipients then work with water utility vendors in their jurisdiction to sign vendor agreements. Vendor agreements define policies and procedures that govern the processes and communications between the grant recipient and water utility provider. As required by the legislation, all payments on behalf of households are issued to the water vendor directly, meaning that vendor participation is necessary in order to serve eligible households.

The Consolidated Appropriations Act, 2021 signed on December 27, 2020, included authorization for a new emergency water assistance program and \$638 million in funding with instructions for HHS to administer these grants. On March 11, 2021, ARP appropriated an additional \$500 million to further support the first-ever national water assistance program for low-income households.

Because LIHWAP was a new program, grant recipients across the country needed to set up the local infrastructure to receive applications and distribute funds. Grant recipients were also required to complete and submit an implementation plan outlining program policies and procedures that followed the LIHWAP Terms and Conditions. To facilitate the development of these programs, on May 28, 2021, up to fifteen percent of the total \$1.1B program funds were distributed to grant recipients with signed LIHWAP Terms and Conditions that were approved by OCS, with the remainder available to grant recipients once their LIHWAP Implementation Plan was approved by OCS. Providing an initial portion of funding to grant recipients allowed them to quickly begin to develop and implement their programs, including conducting outreach to water vendors to establish agreements. Without this feature, recipients would have had to bear program start-up costs and wait for federal reimbursement, which could favor states and other recipients with more generous fund balances and staffing complements.

In addition to LIHWAP, OCS administers several other complementary programs including LIHEAP and the Community Services Block Grant (CSBG). While each program is unique, longstanding partnerships established through existing programs that support low-income households can be leveraged to help ease federal administration of LIHWAP. OCS also encourages grant recipients to braid and blend funding from these complimentary programs to provide wrap around services for families. These services can help households recover from the pandemic as well as support them in becoming more financially stable.

The legislation directs funds to serve populations most in need. While the legislation does not explicitly identify specific vulnerable populations, it does direct HHS to use “existing processes, procedures, policies, and systems in place to provide assistance to low-income households, including by using existing programs and program announcements, applications and approval processes.” Based on these instructions and with input from over 500 comments in response to OCS’ April 2021 public input survey,² OCS released the LIHWAP Terms and Conditions and used existing program requirements to equitably serve eligible households. This included prioritizing households with low incomes that included seniors, persons with disabilities and households with children under five years old. Research shows these populations often experience the greatest barriers to accessing social service programs. In addition, the terms and conditions lay out a requirement to equitably serve renters as well as homeowners.

Despite these features which are designed to support the effective use of LIHWAP, there remain challenges to ensuring the equitable implementation of the new federal program. These include:



- **New Program with Limited Funding Expires September 2023:** Designed to provide water assistance in response to pandemic-induced needs, LIHWAP funding is available through September 2023. Therefore, grant recipients must work relatively quickly to build agreements with water vendors serving households in their region, while simultaneously ensuring awareness among eligible households who must complete applications to request water assistance, including proving they meet low-income requirements. Aside from the administrative application burden for low-income households, there are many new households that might not have been eligible for social service programs previously but are now struggling financially and would benefit from LIHWAP's economic assistance. Ensuring these households are aware of LIHWAP presents outreach challenges. Meanwhile, economists estimate that the need for water assistance exceeds the \$1.1 billion available.⁴⁷¹ As a result, only a portion of eligible households will receive water assistance before depleting available funding. LIHWAP grant recipients are reporting that they anticipate only being able to serve households that have been disconnected or are pending disconnection; they do not anticipate having enough funding to support households that are current with their water utility payments but seeking support with affordability through rate reduction
- **Federally-Funded, Locally-Operated Program Reliant on Vendor Agreements with Water Utilities:** States, territories, and Tribes must separately establish agreements with water utility vendors, of which there are an estimated 50,000 nationwide. If a water vendor is not aware of LIHWAP or chooses not to participate in the program, the households they serve cannot access the water assistance funds. One known barrier occurs when vendors bundle water, sewer, trash, and taxes/fees into a single bill. Given that LIHWAP payments can only be applied to water and wastewater services, this bundled billing does not accommodate participation. While this barrier can impact any eligible household, water vendors that are publicly owned and operated by municipalities are more likely to present these billing challenges.

In addition, the statute requires payments of benefits to be made directly to the vendor on behalf of the household. This makes it more difficult for grant recipients to serve renters where the water account is in the landlord's name but passed along as a charge through rent. OCS has released guidance based on other programmatic experience to support the payments made on behalf of renters but it is still a challenge for grant recipients to establish these processes. In addition, some Tribal households have water systems that are not directly charged to households by a vendor. OCS staff has worked closely with Tribes to ensure LIHWAP funds can correctly be used to support their needs, including releasing several guidance documents on this issue. However, the legislation has limited LIHWAP funds for public water and wastewater systems and cannot support privately-owned and operated wells and septic systems in which many Tribal and rural households rely on for safe drinking and wastewater.

- **Water Assistance for Mixed-Status Households:** The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), defines "Federal Public Benefit" and limits eligibility for benefits to citizens or to qualified noncitizens. HHS has provided guidance allowing the payment of water arrearages for mixed status households with both qualified household members (e.g., households in which at least one member is qualified), in order to restore water service to the eligible members of the household.



Grant recipients may pay the full amount of arrearages to reconnect services or prevent the disconnection of water services for these households. This guidance is intended to help ensure ongoing water services to a significant number of households that might face disconnection under more restrictive definitions, and counter any concerns or discouragement from applying in circumstances where some household members are not eligible.

Major Efforts to Advance Equitable Implementation

The Biden-Harris Administration has taken multiple steps to maximize equitable access and use of LIHWAP funds for eligible low-income households.

- **Provide Startup Support, Especially for Tribal Entities and Smaller Areas:** In November 2021, OCS launched a training and technical assistance contract that supports grant recipients across OCS programs with program planning, implementation, and performance measurement. The training and technical assistance contract focuses largely on Tribal and rural community technical assistance to increase capacity of these grant recipients and support typically underserved communities. Many smaller grant recipients lack the infrastructure and organizational support for new water assistance programs, so this training strategy is designed to provide grant recipients with needed resources to equitably serve the community. The training includes templates to facilitate development of initial agreements, administer agreements, and communicate effectively with utility service providers. OCS has established meaningful performance measures through the required reporting process and tracking systems to help recipients and subrecipients comply with program regulations, policies, and guidance and measure their ability to reach those in need.
- **Encourage Successful, Evidence-Based Local Public Outreach Campaigns to Raise Program Awareness, Including Among Underserved Individuals:** The Grant Implementation Plan template, which is the required grant planning document for all grant recipients, describes the types of outreach activities that have been most successful in other OCS programs.⁴⁷² All grant recipients are required to submit plans and indicate what outreach activities they will use to increase awareness of LIHWAP among eligible households. Some of the suggested outreach activities include:
 - Placing posters/flyers in local and county social service offices, offices of aging, Social Security offices, VA, etc.
 - Working directly with water utilities to identify potential recipients. Include inserts in water vendor billings to inform individuals of the availability of LIHWAP assistance.
 - Facilitating mass mailing(s) to prior-year LIHEAP recipients or recipients of other government benefits.
 - Coordinating automated phone campaigns and/or social media outreach, multi-lingual announcements in languages spoken by low-income households within the utility service area and/or notification in ethnic language news and broadcast media outlets.



- Executing interagency agreements with other low-income program offices and/or public health pathways created for Covid-19 outreach to perform outreach to target groups.
- Conducting outreach to faith-based institutions, including those serving low-income people and people of color.
- **Ease Documentation Burdens to Improve Access:** To help address the administrative burden of documentation requirements for eligible households, OCS released a sample household application.⁴⁷³ The application was developed in partnership with the United State Digital Service and is based on other successful water assistance and anti-poverty programs' intake processes, including plain language instructions, and a streamlined form that requests only necessary information for household applicants. The application also encourages grant recipients to rely on categorical eligibility—permitting recipients to rely on a beneficiary's eligibility for other federal benefits programs as a proxy for LIHWAP eligibility, significantly easing administrative burden on both program administrators and beneficiaries. In addition to the application, categorical eligibility has been encouraged through guidance, and all grant recipients are using at least one form of categorical eligibility to ease the burden.⁴⁷⁴
- **Ensure Minimum Funding for Tribal Entities:** The legislation notes that grant funds must be allotted to states/territories or Indian Tribes based on: 1) the percentage of households in the state, or under the jurisdiction of the Indian Tribe, with income equal to or less than 150 percent of the federal poverty line; 2) the percentage of such households in the state, or under the jurisdiction of the Indian Tribe, that spend more than 30 percent of monthly income on housing; and 3) up to three percent of the appropriation must be directed to Indian Tribes and Tribal Organizations. These allocation instructions allow for a more equitable distribution of funds for Tribal entities as compared with programs such as LIHEAP, where each Tribe's grant is set aside from the respective state in which Tribal lands cross. However, under the LIHWAP allocation, some Tribes would only have received a few hundred dollars to implement the program. In response, OCS established a minimum award for Tribes of \$10,000 which is designed to ensure smaller Tribes have a feasible amount of funding to initiate this new program and effectively serve their communities.
- **Address Water Vendors Concerns and Encourage Participation to Ensure Equitable Access Across Communities:** In August 2021, OCS held a public information session to provide details about the program to water service vendors and update and answer any questions.⁴⁷⁵ The webinar attracted 2,000 vendor representatives. OCS has also been working closely with water vendor associations like the National Association of Clean Water Agencies (NACWA) and the National Energy and Utility Assistance Coalition (NEUAC) to address water vendor concerns. In addition, OCS has offered vendor negotiation office hours for grant recipients to discuss questions and concerns, and design a plan for vendor participation.⁴⁷⁶ In coordination with the White House and the Treasury Department, OCS has conducted training and technical assistance regarding best practices for coordination with utility vendors, including a webinar focused on coordination efforts between LIHWAP, LIHEAP and Emergency Rental Assistance (ERA) program and successful partnerships with utility vendors.⁴⁷⁷ OCS continues to



address this barrier with training and technical assistance activities to reduce this barrier to access.

- **Leverage Partnerships to Raise Program Awareness and Improve Program Implementation for Underserved Households:** OCS has been closely working with EPA to reach water vendors and regulatory agencies for educational and implementation purposes. In addition, OCS has established a partnership with the National Energy Assistance Directors' Association (NEADA) to get insight from grant recipients and provide feedback and guidance on implementation. OCS is also encouraging coordination across federal programs. On August 24, 2021, OCS provided a status update on LIHWAP and discussed the ways LIHWAP and CSBG recipients can work together to support underserved households.⁴⁷⁸ The session highlighted opportunities to link LIHWAP to potential household support available through CSBG, including small household plumbing repairs. On November 18, 2021, OCS released a Dear Colleague Letter to LIHWAP grant recipients to provide information on coordination between LIHEAP and the Treasury Department's Emergency Rental Assistance (ERA) program and encourage increased coordination across federal programs. And in January 2022, OCS hosted a series of office hours to provide guidance that promoted cross-program collaboration.
- **New Data Reporting Requirements, Including Assistance by Poverty Level, Vulnerable Population, Race and Ethnicity:** To guide implementation and provide ongoing monitoring, OCS implemented a two-stage reporting process: (1) a quarterly report that provides initial implementation information and allows for course corrections and targeted technical assistance and (2) an ongoing annual reporting process. To ensure LIHWAP eligible households are equitably able to access benefits, OCS is building on this reporting process by gathering new critical data: data on the number of households assisted by poverty level (beginning in FY 2022), and data on assisted households by race and ethnicity will be collected beginning in FY 2023. Quarterly reporting requirements focus on services provided to households with low incomes during the reporting period, including connections with water vendors, achievements, challenges, and training and technical assistance needs.⁴⁷⁹ The first LIHWAP quarterly report was due January 31, 2022.⁴⁸⁰ For the first time, OCS published data indicators through an interactive mapping feature on the LIHWAP Website available for the public at <https://lihwap-hhs-acf.opendata.arcgis.com/>.

The Road Ahead

OCS has conducted research and assessed the need for LIHWAP, laid out the planning process and policies and procedures, assisted the grant recipients with implementation and recently released analysis of the first quarter of reporting to identify areas for improvement. While launching a new program, OCS has documented the lessons learned to build on the success and make changes to ensure low income households are being served equitably across the country. To date, OCS has allocated over \$1 billion of the \$1.1 billion of available LIHWAP funds to 49 states, over 100 Tribes, five territories and the District of Columbia. The remaining funding is expected to be allocated to nine Tribal grant recipients. All state approved plans and grant recipient summary profiles are publicly available on the OCS LIHWAP website. Approved Tribal plans and summary profiles are being added with a target completion date of May 25, 2022.⁴⁸¹



Forthcoming programming includes:

- **National Public Outreach Campaign to Increase Program Awareness, Including Among Underserved Communities:** From the beginning of the program, OCS worked to ensure successful outreach activities by allowing grant recipients to allocate outreach and intake costs specifically in their budget. OCS recognizes extensive outreach needs to occur as this is a brand-new program. To further support these efforts, OCS is implementing a national LIHWAP public outreach campaign. This campaign was initiated in March 2022, with spotlight videos that highlight the impact of LIHWAP on beneficiaries in North Carolina and Iowa. OCS has also utilized social media and radio and video news releases, in English and Spanish, to increase awareness of the program and provide tools for grant recipients to reach underserved communities. The LIHWAP radio ads ran nationally and were aired on seven Native American-owned radio stations, reaching approximately 80 million listeners in total. Public outreach content will be disseminated across multiple platforms and all content will be adapted for the web, compliant with Section 508 of the Rehabilitation Act, and properly tagged and organized for search engine optimization and shareability. For social content, the language will be plain and personalized to tailor messaging for maximum impact with each social media channel and audience.
- **Baseline Data Analysis:** OCS is currently coordinating a data analysis effort that will gather available information related to households that are currently facing water shut offs, as well as additional information related to water service vendors, census data and other available demographic data of households with low incomes. OCS plans to use this information, along with information provided in grant reports, to assess whether LIHWAP household support is being distributed equitably among households and communities.
- **Quarterly Feedback from Stakeholders:** OCS launched quarterly stakeholder roundtables. The first roundtable discussion was held on March 30, 2023. These roundtables are open to the public and provide time for questions and commentary from stakeholders. Stakeholder roundtables will be used to identify program challenges and opportunities for improvement.
- **LIHWAP Data Dashboard:** OCS recently launched an interactive dashboard, featuring program implementation information, national spotlights, grant recipient comparison tools and quarterly outputs and outcome data. This dashboard is available for the public on the OCS website and will be updated with each quarterly report. In addition to collection of data from grant recipients, OCS has done internal research to gather widespread information on the 50,000 water vendors in the U.S. This first-of-its-kind data is broken down by state, size of vendor, utility ownership, and population served by each vendor based on ownership data. This data will allow OCS to assist grant recipients with vendor agreements and water needs in their service area.



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- ⁴⁷⁶ U.S. Department of Health and Human Services, Administration for Children & Families. (2021, July 9). *LIHWAP DCL-2021-10 Office HOURS FY2021*. Retrieved from <https://www.acf.hhs.gov/ocs/policy-guidance/lihwap-dcl-2021-10-office-hours-fy2021>
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Investing in Equity and Opportunity for our Children and Young Adults



Elementary and Secondary School Emergency Relief Fund (Section 2001)

The American Rescue Plan's Elementary and Secondary School Emergency Relief Fund (ESSER) provides \$122 billion to states and school districts to help safely reopen and operate schools and address the impact of the coronavirus pandemic on students' learning and mental health. ARP also provides \$800 million to states and school districts to identify and provide wrap-around services to homeless children and youth, and to enable them to attend school and participate fully in school activities.

Background

Beginning in March 2020, the COVID-19 pandemic caused significant school closures and transitions to virtual schooling, which disrupted learning for nearly all students across the country.⁴⁸² More than just a disruption, many students suffered from these sudden and significant changes. Studies of the impact of the pandemic on student learning find that, as of the fall of 2021, students are roughly two to four months behind in reading and math.⁴⁸³

Prior to the pandemic, students of color were already more likely than their White peers to attend schools that have fewer resources and have less access to rigorous academic coursework.⁴⁸⁴ These opportunity gaps have historically led to negative impacts on academic achievement and enrollment in institutions of higher education.⁴⁸⁵ Since March 2020, school disruptions have deepened those longstanding educational inequities, with even larger drops in expected gains for students at schools with higher rates of poverty and for students of color, English learners, students with disabilities, and students experiencing homelessness.⁴⁸⁶

Moreover, the lack of in-person instruction subjected many students to social isolation and the associated loss of routines, while in the midst of traumatic grief for some. These experiences have increased the need for mental health and related supports for all students.

At the beginning of the Biden-Harris Administration, only 46 percent of schools were offering in-person instruction, and there were 624,000 fewer staff working in our schools than before the pandemic.⁴⁸⁷ Since that time, as of April 2022, nearly every school is offering full-time, in-person instruction, and more than 300,000 staff jobs have been created, cutting the gap nearly in half.⁴⁸⁸

Much of this monumental effort was made possible because of the American Rescue Plan (ARP). ARP funds play a critical role in maintaining safe in-person learning and expanding educational equity as schools help students recover from the pandemic.

Program Overview

ARP included \$122 billion for the Elementary and Secondary School Emergency Relief (ESSER) Fund. This historic investment is designed to ensure that all students have access to safe in-person instruction and to address the academic, social, emotional, and mental health needs of the Nation's students.

ESSER funds built upon previous COVID-19 relief funding designated for schools, including \$13.2 billion from the Coronavirus Aid Relief, and Economic Security (CARES) Act and \$54.3



billion from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). ARP also allocated an unprecedented \$800 million Homeless Children and Youth (HCY) Fund to support efforts to identify children and youth experiencing homelessness and provide them opportunities to attend school and participate fully in all school activities.

Funding Formula Prioritizing Schools with Greatest Needs and Required Focus on Learning Loss

ARP's statutory design promoted equitable allocations to states and school districts by requiring funds be allocated based on which schools have students with the greatest needs. The statute required the Department to allocate funds to State Education Agencies (SEAs) in proportion to their national share of Title I, Part A (Title I) funds.⁴⁸⁹ Title I provides financial assistance to school districts and schools with high numbers or high percentages of children from low-income families. By statute, states were required to distribute no less than 90 percent of the ESSER funds they received to local education agencies (LEAs), or school districts, according to LEAs' share of Title I funds.⁴⁹⁰

ARP also made a historic investment in addressing the impact of lost instructional time. The statute requires at least 25 percent of the total funds to be dedicated to activities and interventions that respond to students' academic, social, and emotional needs and address the disproportionate impact of the COVID-19 pandemic on underserved students.

To ensure SEAs used the funds for this purpose, ARP had three dedicated SEA funding pools:

1. Five percent dedicated funding for the implementation of evidence-based interventions addressing the academic impact of lost instruction time
2. One percent allocation for evidence-based summer enrichment programs
3. One percent allocation for evidence-based comprehensive afterschool programs

LEAs were also required to reserve at least 20 percent of their allocated funds to address the academic impact of lost instructional time through the implementation of evidence-based interventions that also address the social, emotional, and mental health needs of students.

Through these provisions, ARP ensures that SEAs and LEAs spend a significant share of funds on addressing the academic and mental health needs of students while also providing the flexibility needed to address the specific financial, operational, and health and safety needs facing each SEA and LEA. This approach allows significant innovation and adaptation to local circumstances.

Maintenance of Effort Requirement

The legislation included a Maintenance of Effort requirement. Maintenance of Effort requires SEAs and LEAs to maintain prior levels of funding support for elementary, secondary, and higher education.

First-Ever Maintenance of Equity Requirement

The legislation included a Maintenance of Equity requirement, the first of its kind in federal legislation, which ensures that, in the event that state or local funding cuts to education are necessary, a state cannot 1) disproportionately reduce state-level per pupil funding to high-need LEAs, or 2) reduce state-level per pupil funding to the highest-poverty LEAs beyond their FY



2019 level. LEAs must also maintain Maintenance of Equity at the school level. These provisions are designed to protect students who need the most support from funding cuts.

New Homeless Children and Youth Fund (HCY)

ARP created the HCY fund in order to meet the needs of students experiencing homelessness. This funding had not been included in previous COVID-19 relief packages and was allocated in response to the educational disparities faced by students experiencing homelessness. The Department distributed \$800 million in HCY funds in two separate disbursements to SEAs: in March and June 2021. The first allocation, 25 percent of a total state allocation, was made immediately available to states to supplement existing programs and address the urgent needs of students experiencing homelessness and in response to requests for urgency from the field. Following funding disbursement, states were required to submit an HCY state plan for agency approval. SEAs have used HCY funds for investments including hiring additional staff, partnering with community-based organizations to improve the identification of students experiencing homelessness, and improving data capacity within districts. All ARP HCY state plans are posted to the Department’s website, accessible at: <https://oese.ed.gov/offices/american-rescue-plan/american-rescue-plan-elementary-secondary-school-emergency-relief-homeless-children-youth-arp-hcy/arp-hcy-state-plans>.⁴⁹¹

Major Efforts to Advance Equitable Implementation

Requirements to Create SEA and LEA Plans to Ensure Effective Use of Funds, Including for Students from Underserved Groups

The Department of Education moved quickly to ensure states received needed ESSER funds to address immediate challenges, while ensuring effective planning. States received two-thirds of their allocated funds on March 24, 2021—less than two weeks after the President signed the American Rescue Plan. While ARP provided SEAs and LEAs with the flexibility to meet local needs, the Administration also created a mechanism to ensure that funds were used effectively. The Department conditioned the receipt of the remaining one-third of ARP ESSER funds on the submission and approval of the SEA’s ARP ESSER plan. To ensure districts had plans to effectively use these funds, the Department also required each SEA to collect and post publicly a Use of Funds plan for each LEA receiving ARP ESSER funds.

The Department required SEAs and LEAs to articulate in their plans how evidence-based programs would help students impacted by the COVID-19 pandemic, particularly those students from underserved student subgroups. For example, the Department required SEA plans to include an analysis of the priorities for underserved student groups such as students from each racial/ethnic group, students with low-income backgrounds, students with disabilities, and multilingual learners.

Requirements to Consult Stakeholders – Including Representatives of Underserved Groups – in Development of SEA and LEA Plans

Recognizing the historic nature of ARP’s investment in students and schools, the Department of Education required SEAs and LEAs to seek input from representatives of underserved groups when developing their plans.



In the development of ARP ESSER State Plans, SEAs must engage in meaningful consultation with stakeholders, including those representing underserved groups. These stakeholders include students; families; Tribes (if applicable); civil rights organizations (including disability rights organizations); school and district administrators (including special education administrators); superintendents; charter school leaders (if applicable), teachers, principals, school leaders, other educators, school staff, and their unions; and stakeholders representing the interests of children with disabilities, English learners, children experiencing homelessness, children in foster care, migratory students, children who are incarcerated, and other underserved students.

LEAs were similarly required to engage in meaningful consultation with stakeholders including students; families; school and district administrators (including special education administrators); and teachers, principals, school leaders, other educators, school staff, and their unions. LEAs must also engage in meaningful consultation with underserved groups to the extent present in or served by the LEA, including: Tribes; civil rights organizations (including disability rights organizations); and stakeholders representing the interests of children with disabilities, English learners, children experiencing homelessness, children and youth in foster care, migratory students, children who are incarcerated, and other underserved students. To facilitate additional public engagement, the Department required LEAs to provide the public the opportunity to provide input on the development of the plan, take such input into account, and post the LEA ARP ESSER plan on its website.

To facilitate engagement by English learners and families with limited English proficiency, the Department also asked SEAs and LEAs to translate relevant materials and obtain the services of interpreters, as needed, to engage its English learners and families with limited English proficiency.

Department Outreach to Encourage Stakeholder Engagement, Including by Representatives of Underserved Student Groups

The Department of Education conducted significant outreach to ensure stakeholders were engaged with SEAs and LEAs to develop plans consistent with the Department's stakeholder requirements. This outreach included specific attention to diversity and equity. In spring 2021, the Department launched a series of webinars with the Secretary of Education and senior Department staff to encourage key stakeholders to engage with SEAs and LEAs in developing plans. This outreach included a session with parent-serving organizations (with specific attention to ensuring diversity) and with civil rights and equity organizations – including, among many others, the National Urban League, UnidosUS, the Leadership Conference on Civil and Human Rights, the National Center for Learning Disabilities, the Education Trust, and All4Ed.

Plan Accessibility to Encourage Public Engagement

To ensure public transparency and promote accountability – including for efforts to serve students disproportionately impacted by the pandemic – the Department has posted SEA plans on the agency website. The Department also required SEAs to collect and post publicly a Use of Funds plan for each LEA receiving ARP ESSER funds. SEAs are required to share with the Department a publicly available link to the LEA Use of Funds plans as they are reviewed and approved. In order to promote transparency, the Department has also posted links to LEA use of funds plans on the agency website.⁴⁹²



Rigorous Review of State Plans – Including Ensuring Plans for Underserved Populations – Before Releasing Full Amount of Funds

Each SEA received two-thirds of ARP ESSER funds in March 2021. The remaining third of funds were distributed to states following the Department’s approval of the SEA’s ARP ESSER state education plan. As discussed above, SEAs were required to articulate in their plans how evidence-based programs would address the disproportionate impact of the pandemic on underserved student groups. The Department conducted rigorous review of all 52 ARP ESSER and ARP HCY state plans. This rigorous review included a focus on whether SEAs were meeting their obligations to underserved student groups—particularly for the SEA—dedicated funding. All state plans have now been approved and are available for public review.⁴⁹³ As of December 29, 2021, all ARP ESSER and HCY funds were distributed to SEAs.

Implementation Support for Maintenance of Equity Requirement

As mentioned above, ARP ESSER included the first-ever Maintenance of Equity requirement. The Department has taken considerable steps to support the field in implementing the new Maintenance of Equity requirement. The Department released and revised guidance documents that explain how to properly implement this requirement and has provided individual technical assistance to states to assist them given the specific context of their states’ education finance system.⁴⁹⁴

Guidance and Technical Assistance to Safely Reopen Schools – Including Those Serving Low-Income Students

When the Biden-Harris Administration began, fewer than half of the schools across the country were offering safe, in-person full time instruction. The Biden-Harris Administration acted quickly to address the need to return to safe, in-person instruction.

- The Department issued proactive guidance on allowable uses of funds, including a reopening handbook that contained three volumes and a FAQ document on the use of ARP ESSER funds.⁴⁹⁵
- The Department also hosted the Safe School Reopening Summit, in collaboration with the Centers for Disease Control and Prevention (CDC) officials, to further highlight and encourage safe in-person instruction.

The Department’s support to SEAs and LEAs has been ongoing, particularly through the Delta and Omicron variants, as well as in support of the implementation of updated CDC strategies. The Department issued clear guidance on how schools could use their ARP funds to advance key strategies in maintaining safe, in-person instruction—like how schools can help K-12 students access the COVID-19 vaccine by hosting school-located vaccine clinics, and how schools can access in-person COVID-19 testing services and implement approaches like test-to-stay.⁴⁹⁶ The Department has also worked to address challenges related to or exacerbated by COVID-19 like school staffing shortages. The Department released guidance on allowable uses of funds to address labor shortages, including using flexibilities under federal funding and programs to help recruit and retain additional staff.⁴⁹⁷

These resources are available to all SEAs and LEAs and accelerated the process of safely reopening schools across the country. However, because ARP ESSER funds are targeted to



SEAs and LEAs based on Title I allocations, the funding is particularly impactful in safely reopening schools that serve low-income students.

Guidance and Technical Assistance to Combat Learning Loss and Address Students' Mental Health Needs – Including Those Serving Low-Income Students

As schools continued to return to in-person instruction, the Department worked with states and districts to help them implement and expand evidence-based practices to address the academic impact of lost instructional time and to address the mental health impact of the pandemic. This included guidance on how ARP ESSER funding can be used to implement evidence-based practices and new resources on supporting child and student social, emotional, and mental health during the COVID-19 era.⁴⁹⁸ The Department is continuing these efforts through a variety of mechanisms, including through the Lessons from the Field webinar series, a monthly webinar hosted by the Department to highlight promising practices, and additional guidance.

These resources are available to all SEAs and LEAs, yet have a particularly meaningful impact in addressing the academic and mental health needs of low-income students given that ARP ESSER funds are targeted based on Title I allocations. As schools are sustaining safe, in-person instruction and working to address the academic impact of lost instructional time, the President has made a call to action in his first State of the Union Address for Americans to serve as tutors and mentors to support states and school districts that are leveraging ARP ESSER funds in innovative and evidence-based programs.

Additional Support to Strengthen Transparency and Effectiveness of ARP ESSER Resources

On January 28, 2022, the Department released the ARP Performance, Accountability, Transformation, and Heightened Support (ARP PATHS) Toolkit for states to help them communicate their implementation of ARP ESSER funds and to strengthen the transparency and effectiveness of ARP ESSER resources. The toolkit includes six sections, focusing on implementing and supporting in-person instruction, building SEA capacity to support LEAs, incorporating external engagement into implementation, addressing the academic impact of lost instructional time, and meeting urgent staffing needs. This toolkit will supplement annual reporting.⁴⁹⁹

Significant Progress in Program Implementation, Benefitting All Students Including Those from Underserved Groups

Thanks to these focused efforts by the Department and its partners, states, districts, and schools across the country are using ARP ESSER and ARP HCY funds to help keep students and staff safe during in-person learning, provide students access to resources that will help them learn, grow and thrive, and support staff and educators with the tools needed to do their jobs. The activities ARP ESSER is funding include high-quality, evidence-based programming to establish and expand educational equity; school-based school counselor mental health positions; and HVAC and ventilation systems upgrades.

According to a recent analysis of over 3,000 local ARP ESSER plans, it is estimated that LEAs plan to use ARP ESSER funds to expand educational opportunities in the following ways:⁵⁰⁰

- Nearly 60 percent of funds are being used to:



- invest in staffing – both retaining current staff and expanding professional development opportunities, as well as recruiting, hiring, and training of new teachers, school staff, and mental health professionals to increase school capacity and meet the academic and mental health needs of students;
 - combat learning loss through student support programs such as evidence-based tutoring, expanded after-school and summer learning and enrichment programs, and updated instructional materials; and
 - support the physical and mental health of students and educators.
- Another 24 percent is being invested in keeping schools operating safely, including providing PPE and updating school facilities to support health and safety. This includes investments in lead abatement and an estimated nearly \$10 billion for improvements to HVAC and ventilation.

Another analysis of 2,600 local ARP ESSER plans serving a majority of the nation’s public-school students found that the ten percent of districts with the most children living in poverty will spend nearly ten times more per student in ARP ESSER Funds than the most affluent districts. Because districts with the most children living in poverty are typically underfunded year after year, these districts are using ARP ESSER funds to address academic and health issues exacerbated by the pandemic.

There are also a number of specific examples of school districts deploying funds effectively and serving all students.

Examples of Safely Reopening Schools and Sustaining Safe Operations

- **The Houston Independent School District (HISD) in Texas** has allocated ARP ESSER funds to campuses for COVID-19 prevention efforts. HISD has provided COVID-19 testing at 90 percent of its campuses and has hosted nearly 100 vaccine clinics.
- **The DeKalb County School District in Georgia** upgraded air filters from MERV 8 to MERV 13 in every school facility that could accommodate that size filter and took steps to improve ventilation in all other schools using ARP ESSER funding.

Examples of Addressing the Academic Impact of Lost Instructional Time

- **The Arkansas Division of Elementary and Secondary Education** established the Arkansas Tutoring Corps using ARP ESSER dollars. The Arkansas Tutoring Corps program includes recruitment, preparation, and support for candidates to become qualified tutors to provide instruction or intervention to meet the academic needs of students most impacted by lost instructional time. A system connects prepared candidates with organizations seeking to support students’ academic needs. The program is already enhancing learning experiences of students due to loss of instructional time and addressing gaps in foundational skills in mathematics and literacy.
- **Gardiner, Maine** is addressing gaps in learning opportunities by using ARP ESSER funds to hire nine new teachers and implement a new math, language arts, and social studies program. The additional teachers permitted the district to reduce class sizes. The district has also provided external and internal coaching, ongoing professional learning, and additional support to educators and staff.



- **Cleveland Metropolitan School District, Ohio** used ARP ESSER funds to increase summer learning participation seven-fold. In 2021, 8,400 students participated in summer school, compared to 1,000-1,200 students in previous years. The expanded summer school offered 12 weeks of programming that allowed for credit accumulation and unfinished learning. Students engaged in problem-based learning units in the morning with engagement activities like clubs and sports in the afternoon. This inclusive programming, which included students with disabilities and multilingual learners, will continue in summer 2022.

Examples of Meeting Students’ Social, Emotional, and Mental Health Needs

- **New York City Public Schools, New York** has hired 500 social workers to address student social emotional health post pandemic. The additional mental health support staff, which includes new school psychologists, will ensure every school has at least one full-time social worker or mental health clinic.
- The **Iowa Department of Education** is creating a rural mental health program through a partnership with the University of Iowa. The partnership will offer trainings for teachers to recognize and better combat mental health crises.
- **Columbus City Schools, Ohio** has hired 28 additional school counselors and plans to hire ten more counselors for the 2022-2023 school year. Salaries for these counselors will be paid using ESSER funding, including ARP ESSER.

Examples of Strengthening the Educator Workforce

- The **Tennessee Department of Education** has created a “Grow Your Own” grant with federal funding, including ARP ESSER, that is designed to foster partnerships between educator preparation programs (EPP) and districts to provide innovative, no-cost pathways to the teaching profession by increasing EPP enrollment and growing the supply of qualified teachers.

The Road Ahead

As of spring 2022, nearly every school is offering full-time, in-person instruction.⁵⁰¹ States and school districts are using funds for critical priorities. Independent analysis on a representative sample of 4,000 school districts’ plans covering over 60 percent of ARP ESSER funds found nearly 60 percent of funds are being used to invest in staffing, combat learning loss, and support the physical and mental health of students and educators. For instance, as of April 2022, the number of social workers in public schools has also increased by 67 percent, and the number of counselors has increased by 18 percent, compared with the years before the pandemic.⁵⁰²

ARP has also accelerated the rate of spending of all education relief funds. Before the passage of ARP, states and school districts were spending a total of a little more than \$500 million per month of federal emergency relief funds for education. Since the passage of the ARP and the assurance to states and school districts that critical funds were on their way, the monthly rate of spending of ESSER funds from ARP and earlier relief legislation has accelerated to more than \$3 billion per month—an increase of five to six times, meaning that more students are getting the supports they need, more quickly.



The management of the ESSER program is a multi-year priority, as the statutory deadline to obligate funds runs through the end of FY 2024.

Reporting, Including How Funds Are Allocated to Underserved Students

School, district, and state level data on funding distribution in annual and quarterly reporting will continue to be a critical component of accountability and ensuring equitable implementation. Grantees must submit an annual report describing how the state and subrecipients used the awarded funds during the performance period. In order to ensure accountability and equitable implementation, the Administration has enhanced this reporting for ARP ESSER, as well as earlier rounds of ESSER relief funding.⁵⁰³ Because of the Administration's enhancements in reporting on these funds, these annual reports will hold SEAs and LEAs accountable for how they are allocating resources to underserved student groups and which students are ultimately benefitting from the funds. Specifically, annual reports must capture how SEAs and LEAs are using funds, how SEAs and LEAs identified and served students most impacted by the pandemic, strategies LEAs are utilizing and have utilized to re-engage students with poor attendance or participation, prospective staffing increases as a result of ESSER-funded programs, and how funds are being used to address learning loss and the mental health needs of students.

This reporting is available to the public to ensure transparency and accountability. Established in November of 2020, the Education Stabilization Fund Transparency Portal disseminates information about the Education Stabilization Funds (ESF) programs managed by the Department of Education including ESSER.⁵⁰⁴ This publicly accessible site reports how ESSER funds were allocated by the Department and used by states and LEAs to alleviate the impact of COVID-19. The site aims to provide the public with transparent, searchable, and understandable data for the general public and stakeholders. Annual performance reports and MOE data are also included on the Portal. When the first round of the enhanced data collection established by the Biden-Harris Administration is posted later this year, stakeholders will have access to more data on how funds are being used.

Ongoing Monitoring

The Department will continue to support SEAs and LEAs by conducting ongoing monitoring to ensure ARP ESSER resources are helping sustain safe in-person instruction and addressing existing opportunity gaps. In addition to the ARP PATHS toolkit (discussed above), the Department is conducting ongoing comprehensive and focused monitoring and launching new quarterly monitoring reviews.

Additionally, the Department is working to make sure auditors have accurate and up to date information so SEAs and LEAs can spend with confidence that they are meeting the requirements of the state. In December, the Department released the 2021 Compliance Supplement Addendum which gave guidance to auditors.

⁴⁸² McElrath, K. (2020, August 26). *Nearly 93% of Households with School-Age Children Report Some Form of Distance Learning During COVID-19*. Schooling During the COVID-19 Pandemic. Retrieved from <https://www.census.gov/library/stories/2020/08/schooling-during-the-covid-19-pandemic.html>

⁴⁸³ Goldhaber, D., Kane, T.J., McEachin, A., & Morton, E. (2022, May). *A Comprehensive Picture of Achievement Across the COVID-19 Pandemic Years: Examining Variation in Test Levels and Growth Across Districts, Schools, Grades, and Students*. National Center for Analysis of Longitudinal Data in Education Research. Retrieved from https://caldercenter.org/sites/default/files/CALDER%20Working%20Paper%20266-0522_0.pdf; Dorn E., Hancock, B.,



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⁴⁸⁴ Nickens, H. W., Smedley, B. D., & Gandara, P. (2001). Chapter 10. In *The right thing to do, the smart thing to do: Enhancing diversity in the health professions: Summary of the symposium on diversity in health professions in honor of Herbert W. Nickens, M.D.* essay, National Academy Press. Retrieved from <https://www.nap.edu/read/10186/chapter/10>

⁴⁸⁵ Camara, W. J. (2003, March). *College Persistence, Graduation, and Remediation*. Retrieved from <https://files.eric.ed.gov/fulltext/ED562658.pdf>

⁴⁸⁶ U.S. Department of Education, Office of Civil Rights (2021, June 9). Education in a Pandemic: The Disparate Impacts of COVID-19 on America's Students. Retrieved from www2.ed.gov/about/offices/list/ocr/docs/20210608-impacts-of-covid19.pdf

⁴⁸⁷ National Center for Education Statistics. (2021, May). *NAEP 2021 School Survey: Highlights from May 2021 Results*. Retrieved from https://nces.ed.gov/nationsreportcard/subject/about/pdf/2021_may_school_survey_dashboard.pdf

⁴⁸⁸ U.S. Department of Health and Human Services. (2022, April). *HHS Protect Public Data Hub*. Learning Modalities Map. Retrieved from <https://protect-public.hhs.gov/pages/learning-modalities>; U.S. Bureau of Labor Statistics (2022). Table B-1. Employees on nonfarm payrolls by industry sector and selected industry detail [in thousands]. Retrieved from <https://www.bls.gov/webapps/legacy/cesbtab1.htm>

⁴⁸⁹ A State Education Agency is the state-level government organization primarily responsible for the State supervision of public elementary schools and secondary schools.

⁴⁹⁰ A Local Education Agency is the public board of education or other public authority within a state that maintains administrative control of public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a state.

⁴⁹¹ U.S. Department of Education, Office of Elementary & Secondary Education. (2022, February 7). *ARP-HCY State Plans*. Retrieved from <https://oese.ed.gov/offices/american-rescue-plan/american-rescue-plan-elementary-secondary-school-emergency-relief-homeless-children-youth-arp-hcy/arp-hcy-state-plans/>

⁴⁹² U.S. Department of Education, Office of Elementary & Secondary Education. (2022, March 8). *State Plans*. Retrieved from <https://oese.ed.gov/offices/american-rescue-plan/american-rescue-plan-elementary-and-secondary-school-emergency-relief/stateplans/>

⁴⁹³ *Ibid.*

⁴⁹⁴ U.S. Department of Education. (2021, June). *American Rescue Plan Elementary and Secondary School Emergency Relief (ESSER) Programs*. Maintenance of Equity (MOEquity) Requirements. Retrieved from <https://oese.ed.gov/files/2021/06/21-0099-MOEq-FAQs.-FINAL.pdf>

⁴⁹⁵ U.S. Department of Education, Office of Planning, Evaluation and Policy Development. (2021, February). *ED COVID-19 Handbook: Strategies for Safely Reopening Elementary and Secondary Schools*. Volume 1 - 2021. Retrieved from <https://www2.ed.gov/documents/coronavirus/reopening.pdf>; U.S. Department of Education, Office of Planning, Evaluation and Policy Development. (2021, April). *ED COVID-19 Handbook: Roadmap to Reopening Safely and Meeting All Students' Needs*. Volume 2 - 2021. Retrieved from <https://www2.ed.gov/documents/coronavirus/reopening-2.pdf>; U.S. Department of Education, Office of Planning, Evaluation and Policy Development. (2021, June). *ED COVID-19 Handbook: Strategies for Safe Operation and Addressing the Impact of COVID-19 on Higher Education Students, Faculty, and Staff*. Volume 3 - 2021. Retrieved from <https://www2.ed.gov/documents/coronavirus/reopening-3.pdf>; U.S. Department of Education. (2021, May). *Frequently Asked Questions: Elementary and Secondary School Emergency Relief Programs Governor's Emergency Education Relief Programs*. Retrieved from https://oese.ed.gov/files/2021/05/ESSER.GEER_FAQs_5.26.21_745AM_FINALb0cd6833f6f46e03ba2d97d30aff95326028045f9ef3b18ea602db4b32b1d99.pdf

⁴⁹⁶ U.S. Department of Education. (2022, January). *2022: Staying in School In-Person*. Retrieved from https://www2.ed.gov/pubs/COVID%20Guidance_Handout_Final_508.pdf

⁴⁹⁷ U.S. Department of Education. (2021, December 16). Dear Colleague Letter: Labor Shortages. Retrieved from https://oese.ed.gov/files/2021/12/21-0414.DCL_Labor-Shortages.pdf

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⁴⁹⁹ U.S. Department of Education. (2022, February 3). *Performance and Reporting*. American Rescue Plan Elementary and Secondary School Emergency Relief. Retrieved from <https://oese.ed.gov/offices/american-rescue-plan/american-rescue-plan-elementary-and-secondary-school-emergency-relief/performance-and-reporting/>

⁵⁰⁰ These national figures were estimated through an analysis of over 3,056 submitted school district plans collected by Burbio and analyzed by FutureEd, an educational think tank at Georgetown University's McCourt School of Public



Policy; FutureEd. (2022, February 24). *Financial Trends in Local Schools' Covid-Aid Spending*. Retrieved from <https://www.future-ed.org/financial-trends-in-local-schools-covid-aid-spending/>.

⁵⁰¹ U.S. Department of Health & Human Services. (2022, April). *HHS Protect Public Data Hub*. Learning Modalities Map. Retrieved from <https://protect-public.hhs.gov/pages/learning-modalities>

⁵⁰² Calculated using Average Monthly Counts from July through April of the 2017-18 and 2018-19 school years Current Population Survey Data

⁵⁰³ U.S. Department of Education. (2022). *Education Stabilization Fund- Elementary and Secondary School Emergency Relief Fund (ESSER I/ESSER II/ARP ESSER) Recipient Data Collection Form*. Retrieved from https://api.covid-relief-data.ed.gov/collection/api/v1/public/docs/ESSER%20Integrated%20Form_1_26_22.pdf

⁵⁰⁴ U.S. Department of Education. (2022). *Education Stabilization Fund (ESF) Transparency Portal*. Retrieved from <https://covid-relief-data.ed.gov/>



Individuals with Disabilities Education Act (Section 2014)

Part B and Part C of the Individuals with Disabilities Education Act (IDEA) authorize assistance to states to support the provision of special education and related services to children with disabilities and the provision and coordination of early intervention services for infants and toddlers with disabilities and their families, respectively. Section 2014(a) of the American Rescue Plan (ARP) provided more than \$3 billion in supplemental funding for Fiscal Year 2021 for three IDEA formula grant programs, Part B, Sections 611 and 619, and Part C.

Background

The Individuals with Disabilities Education Act (IDEA) has required states to provide a free appropriate public education (FAPE) to children with disabilities since 1975. Initially focused on school age children, the law was expanded in 1986 to provide access to early intervention services for infants and toddlers with disabilities and their families and to extend a free appropriate public education to preschool aged children with disabilities. Today, every state receives formula grants to provide early intervention services, K-12 education services, transition supports, and educator preparation funding for children with disabilities from birth through age 21.⁵⁰⁵ The law has four parts: Part A (general provisions), Part B (assistance for children ages 3-21), Part C (infants and toddlers with disabilities), and Part D (national activities).

IDEA was originally enacted to ensure access to education for children with disabilities, built on a series of court cases brought by families. The law was structured on the findings of the cases to provide: access, nondiscriminatory identification and evaluation, appropriate education, education in the least restrictive environment, due process safeguards, and parent participation. In addition, when the law was passed, Congress committed to covering 40 percent of the additional costs of educating children with disabilities in the K-12 setting (Part B), yet funding has continued to fall short at only approximately 14.6 percent of the additional costs in FY21. Because students with disabilities are general education students first, the shortfall of IDEA funding contributes to the comprehensive shortages in general education funding.

According to the most recent Report to Congress from the Office of Special Education Programs (OSEP) at the Department of Education, in 2019, there were 427,234 infants and toddlers ages birth through two years served under Part C.⁵⁰⁶ The same year, there were 806,319 children ages 3-5 served under Part B for pre-school services in the U.S. Under IDEA Part B, there were 6,472,061 students with disabilities ages 6-21 served in schools across the U.S. This number represents approximately 9.7 percent of the resident population ages 6-21. American Indian or Alaskan Native children, Black children, Hispanic/Latino children, and Native Hawaiian or Other Pacific Islander children were all more likely to be identified and served under IDEA than all other racial/ethnic groups. Funding for the three sections was as follows in FY21: Part B Sec. 611 \$12.94B, Part B Sec. 619 (pre-school) \$397.62M, and Part C \$481.85M. These funding amounts were only slight increases over the last several years, not keeping pace with inflation or increases in the number of children with disabilities served in states.

The COVID-19 pandemic exacerbated challenges states and school systems were facing in providing equitable, high-quality, and inclusive services to children with disabilities and their families. When many schools and early intervention providers closed during the initial months of the pandemic in 2020, many children with disabilities and their families lost vital, specialized services. Initial reports suggest that children with disabilities have faced significant regression



due to lack of services and inaccessible technology.⁵⁰⁷ In a national survey of public education's response to COVID, 58 percent of districts said it was more or substantially more difficult to comply with IDEA and provide instruction to children with disabilities than pre-pandemic.⁵⁰⁸

The same survey found that 73 percent of districts reported it was more difficult to provide accommodations for remote instruction and 61 percent reported it was more difficult to provide speech therapy during remote instruction. In addition, many children with disabilities were denied access to FAPE for months, while some schools and districts failed to identify students with disabilities and provide evaluations for academic support.⁵⁰⁹ In one large urban school district, more than 3,500 students did not receive a re-evaluation in the 2019-20 school year as required by IDEA.⁵¹⁰ In that same district in 2020-21, although some improvements were made, 230 students were waiting for an initial evaluation to begin receiving special education and related services. Achievement gaps have widened with districts reporting children with disabilities increasingly failed classes in the 2020-21 school year. These issues are further exacerbated by pervasive special education teacher shortages. A lack of special education teachers has been a growing need for decades, however, the number of states reporting shortages increased since the beginning of the pandemic. In the 2018-19 school year 45 states reported special education teachers as a shortage area. In the 2021-22 school year 51 states reported special education teachers as a shortage area.⁵¹¹ Districts are working to bring back retired staff and using teachers who are not certified in special education to teach students with disabilities, although IDEA requires full certification.⁵¹²

Program Overview

Throughout 2020, IDEA did not receive additional funding in the various COVID relief packages. ARP was the first COVID-19 relief funding specifically designed to directly support children with disabilities and their families with more than \$3 billion in supplemental funding to support the challenges described above. The program specific funding was:

- Part B Sec. 611—\$2.8 billion
- Part B Sec. 619 (Preschool grants)—\$200 million
- Part C (infants and toddlers and families)—\$250 million

ARP IDEA funding was distributed to states through statutory formulas in July 2021.⁵¹³ The Department of Education released accompanying guidance to clarify statutory and regulatory requirements of the funds given the nature of supplementary funding.⁵¹⁴ In particular, the guidance made clear that ARP IDEA funds are subject to the same requirements as federal fiscal year funding, including state reservations, prior approvals, and maintenance of effort. The funding is obligated through September 2023 and must be liquidated by end of January 2024.

ARP IDEA funds can be used for all allowable purposes under the law for Parts B and C. This includes hiring additional special education personnel, upgrading accessible technology in schools, procuring professional development for educators, acquiring new educational materials for classrooms, supporting transportation for children with disabilities, and funding before and after-school programs for children with disabilities. In addition, the funding can be used to address a backlog in screenings and evaluations of infants and toddlers with disabilities and to consider additional outreach and enrollment of new families within the state.



Major Efforts to Advance Equitable Implementation

While only seven months since funding was distributed, implementation of the ARP IDEA funds has been simplified due to the policy design. As noted previously, the policy was structured as a supplemental appropriation, providing additional funding through current funding formulas within the IDEA statute. The funding is subject to the same requirements as federal fiscal year funding.

Amplification of Funding and Release of Equity-Focused Guidance for Disability Community Stakeholders

A critical element of implementation has been amplification of the ARP IDEA funds for stakeholders, including of the availability of funding for states and districts and vast use of funds already allowable under IDEA to address the inequities exacerbated by the pandemic. To support these needs, the Office of Special Education Programs (OSEP) released multiple guidance documents to promote the use of funds. This includes establishing a webpage to house resources related to ARP IDEA funding.⁵¹⁵

The guidance included two documents on returning to school in August and September 2021, clarifying information on Part B for states and school districts on *child find* (to locate and evaluate children who might need more support), individualized education programs, and instructing students in the least restrictive environment.⁵¹⁶ **In October 2021, OSEP released guidance highlighting the importance of addressing the impact of the pandemic on the progress of infants and toddlers with disabilities and their families with a particular emphasis on children who have been disproportionately affected compared to their peers without disabilities.**⁵¹⁷ In all the guidance released, OSEP emphasized the importance of infant and toddlers with disabilities and their families receiving equitable access to high-quality early intervention services and children with disabilities receiving special education and related services in accordance with IDEA. OSEP provides technical assistance to states on implementation of the guidance and funding.

Robust Listening Sessions with Disability Stakeholders

In addition to releasing guidance to improve access and awareness of ARP IDEA funds, OSEP has engaged in robust stakeholder listening sessions. The sessions have provided OSEP with feedback on significant policy issues on IDEA more broadly and implementation during the pandemic. Key feedback topics included student behavior, transition to college and career, educator shortages, early childhood education, parental engagement, professional development, and supporting students with significant disabilities. In addition, feedback was gathered on use of ARP IDEA funding, and OSEP continues to provide technical assistance to states on using their funds.

Tracking Early Implementation to Determine Initial Uses of Funds for the Disability Community

Finally, surveys of early intervention professionals have gleaned insights into early implementation and important aspects of use of funds for Part C of IDEA. The 2021 Tipping Points Survey conducted by the IDEA Infant and Toddler Coordinators Association demonstrated that of the respondents to the survey (48 states) many are using ARP IDEA funds to focus on workforce capacity, child find efforts and public awareness campaigns, and develop or enhance data systems.⁵¹⁸ Other uses of funds include increasing access to technology,



supporting infants and toddlers with disabilities on social emotional issues, providing services, and increasing early childhood education service provider reimbursement.

The Road Ahead

States and school districts are only in the preliminary stages of use of funds, but the initial reports described above are promising. In order to gather more information, OSEP has plans to leverage IDEA's robust annual reporting requirements. Each state is required to submit a performance plan/annual performance report to the Secretary each year describing how the state is meeting the requirements of IDEA. Information about the implementation of IDEA across the country is compiled into an annual report to Congress on the indicators required for reporting which include children served, educational environments, participation and performance in state assessments, information regarding educators, dispute resolution claims, and early intervention services provided. The most recent annual report to Congress was released in January 2022.⁵¹⁹

In addition, states must examine representation of racial and ethnic groups receiving special education and related services that is the result of inappropriate identification, and states must report data on significant discrepancies in suspension and expulsion based on race and ethnicity. This reporting stems from the requirements of the Equity in IDEA regulation, which requires an examination of data to determine if significant disproportionality based on race and ethnicity may be occurring in the state and districts.⁵²⁰ Although there is not separate reporting for ARP IDEA funds, as this reporting is annual, comparisons can be made to the years in which states had ARP funding and the years in which they did not.

Looking forward, data on child find efforts, evaluations, access to services, and educator support will be critical to continue assessing the success of ARP IDEA funds and impact on children with disabilities.

⁵⁰⁵ In this report, the term "state" has the meaning from Sec. 603 of IDEA: The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and each of the outlying areas.

⁵⁰⁶ U.S. Department of Education. (2022, January). *43rd Annual Report to Congress on the Implementation of the Individuals with Disabilities Education Act, 2021*. Retrieved from <https://sites.ed.gov/idea/files/43rd-arc-for-idea.pdf>

⁵⁰⁷ Morando-Rhim, L., & Ekin, S. (2021, August). *How Has the Pandemic Affected Students with Disabilities? A Review of the Evidence to Date*. Retrieved from <https://www.centerforlearnerequity.org/wp-content/uploads/How-Has-the-Pandemic-Affected-Students-with-Disabilities.pdf>

⁵⁰⁸ Jackson, D., & Bowdon, J. (2020, October). *Research Brief: Spotlight on Students with Disabilities*. National Survey of Public Education's Response to COVID-19. Retrieved from <https://www.air.org/sites/default/files/COVID-Survey-Spotlight-on-Students-with-Disabilities-FINAL-Oct-2020.pdf>

⁵⁰⁹ National Council on Disability. (2021, October 29). *The Impact of COVID-19 on People with Disabilities*. Retrieved from https://ncd.gov/sites/default/files/NCD_COVID-19_Progress_Report_508.pdf; Belsha, K. (2021, September 1).

Educators see struggling students. After a pandemic year, do they need extra help or services for a disability? Retrieved from <https://www.chalkbeat.org/2021/9/1/22652245/students-with-disabilities-identification-pandemic>

⁵¹⁰ Smylie, S. (2021, August 3). *Chicago fell behind on plans for students with disabilities during COVID-19. New data show the depth of the problem*. Retrieved from <https://chicago.chalkbeat.org/2021/8/3/22602388/iep-plans-chicago-special-education-students-disability-expired-covid>

⁵¹¹ U.S. Department of Education. (2022). *Teacher Shortage Areas*. Retrieved from <https://tsa.ed.gov/#/reports>

⁵¹² Morris, A. (2021, September 17). *Parents of Students with Disabilities Try to Make Up for Lost Year*. Retrieved from <https://www.nytimes.com/2021/09/17/nyregion/special-needs-children-coronavirus-pandemic.html>

⁵¹³ U.S. Department of Education. (2021, July 1). *U.S. Department of Education Releases More than \$3 Billion in American Rescue Plan Funds to Support Children with Disabilities*. Archived Information. Retrieved from <https://www.ed.gov/news/press-releases/us-department-education-releases-more-3-billion-american-rescue-plan-funds-support-children-disabilities>



⁵¹⁴ U.S. Department of Education. (2021). *U.S. Department of Education Fact Sheet: Section 2014 of the American Rescue Plan Act of 2021 and the Individuals with Disabilities Education Act*. Retrieved from <https://www2.ed.gov/policy/speced/leg/arp/arp-idea-fact-sheet.pdf>

⁵¹⁵ U.S. Department of Education. (2021, July 1). *IDEA American Rescue Plan Funds*. Retrieved from <https://www2.ed.gov/policy/speced/leg/arp/index.html>

⁵¹⁶ U.S. Department of Education, Office of Special Education and Rehabilitative Services. (2021, August 24). Return to School Roadmap: Child Find Under Part B of the Individuals with Disabilities Education Act. Retrieved from <https://sites.ed.gov/idea/files/rts-qa-child-find-part-b-08-24-2021.pdf>; U.S. Department of Education, Office of Special Education and Rehabilitative Services. (2021, September 30). *Return to School Roadmap: Development and Implementation of Individualized Education Programs in the Least Restrictive Environment under the Individuals with Disabilities Education Act*. Retrieved from <https://sites.ed.gov/idea/files/rts-iep-09-30-2021.pdf>; Child Find is a component IDEA that requires States and Local Education Agencies (school districts and charter schools) to identify, locate, and evaluate all children with disabilities residing in the State, regardless of the severity of their disabilities, and who are in need of special education and related services.

⁵¹⁷ U.S. Department of Education. (2021, October 29). *Return to School Roadmap: Child Find, Referral, and Eligibility Under Part C of the Individuals with Disabilities Education Act (IDEA)*. Retrieved from <https://sites.ed.gov/idea/files/QA-on-Child-Find-10-29-2021.pdf>

⁵¹⁸ IDEA Infant & Toddler Coordinators Association. (2021, December). *2021 Tipping Points Survey: Demographics, Challenges and Opportunities*. Retrieved from <https://www.ideainfanttoddler.org/pdf/2021-Tipping-Points-Survey.pdf>

⁵¹⁹ U.S. Department of Education. (2022, January). *43rd Annual Report to Congress on the Implementation of the Individuals with Disabilities Education Act, 2021*. Retrieved from <https://sites.ed.gov/idea/files/43rd-arc-for-idea.pdf>

⁵²⁰ Ideas that Work. (n.d.). *Disproportionality and Equity: Resources from the Federal Department of Education*. Retrieved from <https://osepideasthatwork.org/federal-resources-stakeholders/disproportionality-and-equity>



Higher Education Emergency Relief Fund (Section 2003)

The American Rescue Plan provides \$39.6 billion for the Department of Education to make grants to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. This historic infusion of funding remains available through FY 2023,

Background

Institutions of higher education (IHE) were deeply impacted by the COVID-19 pandemic, causing many to close their campuses and shift to virtual learning for months or longer, directly impacting students, staff and faculty across the country. The pandemic also created and exacerbated several challenges for students and IHEs, including those linked to historical funding inequities across institutions. These challenges include student finances and basic needs, mental health, and college enrollment and completion.

A survey from Spring 2020 found that 66 percent of students were reporting more financial stress.⁵²¹ Nationally, as unemployment increased, Black and Latino workers remained more likely to be unemployed compared to all workers.⁵²² Students also reported part-time job losses or reductions in pay, with those identifying as Pacific Islander or Native Hawaiian, Middle Eastern, or Black nine to ten percentage points more likely than White students to lose part-time work, or have their hours or pay cut.⁵²³

These destabilizing changes in the employment landscape for students exacerbated existing financial challenges they faced prior to the pandemic. One survey of nearly 200,000 college students in 42 states found that nearly 58 percent of students faced food or housing insecurity or homelessness, with the highest rates among community college students.⁵²⁴ Students of color were more likely to face basic needs insecurity, with 75 percent of Indigenous, 70 percent of Black, and 70 percent of American Indian or Alaska Native students reporting food insecurity, housing insecurity, and homelessness.⁵²⁵

The pandemic also exacerbated the already growing mental health challenges young adults are facing. A 2021 survey found that 13 percent of college students reported suicidal ideation, up nearly two percent from 2019.⁵²⁶ Students have also reported their mental health has negatively impacted their academic performance.⁵²⁷ For instance, a survey of Historically Black Colleges and Universities (HBCUs) students reported that 44 percent had their grades impacted by pandemic-related stress.⁵²⁸

As many colleges shifted from in-person to remote instruction, the magnitude and stark inequities of the digital divide were immediately apparent. One in five students reported technological barriers, such as lack of laptops or high-speed internet.⁵²⁹ Higher rates of technological barriers were reported for low-income students, students of color, and students in rural communities.⁵³⁰ Meanwhile, many faculty members felt unprepared for teaching online; nearly one-half had never taught an online class before.⁵³¹

These multiple challenges facing students and faculty were associated with enrollment declines of more than 550,000 undergraduate students in 2020, with the steepest declines at community colleges.⁵³² Rates of enrollment decline at public two-year colleges were highest among Black, Hispanic, American Indian or Alaskan Native, and Native Hawaiian or other Pacific Islander students.⁵³³ Postsecondary enrollment among high school graduates also steeply declined by almost 22 percent, with steeper declines from high minority and high poverty high schools,



meaning that high school graduates of color and low-income high school graduates were disproportionately forgoing college.⁵³⁴

Even before the pandemic, state investment in public higher education had not recovered from levels prior to the Great Recession of 2007 to 2009. As a result, public colleges and universities—which serve three out of four students enrolled in postsecondary education—entered the pandemic with historically low per-student funding.⁵³⁵ Many colleges, and especially those that are intended to expand access, such as community colleges, HBCUs, and Tribal Colleges and Universities (TCUs), were already underfunded and felt acute pain from impacts of the pandemic.

Program Overview

Through ARP, HEERF provided \$39.6 billion to help IHEs prevent, prepare for, and respond to the coronavirus and to help students stay enrolled and on track to graduate. **IHEs receiving funds were required to allocate approximately half toward emergency financial aid grants to students.** The Department expects that significantly more will ultimately be allocated for that purpose.

HEERF was designed to prioritize institutions with the greatest need in several ways. HEERF funds were distributed to institutions in part based on Pell receipt, which helped target aid towards institutions serving low-income students. HEERF also included dedicated funds directed toward HBCUs, TCUs, and Minority-Serving Institutions, and funding for other under-resourced institutions.

As a result, ARP made one of the largest single investments in institutional and student grants at IHEs educating students whose communities were most acutely affected by the pandemic, including:

- More than \$10 billion to community colleges
- More than \$2.6 billion to HBCUs
- Approximately \$190 million to TCUs
- Approximately \$11 billion to Hispanic-serving institutions (HSIs)
- \$5 billion to Asian American and Native American Pacific Islander-serving institutions
- Almost \$1 billion to Predominantly Black Institutions (PBIs)

There is growing evidence that HEERF is helping address many of the challenges exacerbated by the pandemic and has been critical to supporting institutions and students throughout the pandemic. Among a survey of college presidents, HEERF enabled:

- 93 percent of colleges to provide emergency scholarships to students at risk of dropping out;
- 88 percent of colleges to purchase COVID-19 tests, conduct health screening, and meet other urgent public health needs;
- 81 percent of colleges to keep student prices similar to pre-pandemic levels;



- 80 percent of colleges to provide students with electronic devices and Internet access helping them stay enrolled and connected to faculty; and
- 70 percent of colleges to continue to employ faculty, staff, and other employees otherwise at risk of unemployment.⁵³⁶

There were a number of additional ways ARP HEERF advanced equity and support for underserved communities. These include

Accounting for Need: ARP accounts for institution needs by 1) counting part-time students in allocation formulas, which helped community colleges that serve a large population of working adults, parents, and people of color; and by 2) distributing relief based in part on Pell receipt, which helps target aid toward institutions that serve large populations of low-income students. According to the National Center for Education Statistics (NCES), 65 percent of students that attended community colleges in 2019 attended part-time. Community colleges serve diverse populations, where 44 percent of their students are 25 and older. In 2016, over a quarter of students enrolled at community colleges had one or more dependents.

Providing Significant Direct Aid to Students with Exceptional Needs: ARP invested \$18 billion in direct emergency grant aid to students. This level of investment in emergency student financial aid is unprecedented and more than doubles the amount provided in previous COVID relief funding. Moreover, because funds were allocated to institutions in part based on Pell receipt, these funds were targeted towards institutions that serve large populations of low-income students. Legislation provided broad eligibility with few restrictions and broad discretion to institutions to best determine how to distribute aid based on their unique student populations. Emergency aid has assisted students in meeting basic needs including food, housing, child care, and education assistance to support retention and completion.

Issuing a Directive to Conduct Outreach to Students Who May be Eligible for Additional Aid: ARP included a requirement that institutions use a portion of their institutional funds to conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student. This directive ensures that students and families facing loss of income receive additional aid and supports for retention and completion. While unemployment impacted groups across the board, it was particularly acute for Blacks and Latinos, who held about 12 percent fewer jobs from February 2020 to August 2020, compared to a seven percent decline for Whites.

Dedicating Funding for Institutions with the Greatest Need: ARP, like previous HEERF legislation, included an additional percentage of funds to be distributed to institutions with the greatest need. This funding allows the Department of Education some discretion in providing additional grants to institutions with needs that are not fully covered by other funds, such as institutions serving a high percentage of low-income students hardest hit by the pandemic, resulting in enrollment declines.

Accounting for Endowments Among HBCUs: Legislation distributed funding for HBCUs in part based on the size of their endowments to ensure that under-resourced HBCUs received an equitable share of funding.

Providing Additional Funding for Program Administration: ARP, like previous HEERF legislation, provided additional funds dedicated toward hiring Department of Education staff to administer the grant programs. This funding has gone toward creating the Emergency Response



Unit to administer and oversee HEERF aid. The Emergency Response Unit consists of 28 staff who are responsible for the administration of HEERF. ARP funding allowed for additional staffing through 2024.

Major Efforts to Advance Equitable Implementation

To inform equitable HEERF implementation, the Department of Education conducted several listening sessions early on in the Administration to understand institutions' needs related to the pandemic and help inform guidance. These sessions included HBCU, MSI, and TCCU associations, civil rights organizations, student organizations, and associations focused on basic needs and campus health.

In implementing HEERF under ARP, the Department leveraged this feedback to set several internal priorities and areas of focus to ensure equitable delivery of funds, including: 1) prioritizing institutions with the greatest need; 2) ensuring equitable access to emergency aid for students; 3) addressing systemic barriers to retention and completion exacerbated by the pandemic; and 4) ensuring that funds were disbursed to students and institutions expeditiously, including institutions serving communities of color.

Prioritizing Institutions and Students with the Greatest Need

ARP made historic investments in our nation's institutions that educate students who come from communities most affected by the pandemic. As discussed above, HEERF was designed to prioritize institutions with the greatest need. In its implementation of the HEERF program, the Department of Education set a strategic goal of distributing aid quickly to help all students, including underserved students, in navigating the challenges of the pandemic.

Under the Department's distribution of ARP, funds were first disbursed to institutions serving students with the greatest need – like community colleges, Tribal Colleges, HBCUs, and other MSIs. In addition to distributing the funds expeditiously, the Department held briefings with college and association leaders on the HEERF program, which reached more than 3,000 colleges and 75 federal or state associations to inform program implementation.

In July 2021, the Department released \$2.97 billion from ARP which provided \$1.6 billion to HBCUs, \$143 million to TCUs, and another \$1.19 billion to MSIs and under-resourced institutions eligible for the Strengthening Institutions Programs, many of which are community colleges.

At the same time, the Department announced funding for institutions with the greatest need authorized under previous pandemic stimulus funding (i.e. CRRSAA and CARES Act).

The Department is also dedicating HEERF ARP funding to institutions and students with high need, consistent with equitable implementation principles. In February 2022, the Department announced applications for Supplemental Support under the American Rescue Plan (SSARP)—the final \$198 million of ARP HEERF funding and the only funding not allocated by formula. The Department decided to focus this program on community colleges and rural institutions of higher education serving a high population of low-income students and experiencing enrollment declines, in order to prioritize institutions and students with high need.⁵³⁷

Expanding Equitable Access to Emergency Aid

To administer HEERF equitably—as Congress intended—the Department of Education issued a final rule in May 2021 that expanded equitable access to emergency student financial aid to all



students, not just those that are eligible for student aid (Title IV-eligible). Under this rule, all students who are or were enrolled in an institution during the national emergency are eligible for emergency financial aid grants from HEERF, regardless of whether they completed a FAFSA or are eligible for Title IV aid programs.⁵³⁸ Through this decision, the Administration aided a larger number of economically disadvantaged students, veterans, and active-duty service members, as well as numerous others who are unable to submit the FAFSA.

The new regulation and associated guidance direct colleges to prioritize students with exceptional need and with extraordinary financial circumstances regardless of citizenship.

To ensure institutions used the funds effectively and prioritized students with exceptional need in awarding emergency financial aid grants to students, the Department also created annual and quarterly reporting requirements, which, in part, helps hold institutions accountable.

Addressing Barriers to Retention and Completion, Particularly for Underserved Students

The Department has provided guidance that enables institutions to use HEERF to eliminate barriers and promote student retention and completion, particularly barriers for underserved students that were further exacerbated by the pandemic.

- **Prohibition on Conditions for Emergency Financial Aid Grants:** To achieve the goal of equitable access to emergency financial aid grants to support retention and completion, the Department released Frequently Asked Questions noting that institutions are prohibited from placing other restrictions on students in determining need and distributing grants, such as conditioning the receipt of emergency financial aid grants to students on continued or future enrollment; establishing minimum GPA requirements; and imposing other academic, athletic performance, or good standing requirements.⁵³⁹
- **Advancement of Student Retention and Completion, Including Removing Financial and Administrative Barriers:** Additional guidance published in May 2021, and updated periodically, offered examples of how to use HEERF dollars to employ practices proven to advance student retention and completion. For example, the Department suggested that institutions discharge outstanding institutional debt or unpaid balances, which have been shown to result in students leaving college prematurely and, also hinders their ability to transfer to another college or get a job that could help pay-off any outstanding balances. Over 150 institutions and counting, and particularly community colleges and HBCUs, have used HEERF funds in this way.⁵⁴⁰ Others have taken steps to eliminate unnecessary practices like transcript withholding that hinder student completion, transfer, and employment.
- **Best Practices to Support Students' Basic Needs:** In January 2022, the Department released guidance with a goal of assisting institutions in using institutional grants to support students' basic needs.⁵⁴¹ The guidance document provides examples of ways institutions can make initial investments into basic needs supports for students and expand the reach of existing basic needs supports to continue to help students navigate financial challenges as a result of the COVID-19 pandemic, including insecurity with housing, food, transportation, and child care.

As a result of this guidance, institutions are adopting practices that are helping address underserved students and students with the greatest needs.



- **CUNY** announced \$125 million in relief committed toward discharging unpaid balances of at least 50,000 students.⁵⁴² In addition, they are stopping their long-held practice of holding transcripts so students can better transfer to new programs or gain employment. They also announced a suspension of their rules on barring re-enrollment for unpaid balances. These practices aid in retention and completion, particularly for the most underserved students.
- **Trinity Washington University** announced \$2.3 million to clear balances for over 500 students, suspended its policy barring students with balances over \$4,000 from re-enrolling, and is reconsidering its policy on stranded credits after analysis showed the college lost 200-300 students a year due to unpaid balances.⁵⁴³
- Spurred by the disbursement of HEERF funding, a focus on the practice of transcript withholding and its impact on students has continued to increase throughout the pandemic. **Ivy Tech Community College** recently announced it would make transcripts available to all students, regardless of whether the student owes a balance to the college, noting that existing research suggests students who are most in need are disproportionately affected by transcript hold policies.⁵⁴⁴

Increasing Awareness and Providing Technical Assistance, Including for Institutions Serving Communities of Color

The Department has worked to provide comprehensive guidance to institutions on allowable uses of funds and encourage an equitable recovery through FAQs, webinars, presentations, ongoing technical assistance, and in all public speeches and presentations.

The Department has conducted 14 sector- and issue-specific briefings, reaching more than 3,000 colleges and 75 federal or state associations and over 21,000 participants in total, including 3,800 attendees in a recent technical assistance webinar on quarterly reporting. Among these, the Department held dedicated sessions for leaders from the TCUs, HBCUs, MSIs, and community college sectors to discuss and highlight issues that were of particular interest to them.

In March 2022, the Department also conducted three individual community-focused listening sessions with membership associations and TCUs, MSIs, and HBCUs directly impacted by legislative changes in order to inform guidance on the expanded use of funds to include construction and real property.

The Road Ahead

The Department will focus resources on distributing the last \$198 million of HEERF ARP funding from SSARP, with awards to institutions in late spring 2022. To prioritize institutions and students with high need, SSARP focuses primarily on community colleges and rural institutions of higher education serving a high population of low-income students and experiencing enrollment declines to prioritize institutions and students with high need.

The Department is also considering additional guidance that may help institutions spend remaining funds in order to continue to meet student needs, such as addressing student mental health, and providing additional support for students to promote retention and completion.

The Department's Education Stabilization Fund transparency portal provides the public with consistently updated information on HEERF and other federal pandemic recovery funding.⁵⁴⁵



These data are built from the HEERF Annual Report, a report that every IHE that received HEERF funds is required to complete. In addition, institutions are required to submit quarterly reports on student aid and institutional expenditures that are posted on institution's websites.

The Department is releasing an updated and improved version of the annual and quarterly reports in 2022. The new form will provide more granular and valuable data on how institutions are investing these essential funds. This will include disaggregated demographic data on the students that received these funds and specific metrics on how these funds were used to support students. Institutions will begin reporting annual data in April 2022 with public data available in Summer 2022. These data will provide additional information on equitable implementation.

⁵²¹ The Healthy Minds Network. (2020). *The Impact of COVID-19 on College Student Well-Being*. Retrieved from https://healthymindsnetwork.org/wp-content/uploads/2020/07/Healthy_Minds_NCHA_COVID_Survey_Report_FINAL.pdf

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Extension and Expansion of Pandemic EBT (Section 1108)

Pandemic Electronic Benefits Transfer (P-EBT) was authorized in March 2020 under section 1101 of the Families First Coronavirus Response Act (FFCRA). As originally enacted, P-EBT provided benefits to families to replace the value of free or reduced-price school meals lost as a result of the pandemic-related closure of their children’s schools. Two amendments to the FFCRA in October and December 2020 expanded the program to cover certain children in child care, and extended benefits to children in all U.S. territories.⁵⁴⁶ The American Rescue Plan expanded P-EBT to cover the summer months, extended P-EBT through the end of the COVID-19 public health emergency and allowed territories that do not operate the Supplemental Nutrition Assistance Program (SNAP) to provide P-EBT to children in child care.

Background

At the outset of the pandemic in the spring of 2020, virtually all U.S. public schools closed their doors to in-person instruction.⁵⁴⁷ Although many schools adopted mixed in-person/remote schedules at the start of school year 2020-2021, others remained fully virtual for the entire school year. In either case, the transition away from full-time in-person instruction significantly limited children’s access to meals at school for more than a year. While nearly all schools have brought students back to campus in school year 2021-2022, occasional school closures and individual student quarantines mean that children’s access to meals at school remains challenged.

Prior to the pandemic, average daily participation in the National School Lunch Program (NSLP) reached nearly 30 million children.⁵⁴⁸ Almost three quarters of those children qualified for free or reduced-price school meals.⁵⁴⁹ In the months immediately after the start of the pandemic, children’s access to USDA-funded meals dropped sharply. Although school districts commonly took advantage of USDA flexibilities to provide meals for parent pick-up (and even home delivery) to supplement their much-diminished school meal programs, these efforts alone could not make up for the reduction in meals served to children at school. Taken together, the number of lunches served at school and through these alternative methods was 30 percent lower in April 2020 than the number of lunches served at school in April 2019.⁵⁵⁰ A full year later in April 2021, lunches served still fell 20 percent short of the April 2019 figure.

Historically, children from low-income families and children of color take advantage of their schools’ lunch and breakfast programs at much higher rates than their higher-income and White peers. A major pre-pandemic USDA study of the National School Lunch and School Breakfast Programs found that lunch participation among children with incomes at or below 185 percent of the federal poverty level was 81 percent, while lunch participation by children with incomes above that threshold was 42 percent. For school breakfast, participation by children with lower incomes was nearly 43 percent, while participation by higher-income children was just 13 percent. The study also found that participation by children identified as “Black, non-Hispanic” was 73 percent for lunch and 46 percent for breakfast, compared to 49 percent and 18 percent respectively for “White, non-Hispanic” children.⁵⁵¹ Given these disparities in pre-pandemic participation rates, there is little question that school closures, quarantines, and remote learning presented a particular risk for children from these historically disadvantaged groups.⁵⁵²

Child care providers responded in a manner similar to schools at the start of the pandemic. Facility closures as well as quarantines and restrictions on operating capacity that began in the spring of 2020, and continue in some areas, have reduced children’s access to care and the meals



offered by their child care providers. Lunches served by family day care home providers and child care centers that participate in USDA's Child and Adult Care Food Program reported a 68 percent reduction in lunches served in April 2020 compared to April 2019. Although these providers reported a significant recovery by April 2021, lunches served remained 26 percent below the number reported for April 2019.⁵⁵³

Program Overview

The Families First Coronavirus Response Act (FFCRA) created P-EBT as a state-administered emergency program at the outset of the COVID health emergency in March 2020. As amended prior to ARP, the program distributed cash benefits on EBT cards, redeemable for food, to households with children whose access to meals at school or through their child care providers was compromised due to the closure or reduced operating hours of those institutions. States administer P-EBT through plans that they develop and submit to USDA for review and approval. By design, P-EBT requires coordination between the state agencies that administer the Supplemental Nutrition Assistance Program (SNAP) and the agencies that oversee the operation of the NSLP. P-EBT also depends on the cooperation of the states' school districts who possess most of the critical data necessary to identify eligible children and to set benefit levels. Given the significant state and local effort necessary to develop a P-EBT plan and to administer the program, USDA's early goal for P-EBT had been to ensure that every state participated.

By the end of fiscal year 2020 (the expiration date of the program as initially enacted), all 50 states, the District of Columbia, and the U.S. Virgin Islands had distributed nearly \$11 billion in food aid to support nearly 30 million children through P-EBT programs.

With the start of school year 2020-2021, and the first significant amendment to the P-EBT provisions in the FFCRA, USDA released new guidance to states and began accepting a new round of state plans.⁵⁵⁴ These plans included separate components for school children and children in child care. They also took advantage of significant flexibilities to simplify program administration. Ultimately, USDA approved school year 2020-2021 P-EBT plans for *school children* for all states, the District of Columbia, and every eligible territory. While USDA approved plans to serve children in child care for every state and territory that submitted a plan, three states and two territories elected not to submit child care plans for school year 2020-2021. States estimated that their school year 2020-2021 plans would ultimately provide benefits worth \$31 billion to 34 million school-age children and younger children in child care.

Despite the extraordinary benefit delivered by P-EBT in its first year of implementation, Congress recognized that gaps remained. **In response, ARP extended P-EBT through the end of the federal COVID-19 public health emergency and sought to close these gaps in the following ways:**

Expanded Access to Territories: ARP guarantees that low-income pre-school-age children in Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands have access to P-EBT benefits on the same terms as children in all other states and territories. Through a technical fix ARP extended P-EBT benefits to preschool-age children in the territories that operate a USDA grant-funded Nutrition Assistance Program in lieu of SNAP.

Established Summer P-EBT: ARP authorizes USDA to approve extensions of states' school year P-EBT plans for up to 90 days in the summer months. Long before the pandemic, low-income families with children faced an increased risk of food insufficiency in the summer



months.⁵⁵⁵ USDA’s Summer Food Service Program (SFSP) offers free meals through partner organizations across the country, but it reaches just a small fraction of children who qualify for free or reduced-price meals during the school year. In the summer of 2019, average daily attendance at SFSP sites was 2.7 million children, or just 12 percent of average daily participation of children eligible for free or reduced-price meals during school year 2018-2019.⁵⁵⁶ Lack of access to the program—particularly in rural areas, where distance and transportation challenges make it difficult to establish sites that meet the congregate feeding requirement—has been a longstanding concern. ARP simplified the eligibility requirements for summer P-EBT relative to P-EBT eligibility during the school year. All school children eligible for free or reduced-price meals, and all SNAP-enrolled children under age six are deemed categorically eligible for summer benefits. **As a result, states were able to issue P-EBT cards (or add benefits to existing cards) to well over 30 million children in the summer of 2021—a greater than tenfold increase that significantly reduced summer hunger.**

Major Efforts to Advance Equitable Implementation

- **Releasing Guidance for Quick Implementation:** To improve the distribution and efficiency of P-EBT benefits to eligible children, USDA released a set of Summer P-EBT Q&As and developed a simple P-EBT summer plan template—allowing states to elect a USDA-determined standard benefit.⁵⁵⁷ This standard benefit relieves states of the challenge of having to determine their own benefit levels based on state-specific school district calendars.⁵⁵⁸
- **Simplifying Program Administration to Reduce Administrative Burdens and Ensure Access to Students:** Many schools operated under “hybrid schedules” in school year 2020-2021, where students attended school in-person on some days and virtually on other days. Rather than issue different P-EBT benefit levels for children with different hybrid schedules, most states elected to issue a single benefit to these children that reflected the average number of virtual learning days in schools with hybrid schedules. This simplification served to reduce the administrative burden on states and school districts (an important consideration in a very challenging school year) and may have served to speed the delivery of benefits in some states. P-EBT’s child care benefit is intended to replace meals by children whose access to child care is limited by the pandemic. Because states generally do not have access to child care attendance data of sufficient quality to calculate benefits at the child level, the FFCRA allows states to use local school operating status as a proxy for children’s access to child care. This accommodation served to ensure broad access to P-EBT.
- **Leveraging Existing Data to Increase Program Access to Eligible Students:** Most states have distributed P-EBT benefits to eligible children automatically, using existing datasets maintained by the states’ SNAP and Child Nutrition agencies. States that distributed benefits based on existing contact information in their SNAP and student information systems in school year 2020-2021 were able to distribute benefits automatically, without imposing an additional application burden on families. However, many of these states were faced with significant volumes of returned mail. In response, states invested considerable time and effort to locate the intended beneficiaries. Nevertheless, the lack of reliable address data poses a disproportionate risk to homeless children or children in families with less stable housing.



- **Addressing Data Gaps:** Most state P-EBT school plans rely on individual school districts to submit student-specific eligibility data to the state. Inevitably, states struggle to collect data from some districts, which sometimes results in the delay or even denial of benefits to children from those districts. Informal feedback from states suggests that the failure to provide data is more common among smaller districts. This places students in smaller districts (e.g. rural or poorly funded districts) at disproportionate risk of benefit delay or denial. With USDA encouragement, states have invested considerable effort to ensure the cooperation of all school districts with potentially eligible children. When that fails, USDA has routinely approved state requests to issue benefits to children who were missed by the states' prior year P-EBT programs.
- **Using Federal Funds to Support State and Local Program Administration and Advance Equitable Outcomes:** The FFCRA provides full administrative funding for the administration of P-EBT by state and local agencies.⁵⁵⁹ Given the task of establishing a new state-administered program that required the collection and transfer of new data across state and local agencies, the availability of administrative funding for state and local administrative expenses has been essential to the successful operation of P-EBT in many states.⁵⁶⁰ Although it is difficult to assess the impact of federal administrative funding on ensuring or advancing equitable outcomes, the expenses claimed by states suggest that the impact was substantial. For example, almost all states claimed reimbursement for their P-EBT outreach, communication, and promotion efforts.

These efforts, in combination with the states' investments in customer service operations and call centers, were essential in addressing many of the risks to the vulnerable or traditionally underserved communities discussed above. For example, the states' outreach and customer service efforts helped households navigate their states' application processes, which can be a particular challenge for households with non-English speakers or households without access to the internet. Similarly, these services helped households resolve problems with undelivered EBT cards, a particular risk for children in households with less stable housing.

Other states used P-EBT administrative funds to build new systems for the states' school districts to report student information to the state. The development of new centralized reporting systems served to standardize the collection of student data across the state, an outcome that likely lessened the risk of misreporting by under-resourced districts relative to better funded districts.

The Road Ahead

USDA has engaged extensively with all states during the development and review of their P-EBT plans. This includes communication with state agency staff and senior State officials. USDA also maintains routine contact with the EBT processors that are essential to the States' P-EBT programs. Because the statute requires states to have an approved P-EBT plan for the preceding school year (for school-age children or for children in child care) in order to offer Summer P-EBT, USDA has collaborated with the U.S. Department of Education and White House to encourage states to submit P-EBT plans. As of April 27, USDA has approved plans for 25 states that would make them eligible to operate Summer P-EBT for Summer 2022; USDA is continuing to work with states to increase the number of approved plans, including conducting outreach to the states that have yet to submit.



Engagement with the states and their contractors is USDA’s most important ongoing source of feedback on the immediate and long-term challenges of administering P-EBT, and on the states’ efforts to overcome those challenges. From these engagements, some states highlight that they spend a disproportionate amount of their time collecting eligibility data from small school districts, private schools, residential childcare institutions, and Bureau of Indian Education (BIE) schools. This highlights the special challenge of ensuring access by children in under-resourced districts compared to children in large districts with greater staff resources and better student information systems. USDA will continue working with states to address these challenges.

⁵⁴⁶ The October 2020 *Continuing Appropriations Act, 2021 and Other Extensions Act* extended P-EBT through the end of fiscal year 2021, expanded the program to include low-income children in child care, provided new flexibility to help states identify eligible children and set benefit levels, provided full administrative funding to state agencies, and made P-EBT available to eligible children in Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands. The December 2020 *Consolidated Appropriations Act, 2021* provided additional flexibility to states to simplify P-EBT administration and extended administrative funding to schools and other local agencies.

⁵⁴⁷ See, for example, Zviedrite, N., Hodis, J. D., Jahan, F., Gao, H., & Uzicanin, A. (2021). COVID-19-associated school closures and related efforts to sustain education and subsidized meal programs, United States, February 18–June 30, 2020. *PLOS ONE*, 16(9). <https://doi.org/10.1371/journal.pone.0248925>

⁵⁴⁸ See Table 3 in the September 2020 USDA Keydata report: U.S. Department of Agriculture, Food and Nutrition Service. (2021, January 27). *September 2020 Keydata Report*. Retrieved from <https://www.fns.usda.gov/data/september-2020-keydata-report>

⁵⁴⁹ *Ibid.*; see Table 4.

⁵⁵⁰ See the number of NSLP lunches served in April 2019, April 2020, and April 2021 in Table 4, and lunches served for the same months through the Summer Food Service Program in Table 16a in the Keydata reports for [September 2020](#) and [September 2021](#): U.S. Department of Agriculture, Food and Nutrition Service. (2021, January 27). *September 2020 Keydata Report*. Retrieved from <https://www.fns.usda.gov/data/september-2020-keydata-report>; U.S. Department of Agriculture. (2021, December 10). *September 2021 Keydata Report*. Retrieved from <https://www.fns.usda.gov/data/september-2021-keydata-report>

⁵⁵¹ Data for school year 2014-2015. See Tables 2.2 and 2.4: U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support, *School Nutrition and Meal Cost Study, Final Report Volume 4: Student Participation, Satisfaction, Plate Waste, and Dietary Intakes* by Mary Kay Fox, et al., 2019. <https://fns-prod.azureedge.net/sites/default/files/resource-files/SNMCS-Volume4.pdf>

⁵⁵² USDA’s *School Nutrition and Meal Cost Study* (see previous footnote) found that school lunch participation by children in urban schools and school districts was somewhat lower, holding other factors constant, than lunch participation by children in suburban and rural schools and school districts. However, the study found no significant differences in breakfast participation by urbanicity. See volume 4, pages 61 and 66.

⁵⁵³ See Table 13a of USDA’s Keydata reports for [September 2020](#) and [September 2021](#): U.S. Department of Agriculture, Food and Nutrition Service. (2021, January 27). *September 2020 Keydata Report*. Retrieved from <https://www.fns.usda.gov/data/september-2020-keydata-report>; U.S. Department of Agriculture. (2021, December 10). *September 2021 Keydata Report*. Retrieved from <https://www.fns.usda.gov/data/september-2021-keydata-report>

⁵⁵⁴ USDA issued school year 2021 P-EBT guidance to states in the form of Q&As and state plan templates in November 2020 (following enactment of the October 1, 2020 *Continuing Appropriations Act 2021 and Other Extensions Act*), January 2021 (following enactment of the December 27, 2020 *Consolidated Appropriations Act, 2021*), and April 2021 (following enactment of the March 11, 2021 *American Rescue Plan Act of 2021*).

⁵⁵⁵ Huang, J., Barnidge, E., & Kim, Y. (2015). Children receiving free or reduced-price school lunch have higher food insufficiency rates in summer. *The Journal of Nutrition*, 145(9), 2161–2168. <https://doi.org/10.3945/jn.115.214486>

⁵⁵⁶ See Tables 4 and 16a of USDA’s Keydata report for September 2020: U.S. Department of Agriculture, Food and Nutrition Service. (2021, January 27). *September 2020 Keydata Report*. Retrieved from <https://www.fns.usda.gov/data/september-2020-keydata-report>

⁵⁵⁷ U.S. Department of Agriculture, Food and Nutrition Service. (2021, April 26). Pandemic EBT - Summer 2021. Retrieved from <https://www.fns.usda.gov/pandemic-ebt-summer-2021>

⁵⁵⁸ *Ibid.*

⁵⁵⁹ The ARP provides funding for federal government P-EBT administrative expenses.

⁵⁶⁰ While federal funding for state and local administrative expenses contributed to the success of P-EBT in many states, it could not remove all barriers to participation. Several states noted that it takes considerable time to hire contractors or



temporary staff. States did not always have the time to pursue those options as they worked to quickly stand up their P-EBT programs. This lack of time prevented some states from taking full advantage of federal funding.



Investments in AmeriCorps (Section 2206)

The American Rescue Plan invests approximately \$1 billion in AmeriCorps to remain available through September 30, 2024. This funding will increase and support the agency's core programming of grants and resources to communities over an approximate three-year period and allow for the agency to offer more national service and volunteer opportunities to the American public through AmeriCorps programs.

Background

AmeriCorps, the federal agency for volunteerism and national service, provides opportunities for Americans to serve their country domestically, address the nation's pressing challenges, improve lives and communities, and strengthen civic engagement. Each year, the agency invests hundreds of millions of funds in grants for local nonprofit, community, Tribal, and state organizations; places more than 250,000 AmeriCorps members and AmeriCorps Seniors volunteers in service roles; and empowers millions more to serve as long-term, short-term, or one-time volunteers. AmeriCorps' six priority areas of activity are: disaster services, economic opportunity, education, environmental stewardship, healthy futures, and veterans and military families.

During the COVID-19 pandemic, AmeriCorps played a role in helping communities respond to health, economic, and social challenges. Working with 2,000 nonprofit, faith-based and neighborhood organizations, federal agencies, state and local governments, and national organizations, AmeriCorps members and AmeriCorps Seniors volunteers have supported contact tracing and vaccination efforts, collected and distributed food, tutored students, conducted wellness checks for homebound individuals, and more.

AmeriCorps members have helped more than one million Americans get vaccinated.⁵⁶¹ Volunteers have worked to make site operations more efficient, help lines move faster, get people off waiting lists, assist with vaccination registration, coordinate transportation, and provide comfort to vulnerable community members. These volunteers have registered 20,000 people for vaccination appointments and signed up an additional 60,000 volunteers to help support vaccination efforts in California, Florida, Missouri, New Jersey, New York, Texas, and West Virginia.

Program Overview

Recognizing the role AmeriCorps plays in helping communities weather the COVID-19 pandemic and build back better, the American Rescue Plan (ARP) includes nearly \$1 billion to support and enhance their work. The vast majority of these funds are dedicated to increasing the living allowances of AmeriCorps members.

AmeriCorps members receive a living allowance for their service in the program. Before ARP, the average member in the program received between \$13,399-\$14,600 for full time service lasting between ten months to one year. AmeriCorps members must cover their own living expenses and the living allowance has been identified as a challenge for some applicants, who, while interested in service, cannot realistically afford to do so.

The living allowance may have a somewhat disproportionate impact on program participation by Blacks, American Indians, and Alaska Natives. The most common reason for exiting early



among those who served in the VISTA program between 2015 and 2018 was accepting other employment.⁵⁶² Disaggregated by race, Blacks, American Indians, and Alaska Natives were more likely to exit early due to financial hardship (11 percent) than White or White Americans and Asian or Asian Americans (eight percent and four percent).

In July 2021, in accordance with Executive Order 13985: Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, AmeriCorps published a Request for Information (RFI) and invited public comment regarding any barriers in accessing benefits and services offered by AmeriCorps' programs. The agency received an unprecedented 625 comments. The agency's analysis shows that most respondents in a randomly selected sample of 200 mentioned the living allowance amount as a barrier to service. This was consistent across audiences: members, former members, and grantees.

In addition, AmeriCorps' recruitment system has been hindered by outdated recruitment system technology and years of under-investment in its infrastructure. Equity in AmeriCorps' recruitment and retention faces additional challenges related to inadequate support for recruitment at the grantee level, and a need for more diversity, equity, inclusion, and accessibility (DEIA) training for internal and external stakeholders involved in the recruitment, selection, and management of members/volunteers.

Major Efforts to Advance Equitable Implementation

AmeriCorps has taken the following actions:

- **Increased the Living Allowance for AmeriCorps State and National and AmeriCorps VISTA Members:** AmeriCorps state and National and VISTA members received an average living allowance increase of 12 percent to allow for more members to consider AmeriCorps Service. The 12 percent increase represents the greatest single year increase in more than a decade.
- **Implemented a VISTA Member Living Allowance Increase Using ARP Funds:** This increase raised AmeriCorps VISTA's minimum living allowance from \$13,399 to \$15,002. This increase, along with annual cost of living adjustments, resulted in 88percent of AmeriCorps VISTA members seeing a living allowance increase.
- **Made Service More Accessible and Inclusive:**
 - Prioritizing entities serving communities disproportionately impacted by COVID-19 and utilizing culturally competent and multi-lingual strategies in the provision of services.
 - Considering the diversity of communities and participants served by such entities, including racial, ethnic, socioeconomic, linguistic, or geographic diversity.
- **Expanded Diversity Tracking and Reporting:** AmeriCorps is prioritizing the creation of two new tracking dashboards. The first allows the agency to identify counties with high social vulnerability and high rates of deep poverty not yet being served significantly by AmeriCorps programs. This allows the agency to also add a demographics overlay to better ascertain the populations impacted by AmeriCorps investments.
- **Launching a Recruitment Pilot:** The recruitment pilot is designed to expand the diversity of the pool of candidates volunteering with AmeriCorps.



The Road Ahead

AmeriCorps will conduct a thorough analysis and publicly share its research on member living allowance levels, in particular about how the agency may better improve socioeconomic diversity within its member corps. AmeriCorps will also continue to make progress on the collection of data on the socioeconomic and demographic diversity of its candidates, selected members, completing members, and those who do not complete their term of service, as well as the employment and education outcomes of these individuals broken down by and cross-tabulated by race, ethnicity, gender, and socio-economic status.

AmeriCorps is developing a summer 2022 paid advertising campaign to enhance recruitment efforts for a broader audience. Specific efforts include email marketing and digital acquisition campaigns that utilize diverse media networks, and creation of joint recruitment campaigns with priority audiences, including Historically Black Colleges and Universities (HBCUs), Hispanic-serving institutions, Tribal Colleges and Universities (TCUs), community colleges, and high schools.

AmeriCorps also understands that the financial investment of ARP is just one element of a successful effort to improve retention and increase diversity. Through expansion of AmeriCorps partnerships and expansion of technology resources, the agency can further build its recruitment pipeline to identify and engage new national service audiences. In particular, AmeriCorps is currently:

- Establishing a reliable and effective relationship with HBCUs across the nation, starting the process of forming a Committee on HBCU Affairs to help centralize interaction and increase awareness across various offices
- Expanding relationships with national service nonprofit organizations to engage the AmeriCorps alumni network, currently an under-utilized asset for member recruitment
- Building its social capital in the veteran's community to establish itself as a resource for those who wish to serve or serve with veterans and military family members; and
- Developing key technology solutions to track and communicate with prospective members and grantees, and tools that will enhance recruitment and retention communications support for current grantees

The agency will continue to evaluate the outcomes of these various efforts and make appropriate changes to ensure that these short-term pilots are successful in building a diverse pool of volunteers and service organizations.

⁵⁶¹ AmeriCorps. (n.d.). *What We Do: National service combats coronavirus*. AmeriCorps responds to COVID-19. Retrieved from <https://americorps.gov/about/what-we-do/covid-response#:~:text=AmeriCorps%20members%20and%20AmeriCorps%20Seniors%20volunteers%20support%20Local%20Public%20Health,the%20spread%20of%20COVID%2D19>

⁵⁶² VISTA is an anti-poverty volunteer program run by CNCS.



Closing Health Disparities



Health Insurance Premium Tax Credit (Section 9661)

The American Rescue Plan lowered premiums for most people who currently have a Marketplace health plan and expanded access to financial assistance for more consumers. Under the law, many people who buy their own health insurance directly through the Marketplace became eligible to receive increased tax credits to reduce their premiums. Starting April 1, 2021, consumers enrolling in Marketplace coverage through HealthCare.gov were able to take advantage of these increased savings and lower costs.

Background

The passage and subsequent implementation of the Affordable Care Act (ACA) in 2010 represented the single largest expansion in access to health insurance in the United States since the passage of Medicare and Medicaid in 1965. The ACA provided expanded access in two main ways: 1) by providing tax credits to eligible individuals with household incomes between 100 percent and 400 percent of the federal poverty level (FPL); and 2) expanding Medicaid eligibility to adults with household incomes up to 138 percent of the FPL in states that chose to adopt expansion. The impacts were dramatic and sustained: according to the Department of Health and Human Services, “Between 2010 and 2016 the number of nonelderly uninsured adults decreased by 41 percent, falling from 48.2 million to 28.2 million.”⁵⁶³

But efforts to undermine the ACA and Medicaid posed a serious threat to low-income Americans and, in particular, people with disabilities and communities of color. According to one estimate, in the 12 states that have not expanded Medicaid, nearly four million uninsured adults would be newly-eligible for Medicaid if their states were to expand.⁵⁶⁴ Between 2016 and 2020, the previous Administration also undertook several efforts to erode the core protections of the ACA, reversing the significant gains in coverage following the implementation of the ACA.⁵⁶⁵ For example, in 2017, the Trump Administration reduced the budget for outreach and enrollment assistance by more than 80 percent.⁵⁶⁶ There is also evidence, for example, that the Trump Administration’s “public charge” rule created an atmosphere of fear, particularly among Hispanic Americans, that likely contributed to increases in uninsured rates in 2019.⁵⁶⁷

The COVID-19 pandemic highlighted the importance of affordable and accessible health care coverage. In addition to the serious and lethal health impacts of COVID-19, the pandemic wrought enormous economic damage, with cumulative job losses reaching 23 million by May 2020.⁵⁶⁸ While Medicaid enrollment increased during the pandemic as Americans lost their jobs and their access to employer-sponsored health insurance, not all Americans were able to access this health insurance program.⁵⁶⁹ In particular, those living in states that did not expand Medicaid under the ACA were particularly vulnerable. Black and Hispanic Americans are both more likely to have experienced job loss during the pandemic and more likely to live in states that have not expanded Medicaid.⁵⁷⁰

Longitudinal data consistently show that racial minorities—including Black, Hispanic, American Indian, and Alaskan Native Americans—have poorer health outcomes than White Americans, and those disparate outcomes persisted during the COVID-19 pandemic.⁵⁷¹ These groups are also less likely than White Americans to have health insurance. As of 2019, Blacks were 30 percent more likely to be uninsured than White Americans, and Hispanic Americans and Native Americans were two to three times more likely to go without insurance than White Americans.⁵⁷²



Program Overview

ARP built on the ACA by increasing access to health coverage through enhanced and expanded Marketplace premium tax credits.

Under ARP, ACA Marketplace premium tax credits temporarily become more generous in two key ways: 1) many consumers became eligible for higher tax credit amounts to help cover their Marketplace health plan premiums, with many premiums decreasing on average by \$50 per person per month and \$85 per policy per month; and 2) the maximum household income limit for the Advance Premium Tax Credit (APTC) was eliminated for the 2021 and 2022 coverage years—previously, only households with incomes between 100 and 400 percent of the federal poverty level (FPL) could qualify for financial assistance and now households with higher incomes may qualify, if otherwise eligible.⁵⁷³

ARP changes to Marketplace premium tax credits took effect in March 2021 and apply for two years (2021 and 2022). ARP also provided individuals who received unemployment compensation (UC) in 2021 with access to these enhanced subsidies.⁵⁷⁴

Put more simply: for a family with household income at 150 percent of FPL (just under \$20,000 for a single adult, or nearly \$40,000 for a family of four), the share of income the family would be expected to pay toward health coverage would fall from ~4 percent to 0 percent in 2021—providing this family with the opportunity to purchase a fully-paid-for benchmark silver plan.⁵⁷⁵ For a family with household income 300 percent of FPL, the percentage would fall from 9.83 percent to six percent of household income in 2021.⁵⁷⁶ These changes have helped a family of four, on average, save \$2,400 in annual premiums.⁵⁷⁷

The main challenge to implementing these enhancements under ARP was facilitating enrollment for as many Americans as possible by ensuring that eligible Americans were aware of the increases in affordability and how to sign up for coverage. While Americans who were simply renewing their Marketplace coverage did not have to take any specific action to take advantage of the ARP's savings, states and the federal government had to work to encourage eligible Americans not enrolled in coverage to sign up. They also encouraged existing consumers to return to the Marketplace to find the best plan for them, considering the enhanced subsidy structure.

Major Efforts to Advance Equitable Implementation

The U.S. Centers for Medicare & Medicaid Services (CMS) and states worked closely together to address the outreach challenges described above. The federal government took a range of actions to increase awareness and uptake of more affordable coverage on the exchanges, including:

- **Reducing Burden and Streamlining the Consumer Experience:** In order to make it simple for the public to take advantage of the savings under ARP if they were renewing coverage, CMS conducted an administrative process called a batch redetermination in August 2021. This action recalculated the Advance Premium Tax Credit according to ARP provisions for eligible enrollees and automatically applied the savings in health insurance coverage for many of those who were enrolled.⁵⁷⁸ Doing so helped lower the cost of monthly premiums for consumers who do not actively return to update their



applications and minimized barriers for enrollees attempting to access increased financial help.⁵⁷⁹

- **Establishing the 2021 Special Enrollment Period (SEP):** CMS hosted a SEP from February 15 – August 15, 2021, allowing people who needed health insurance to sign up for coverage. Over 2.8 million people signed up for new health insurance through HealthCare.gov and the state-based Marketplaces during the 2021 SEP.⁵⁸⁰ HHS estimates that over 90 percent of consumers who enrolled during the SEP saw their premiums reduced due to enhanced and expanded premium tax credits furnished by ARP.⁵⁸¹ In addition, existing customers who re-enrolled for coverage during the SEP saved an average of \$67/month in premium costs.⁵⁸² Notably, HHS reports that the establishment of the 2021 SEP led to a more diverse group of consumers in states using HealthCare.gov compared to previous years: Among those reporting race and ethnicity data, 15 percent of consumers identified as African American, compared to nine percent and 11 percent in 2019 and 2020, respectively, and the percentage of consumers who self-reported as Hispanic/Latino increased to 19 percent, up from 16 percent in both 2019 and 2020.⁵⁸³
- **Strategically Investing in Outreach and Awareness:** To promote enrollment into health coverage, HHS took a number of steps to increase outreach and awareness in communities.
 - **Quadrupling the number of navigators available to help individuals enroll** in coverage by providing \$100 million to navigator organizations.⁵⁸⁴
 - **Partnering with cultural marketing experts and community-based organizations** to build more specific campaigns that target outreach to Blacks, Spanish and English-speaking Latinos, and Asian American, Native Hawaiian and Pacific Islander communities.
 - **Increasing outreach with the “Champions for Coverage” program**, a community initiative that works with more than 1,000 local organizations to conduct outreach and education about coverage and enrollment.
 - **Launching a campaign to raise awareness** and encourage people to “Mark their Calendars” about Open Enrollment.

While CMS cannot act independently to extend the tax credit provisions of ARP, the Administration continues to work closely with Congress to make these cost savings permanent and help millions more Americans access coverage.

The Congressional Budget Office estimated that this component of ARP would reduce costs for nearly all Marketplace enrollees and would increase enrollment by approximately 1.7 million individuals.⁵⁸⁵ **New data from CMS shows that in 2022, the Open Enrollment Period (OEP) saw 14.5 million Americans select a plan for coverage through the Health Insurance Marketplaces, a 21 percent increase from the previous year. This marked a record-breaking Open Enrollment Period, including nearly 3 million new consumers and more than 300,000 rural Americans.**⁵⁸⁶ All told, between the 2021 SEP and the 2022 Open Enrollment Period, **nearly 6 million people newly signed up for more affordable health coverage through the Health Insurance Marketplaces during the first year of the Biden-Harris Administration.**⁵⁸⁷ More broadly, recent national survey data indicates that the uninsured rate for those under age 65 declined from 10.3 percent at the end of 2020 to 8.9 by the fall of 2021, corresponding to 4.6 million more people with health insurance.⁵⁸⁸



Further, the tax subsidies provided as part of ARP increased the affordability of coverage as well, allowing individuals to purchase comparable or better plans at lower prices. For example, during this past Open Enrollment, four out of five consumers could find quality coverage on HealthCare.gov for under \$10 a month after tax credits. And importantly, these benefits are being felt by underserved communities. Since President Biden took office, nearly 700,000 rural Americans have gained health coverage.⁵⁸⁹ Additionally, data by the Department of Health and Human Services (HHS) estimates that “Under the ARP, 76 percent of uninsured Black Americans can find a plan on HealthCare.gov for less than \$50 a month and 66 percent can find a plan for \$0 a month.”⁵⁹⁰ It further estimates that 69 percent of Latinos, 53 percent of Asian Americans, Native Hawaiians and Pacific Islanders, and 63 percent of American Indians and Alaskan Natives can now find a plan for \$0 per month after tax credits.⁵⁹¹

The Road Ahead

The Biden-Harris Administration seeks to increase overall enrollment and reduce disparities in access to health insurance and care. Full data from the impact of ARP won’t be available until 2023, and HHS will work diligently to identify specific lessons from ARP that can be leveraged for future policy design. HHS will also continue to work closely with states during future open enrollment periods to increase awareness of the importance of health care coverage and of the availability of resources and tools to make enrollment easier and coverage more affordable, particularly for underserved communities and individuals.

⁵⁶³ Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. (2021, June 5). Health Coverage Under the Affordable Care Act: Enrollment Trends and State Estimates. Retrieved from https://aspe.hhs.gov/sites/default/files/migrated_legacy_files/200776/ASPE%20Issue%20Brief-ACA-Related%20Coverage%20by%20State.pdf

⁵⁶⁴ Rudich, J., Branham, D. K., Peters, C., & Sommers, B. (2022, February 15). Estimates of Uninsured Adults Newly Eligible for Medicaid If Remaining 12 Non-Expansion States Expand Medicaid: 2022 Update. Retrieved from <https://aspe.hhs.gov/reports/updated-estimates-medicaid-eligibility-non-expansion-states>

⁵⁶⁵ Finegold, K., Conmy, A., Chu, R. C., Bosworth, A., & Sommers, B. D. (2021, February 11). Trends in the U.S. Uninsured Population, 2010-2020. Retrieved from https://aspe.hhs.gov/sites/default/files/migrated_legacy_files/198861/trends-in-the-us-uninsured.pdf

⁵⁶⁶ Cloud, H. (2018, September 13). Navigator Funding Cuts Will Leave Many Marketplace Consumers on Their Own. Retrieved from <https://www.cbpp.org/blog/navigator-funding-cuts-will-leave-many-marketplace-consumers-on-their-own>

⁵⁶⁷ See for example Bernstein, H., Gonzalez, D., Karpman, M., & Zuckerman, S. (2020, May). Amid Confusion over the Public Charge Rule, Immigrant Families Continued Avoiding Public Benefits in 2019. Retrieved from https://www.urban.org/sites/default/files/publication/102221/amid-confusion-over-the-public-charge-rule-immigrant-families-continued-avoiding-public-benefits-in-2019_2.pdf; Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. (2021, December 17). Health Insurance Coverage and Access to Care for Immigrants: Key Challenges and Policy Options. Retrieved from <https://aspe.hhs.gov/reports/insurance-coverage-access-care-immigrants>

⁵⁶⁸ Georgetown University Center on Education and the Workforce. (2020). Tracking COVID-19 Unemployment and Job Losses. Retrieved from <https://cew.georgetown.edu/cew-reports/jobtracker/#tool-3-tracking>

⁵⁶⁹ Aron-Dine, A. (2020, September 23). Health Care Lifeline: The affordable care act and the COVID-19 pandemic. Retrieved from <https://www.cbpp.org/research/health/health-care-lifeline-the-affordable-care-act-and-the-covid-19-pandemic>

⁵⁷⁰ Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. (2022, February 22). Health Insurance Coverage and Access to Care Among Black Americans: Recent Trends and Key Challenges. Retrieved from https://aspe.hhs.gov/sites/default/files/documents/08307d793263d5069fdd6504385e22f8/black-americans-coverages-access-ib.pdf?_ga=2.170315814.707650140.1646857112-809428086.1646325705; Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. (2021, October 8). Health Insurance Coverage and Access to Care Among Latinos: Recent Trends and Key Challenges. Retrieved from



https://aspe.hhs.gov/sites/default/files/documents/68c78e2fb15209dd191cf9b0b1380fb8/ASPE_Latino_Health_Coverage_IB.pdf

⁵⁷¹ Rae, M., Cox, C., Claxton, G., McDermott, D., & Damico, A. (2021, July 27). How the American Rescue Plan act affects subsidies for marketplace shoppers and people who are uninsured. Retrieved from <https://www.kff.org/health-reform/issue-brief/how-the-american-rescue-plan-act-affects-subsidies-for-marketplace-shoppers-and-people-who-are-uninsured/>; Centers for Disease Control and Prevention. (2022). COVID-19 Weekly Cases and Deaths per 100,000 Population by Age, Race/Ethnicity, and Sex. Retrieved from <https://covid.cdc.gov/covid-data-tracker/#demographicsovertime>

⁵⁷² Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. (2021, February 11). Trends in the U.S. Uninsured Population, 2010-2020. Retrieved from https://aspe.hhs.gov/sites/default/files/migrated_legacy_files//198861/trends-in-the-us-uninsured.pdf

⁵⁷³ U.S. Department of Health and Human Services. (2021, March 12). Fact Sheet: The American Rescue Plan: Reduces Health Care Costs, Expands Access to Insurance Coverage and Addresses Health Care Disparities. Retrieved from <https://www.hhs.gov/about/news/2021/03/12/fact-sheet-american-rescue-plan-reduces-health-care-costs-expands-access-insurance-coverage.html>; Centers for Medicare & Medicaid Services. (2021, August). American Rescue Plan Batch Redetermination of APTC. Retrieved from <https://marketplace.cms.gov/assister-webinars/APTC-redetermination.pdf>

⁵⁷⁴ Chu, R. C., Branham, D. K., Finegold, K., Conmy, A. B., Peters, C., De Lew, N., & Sommers, B. D. (2021, July 1). The American Rescue Plan and the Unemployed: Making Health Coverage More Affordable After Job Loss. Retrieved from <https://aspe.hhs.gov/sites/default/files/2021-07/aspe-arp-ui-ib.pdf>

⁵⁷⁵ For consumers who are eligible for premium tax credits to help purchase a Marketplace plan, an individual or a family's tax credit amount is calculated based on the following factors:

- Household's total expected income for the year
- Total number of people in the household that file taxes together
- The premium amount of the second-lowest cost Silver plan in the consumer's area in the Marketplace. This is the "benchmark" plan cost used to calculate premium tax credits. The premium subsidy is not related to which plan a consumer actually chooses to enroll in; if a consumer picks a higher/lower cost plan than the second-lowest cost Silver, they pay/save the difference in premium.

⁵⁷⁶ See Section 9661 of American Rescue Plan Act of 2021, Pub.L. No. 117-2 (2021) Retrieved from <https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf?msockid=b5fe4548bb5211eca984dfe62e99bc44>

⁵⁷⁷ U.S. Department of Health and Human Services. (2021, March 12). Fact Sheet: The American Rescue Plan: Reduces Health Care Costs, Expands Access to Insurance Coverage and Addresses Health Care Disparities. Retrieved from <https://www.hhs.gov/about/news/2021/03/12/fact-sheet-american-rescue-plan-reduces-health-care-costs-expands-access-insurance-coverage.html>

⁵⁷⁸ Centers for Medicare & Medicaid Services. (2021, August). American Rescue Plan Batch Redetermination of APTC. Retrieved from <https://marketplace.cms.gov/assister-webinars/APTC-redetermination.pdf>

⁵⁷⁹ *Ibid.*

⁵⁸⁰ U.S. Department of Health and Human Services. (2021). 2021 Final Marketplace Special Enrollment Period Report. Retrieved from <https://www.hhs.gov/sites/default/files/2021-sep-final-enrollment-report.pdf>

⁵⁸¹ U.S. Department of Health and Human Services. (2021, September 15). *Biden-Harris Administration Announces Record-Breaking 12.2 Million People Are Enrolled in Coverage Through the Health Care Marketplaces*. Retrieved from <https://www.hhs.gov/about/news/2021/09/15/biden-harris-administration-announces-2-8-million-people-gained-affordable-health-coverage-during-2021-special-enrollment.html>

⁵⁸² *Ibid.*

⁵⁸³ U.S. Department of Health and Human Services. (2021). *2021 Final Marketplace Special Enrollment Period Report*. Retrieved from <https://www.hhs.gov/sites/default/files/2021-sep-final-enrollment-report.pdf>

⁵⁸⁴ Centers for Medicare & Medicaid Services. (2021, October 25). Marketplace 2022 Open Enrollment Fact Sheet. Retrieved from <https://www.cms.gov/newsroom/fact-sheets/marketplace-2022-open-enrollment-fact-sheet>

⁵⁸⁵ Congressional Budget Office. (2021, February 17). Reconciliation Recommendations of the House Committee on Ways and Means. Cost Estimate. Retrieved from <https://www.cbo.gov/system/files/2021-02/hwaysandmeansreconciliation.pdf>

⁵⁸⁶ The White House. (2021, August 13). *Fact Sheet: Biden Administration Takes Steps to Address COVID-19 in Rural America and Build Rural Health Back Better*. Retrieved from <https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/13/fact-sheet-biden-administration-takes-steps-to-address-covid-19-in-rural-america-and-build-rural-health-back-better/>

⁵⁸⁷ Centers for Medicare & Medicaid Services. (2022, March). The State of the ACA Report. Retrieved from <https://www.cms.gov/files/document/state-anniversary.pdf>

⁵⁸⁸ Chu, R. C., Lee, A., Peters, C., & Sommers, B. (2022, January 27). Health Coverage Changes From 2020-2021. Retrieved from <https://aspe.hhs.gov/reports/health-coverage-changes-2020-2021>



⁵⁸⁹ The White House. (2022, March 1). *FACT SHEET: The Biden Administration's Historic Investments To Create Opportunity and Build Wealth in Rural America*. Retrieved from <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/01/fact-sheet-the-biden-administrations-historic-investments-to-create-opportunity-and-build-wealth-in-rural-america/>

⁵⁹⁰ Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services . (2022, February 22). *Health Insurance Coverage and Access to Care Among Black Americans: Recent Trends and Key Challenges*. Retrieved from https://aspe.hhs.gov/sites/default/files/documents/08307d793263d5069fdd6504385e22f8/black-americans-coverages-access-ib.pdf?_ga=2.170315814.707650140.1646857112-809428086.1646325705

⁵⁹¹ *Ibid.*



Increase in Access to Home and Community Based Services (Section 9817)

The American Rescue Plan provides qualifying states with a temporary ten percentage point increase to the federal medical assistance percentage (FMAP) for certain Medicaid expenditures for home and community-based services (HCBS) beginning April 1, 2021, and ending March 31, 2022. States have until March 31, 2024 to spend the additional funding they draw down. This increased funding, an estimated \$12.7 billion, represents a rare opportunity for states to identify and implement changes aimed at addressing existing HCBS workforce and structural issues, expand the capacity of critical services, and begin to meet the needs of people on HCBS waitlists and family caregivers. This funding also provides states an important opportunity to enhance individual autonomy and community integration in accordance with the home and community-based settings regulation, Olmstead implementation, and other rebalancing efforts.

Background

The COVID-19 public health emergency has laid bare the risks of institutional and congregate settings for older adults and people with disabilities, underscoring the urgent need to expand access to high-quality home and community-based services (HCBS) to improve outcomes for people with long-term services and supports (LTSS) needs. HCBS allow approximately 7.9 million Medicaid beneficiaries to receive services in their own home or community rather than institutions or other isolated settings.⁵⁹² However, real challenges remain. While there were already workforce shortages before the COVID-19 pandemic, data from all 50 states suggests that workforce shortages for direct care workers have increased in the last two years, and states consistently note that they lack sufficient funds to expand access to these services.⁵⁹³

Consistent with many beneficiaries' preferences for where they would like to receive their care, HCBS have become a critical component of the Medicaid program and of broader efforts across the federal government to promote community integration of older adults and individuals with disabilities. As the primary funder of HCBS nationally, Medicaid plays a critical role in supporting states' efforts to strengthen these services for their beneficiaries. In November 2020, the Centers for Medicare & Medicaid Services (CMS) released a toolkit to help states to rebalance their LTSS systems by increasing the share of spending and services delivered through HCBS, relative to spending and services provided through institutional care.⁵⁹⁴

Despite a trend toward increased HCBS, states retain the option of providing these benefits—most are provided through waivers in which states have the right to limit these services (both from the perspective of people served and services provided). Medicaid HCBS are funded through a cost-sharing agreement between the federal government and the states. States can provide HCBS through the Medicaid state plan, section 1915(c) waivers, or section 1115 demonstration projects,⁵⁹⁵ and these services are funded based on each state's individual federal matching rate, called the federal medical assistance percentage (FMAP).⁵⁹⁶ The FMAP for each state varies based on the state's average per capita income, with lower per capita income states receiving a higher match from the federal government and higher per capita income states receiving a lower match.

Despite the benefits of these critical services, there is concerning evidence that there are racial disparities in access. Analyses of national data published in the journal *Health Affairs*, for



example, found that “among HCBS users 65 years or older, Black users were more likely to be hospitalized than non-Hispanic White users,” and that “conditional on receiving HCBS, Medicaid HCBS spending was higher for Whites than for non-Whites.”⁵⁹⁷ Other studies have found that even when Black Americans have access to services, the quality or scope of services provided is reduced compared to White Americans.⁵⁹⁸

Program Overview

HCBS are critical for helping older adults and individuals with disabilities live independently outside of institutionalized settings by providing in-home assistance with activities of daily living and other community-based supports. This includes individuals with various physical, cognitive, intellectual, or developmental disabilities. Although far less expensive than institutional care, the services associated with HCBS (e.g., in home assistance with eating, bathing, general home health aide services, respite care, and other services such as supported employment and case management) can be costly. These services are typically delivered over an extended period of time, making them expensive and generally not affordable as an out of pocket expense for the vast majority of Americans. In addition, private payers and Medicare typically offer limited coverage of HCBS, leaving Medicaid as the largest HCBS national primary payer.

One consistent challenge in HCBS revolves around the workforce. As one recent review of the current HCBS landscape notes, “The pandemic has brought new attention among policymakers and the public to the longstanding unmet need for HCBS and direct care workforce shortage, driven by low wages, high turnover, and limited opportunities for career advancement. Most states reported workforce shortages as the pandemic’s primary impact on HCBS provided in an enrollee’s home and in group homes.”⁵⁹⁹

The COVID-19 pandemic raised the importance and urgency around investment in HCBS in multiple ways. First, the pandemic disproportionately affected older adults and individuals with disabilities, and especially those living in congregate settings.⁶⁰⁰ Secondly, the pandemic accelerated a trend among states to shift care from institutional settings and into home-based settings, increasing the need to expand the workforce and provider network for HCBS. Indeed, according to the Kaiser Family Foundation, “states have focused on shifting the Medicaid program’s historical bias toward institutional services by devoting an increasing share of their total long-term services and supports spending to HCBS.”⁶⁰¹ According to the most recent data from CMS, spending on HCBS surpassed spending on institutional care for the first time in FY 2013 and was 58.6 percent of total Medicaid LTSS spending in FY 2019.⁶⁰²

In this context, the goal of ARP funding—estimated at \$12.7 billion—is to help states not just expand general access to services, but find ways to strengthen the program and meet both the present and future needs.⁶⁰³ Importantly, ARP provides that states may *not* use the funding to supplant state funds, but must instead use the funds to supplement state spending on HCBS. Historically, states have struggled to expand the array of services offered due to insufficient funding and a limited health care direct care workforce. The investments in ARP were intended to address both COVID-related and structural concerns:

1. **COVID-related:** In the short-term, states could use the funding to address COVID-related needs, which might include increasing worker compensation, providing coverage for family caregiver support, providing access to COVID-19 testing and vaccination, and conducting COVID-19 outreach and education. Each of these items has posed a challenge



to families attempting to care for loved ones needing HCBS. Worker retention has consistently proven challenging during the COVID-19 pandemic, and the pandemic also created increased need for family members to provide care for loved ones.⁶⁰⁴ In addition, caregivers (both family and professional) took on additional tasks, including helping those with disabilities avoid contracting COVID-19, helping them test for COVID-19, and assisting with vaccination.

2. **Structural:** States could also use these funds as a way to strengthen the foundations of their HCBS programs by doing things like building “no wrong door” systems, strengthening worker recruitment and retention, expanding covered services, and reducing or eliminating wait lists for these services. All of these issues have posed substantial challenges for those receiving HCBS. For example, challenges with accessing these services (“wrong door” problems) have been documented as a major deterrent to individuals attempting to access care in the first instance.⁶⁰⁵

Major Efforts to Advance Equitable Implementation

Some of the activities that ARP’s Home and Community-Based Services (HCBS) section 9817 is funding in states includes:

COVID-related

- **Implementing in-home and mobile COVID-19 vaccination programs** for people with disabilities and older adults
- **Providing recruitment and retention** bonuses, pay increases, and student loan forgiveness for direct support professionals, including behavioral health providers, as well as developing certification and training programs for direct support professionals

Structural

- **Expanding coverage of HCBS** to those who are currently on wait lists
- **Developing deed-restricted accessible and affordable housing units** for people with disabilities
- **Expanding access to assistive technologies** to promote independence and community integration
- **Implementing new behavioral health crisis response services** for people with intellectual and developmental disabilities
- **Providing additional HCBS to support people to return home** and avoid a skilled nursing facility admission following a hospitalization
- **Building partnerships to increase access to affordable and accessible housing** and housing assistance for people with disabilities and older adults
- **Providing housing-related services and supports**, such as home accessibility modifications and case management and other supportive services to help people obtain and maintain housing
- **Developing new initiatives to increase access to competitive integrated employment** for people with disabilities



Enabling State Effectiveness

CMS has worked closely with states to ensure they were aware of the additional funding and had the opportunity to maximize the effectiveness of funds for their particular needs. In May 2021, CMS released a State Medicaid Director letter to provide guidance to states on how they can use the increased funding for HCBS under section 9817.⁶⁰⁶ In October 2021, CMS launched a new "one-stop shop" on Medicaid.gov to make it easy to access information about states' HCBS spending plans under ARP section 9817 to enhance, expand, and strengthen HCBS. The webpage is intended to advance transparency, information sharing, and provide an opportunity for states to share innovative ideas. Additionally, CMS meets regularly with HCBS advocates to discuss ARP section 9817 investments nationally. Before approving any state spending plans, CMS also conducted a number of state and stakeholder calls to understand what flexibilities would be most useful.

Goals and targets differ from state to state depending on each state's ARP section 9817 spending plan.⁶⁰⁷ All state plans were approved in 2021, and states have until March 31, 2022 to receive the 10-percentage point FMAP increase for certain HCBS investments. **CMS estimates that approximately 7.9 million Medicaid HCBS beneficiaries use the services eligible for ARP section 9817 FMAP increase.** Further examples of the most common types of activities in ARP section 9817 spending plans include the following:⁶⁰⁸

- **HCBS workforce and/or training (48 states; \$10.0 billion in planned spending):**
 - Provide bonuses, supplemental payments, and/or wage increases
 - Establish new or expand existing workforce training programs
 - Expand career track and allow hiring initiatives by creating certification paths and/or establishing web-based hiring platforms
- **HCBS services and/or payment rates (48 states; \$10.3 billion in planned spending):**
 - Add or expand services in the waiver or State Plan
 - Explore new service models for individuals with complex conditions that are not currently part of existing waivers or state plan
 - Perform rate studies and/or increase service payment rates
- **Technology and telehealth (36 states; \$2.1 billion in planned spending):**
 - Provide equipment for telehealth and virtual visits
 - Expand limits on environmental modifications/assistive technology
 - Invest in modernizing IT infrastructure
- **Quality improvement (32 states; \$2.1 billion in planned spending):**
 - Assess and/or adopt new HCBS quality measures
 - Implement beneficiary experience surveys (e.g., NCI, CAHPS)
 - Explore outcome-based payment initiatives
- **Social determinants of health and health disparities (24 states; \$1.1 billion in planned spending):**
 - Improve employment opportunities
 - Fund programs addressing homelessness and housing supports
 - Provide grants to innovative providers / community organizations



The Road Ahead

Implementation of this program is ongoing, and while the period of increased FMAP ended in March 2022, states have until March 31, 2024 to spend all additional funds. **To date, CMS estimates that nearly 8 million beneficiaries have received services eligible for the FMAP increase since ARP was passed.** Additional studies will be needed to fully evaluate the impact of the additional funding on health, well-being, and access to care. CMS has existing research underway to assess annual spending and utilization on HCBS, and additional work is proceeding to assess differences across populations.

Looking forward, the main challenge to CMS and states is determining what will happen with expanded services, increased rates, and other changes to HCBS programs when the additional funding is no longer available. States can continue to provide these services and sustain other investments, but will only be able to do so at their normal FMAP. While it is too early to know which states might sustain these services, CMS hopes to work with states to ensure continuity of care and coverage for individuals receiving expanded access to care under ARP.

⁵⁹² Watts, M. O. M., Musumeci, M. B., & Chidambaram, P. (2020, February 4). Medicaid Home and Community-Based Services Enrollment and Spending. Retrieved from <https://www.kff.org/report-section/medicaid-home-and-community-based-services-enrollment-and-spending-issue-brief/#:~:text=Medicaid%20HCBS%20enrollment%20ranges%20from,%2492%20billion%20in%20FY%202018.>

⁵⁹³ Kaiser Family Foundation. (2021, August 10). Direct Care Workforce Shortages Have Worsened in Many States During the Pandemic, Hampering Providers of Home and Community-Based Services. Retrieved from <https://www.kff.org/coronavirus-covid-19/press-release/direct-care-workforce-shortages-have-worsened-in-many-states-during-the-pandemic-hampering-providers-of-home-and-community-based-services/>; PHI National. (2021, September 7). Direct Care Workers in the United States: Key Facts. Retrieved from <https://phinational.org/resource/direct-care-workers-in-the-united-states-key-facts-2/>

⁵⁹⁴ Centers for Medicare & Medicaid Services. (2020, November). Long-Term Services and Supports Rebalancing Toolkit. Retrieved from <https://www.medicare.gov/medicaid/long-term-services-supports/downloads/ltss-rebalancing-toolkit.pdf>

⁵⁹⁵ These authorities include Medicaid state plan personal care services under section 1905(a) of the Social Security Act (the Act) and section 1915(c) waivers, section 1915(i) state plan HCBS, section 1915(j) self-directed personal assistant services, and section 1915(k) Community First Choice. See <https://www.medicare.gov/medicaid/homecommunity-based-services/index.html> for more information on these authorities. Some states also use demonstration

authority under section 1115(a) of the Act to test home and community-based service strategies. See <https://www.medicare.gov/medicaid/section-1115-demonstrations/index.html> for more information.

⁵⁹⁶ Under section 1915(k) Community First Choice, states receive an extra six percentage points of federal match for the provision of statewide home and community-based attendant services and transition supports.

⁵⁹⁷ Gorges, R. J., Sanghavi, P., & Konetzka, R. T. (2019). A National Examination Of Long-Term Care Setting, Outcomes, And Disparities Among Elderly Dual Eligibles. *Health Affairs*, 38(7), 1110–1118. <https://doi.org/10.1377/hlthaff.2018.05409>

⁵⁹⁸ Fabius, C. D., Thomas, K. S., Zhang, T., Ogarek, J., & Shireman, T. I. (2018). Racial disparities in Medicaid home and community-based service utilization and expenditures among persons with multiple sclerosis. *BMC Health Services Research*, 18(1). <https://doi.org/10.1186/s12913-018-3584-x>

⁵⁹⁹ Watts, M. O. M., Musumeci, M. B., & Ammula, M. (2021, August 10). State Medicaid Home & Community-Based Services (HCBS) Programs Respond to COVID-19: Early Findings from a 50-State Survey. Retrieved from https://www.kff.org/coronavirus-covid-19/issue-brief/state-medicare-home-community-based-services-hcbs-programs-respond-to-covid-19-early-findings-from-a-50-state-survey/?utm_campaign=KFF-2021-Medicaid;utm_medium=email&_hsmt=148271707&_hsenc=p2ANqtz-iEATk_x5v4t2KqRet9yOzpELo-

⁶⁰⁰ Chidambaram, P., Garfield, R., & Neuman, T. (2020, November 25). COVID-19 Has Claimed the Lives of 100,000 Long-Term Care Residents and Staff. Retrieved from <https://www.kff.org/policy-watch/covid-19-has-claimed-the-lives-of-100000-long-term-care-residents-and-staff/>

⁶⁰¹ Chidambaram, P., & Musumeci, M. B. (2021, May 28). Potential Impact of Additional Federal Funds for Medicaid HCBS for Seniors and People with Disabilities. Retrieved from <https://www.kff.org/medicaid/issue-brief/potential-impact-of-additional-federal-funds-for-medicare-hcbs-for-seniors-and-people-with-disabilities/>



⁶⁰² Centers for Medicare & Medicaid Services. (2021, December 9). *Medicaid Long Term Services and Supports Annual Expenditures Report: Federal Fiscal Year 2019*. Retrieved from <https://www.medicaid.gov/medicaid/long-term-services-supports/downloads/ltssexpenditures2019.pdf>

⁶⁰³ As of FY19, total spending on HCBS services (combined state and local) was ~\$95B. See Centers for Medicare & Medicaid Services. (2021, December 9). *Medicaid Long Term Services and Supports Annual Expenditures Report*. Retrieved from <https://www.medicaid.gov/medicaid/long-term-services-supports/downloads/ltssexpenditures2019.pdf>

⁶⁰⁴ Beach, S. R., Schulz, R., Donovan, H., & Rosland, A.-M. (2021). Family Caregiving During the COVID-19 Pandemic. *The Gerontologist*, 61(5), 650–660. <https://doi.org/10.1093/geront/gnab049>

⁶⁰⁵ Administration for Community Living. (2022, January 31). Aging and Disability Resource Centers Program / No Wrong Door System. Retrieved from <https://acl.gov/programs/connecting-people-services/aging-and-disability-resource-centers-program-no-wrong-door>. Note that the Administration for Community Living has supported 33 states with grant funding to plan and implement a “No Wrong Door System,” a partnership between the ACL, the Centers for Medicare & Medicaid Services (CMS), and the Veterans Health Administration (VHA), to make it easier for consumers to learn about and access Long Term Supports and Services (LTSS), as required by Section 2402(a) of the Affordable Care Act.

⁶⁰⁶ Centers for Medicare & Medicaid Services, Center for Medicaid & CHIP Services. (2021, May 13). SMD# 21-003 RE: Implementation of American Rescue Plan Act of 2021 Section 9817: Additional Support for Medicaid Home and Community-Based Services during the COVID-19. Retrieved from <https://www.medicaid.gov/federal-policy-guidance/downloads/smd21003.pdf>

⁶⁰⁷ Centers for Medicare & Medicaid Services. (2021). Strengthening and Investing in Home and Community Based Services for Medicaid Beneficiaries: American Rescue Plan Act of 2021 Section 9817 Spending Plans and Narratives. Retrieved from <https://www.medicaid.gov/medicaid/home-community-based-services/guidance/strengthening-and-investing-home-and-community-based-services-for-medicaid-beneficiaries-american-rescue-plan-act-of-2021-section-9817-spending-plans-and-narratives/index.html>

⁶⁰⁸ Note that CMS is still working to collect and categorize data from state spending plans, and future state reports.



Medicaid and CHIP Coverage for Pregnant and Postpartum Individuals (Sections 9812 and 9822)

The American Rescue Plan provides states with a new option to extend Medicaid and Children’s Health Insurance Program (CHIP) postpartum health insurance coverage from 60 days to 12 months—a six-fold increase. This option helps postpartum individuals maintain health care coverage in an effort to reduce maternal morbidity and mortality and to improve well-baby milestones. States that want to take advantage of this option can do so starting on April 1, 2022, and the option is available to states for five years.

Background

Historically, pregnancy-related coverage for pregnant individuals enrolled in either Medicaid or the Children’s Health Insurance Program (CHIP) would allow coverage until the end of the month after 60 days following the end of pregnancy. At the end of the 60-day period, the individual would lose their health insurance if they were no longer eligible for coverage under Medicaid or CHIP (i.e., because of fluctuations in income, they are no longer eligible for non-pregnancy related coverage). ARP provides states an opportunity to keep these individuals enrolled in coverage with comprehensive health benefits for up to a year after the end of pregnancy. This extended coverage is intended to prevent pregnancy related complications and deaths by providing continuous quality care during a critical period in an individual’s life.

Medicaid is the largest single payer of postpartum services and covers 42 percent of all births in the nation. Meanwhile, approximately 12 percent of pregnancy-related deaths occur between six weeks and one year following the birth of a child and these deaths are more likely to occur among populations covered by Medicaid. The evidence of increased morbidity and mortality for Black and American Indian/Alaska Native women is striking; Black women are more than three times as likely as White women to die from pregnancy-related causes, while American Indian and Alaskan Native women are more than twice as likely.⁶⁰⁹

Many of these deaths occur in the postpartum period and are considered preventable with appropriate follow-up care. In fact, CDC reports from state maternal mortality review committees found that 66 percent of these deaths are preventable.⁶¹⁰ The COVID-19 pandemic has further highlighted the disparities in pregnancy outcomes. According to a February 2022 analysis by the National Center for Health Statistics, the number of maternal deaths rose 14 percent between 2019 and 2020 with Black women nearly three times more likely to die from maternal causes as compared with Hispanic and White women.⁶¹¹

The weeks and months following the end of pregnancy are a critical opportunity for postpartum individuals to be screened for and, as necessary, receive follow-up care for conditions associated with pregnancy, as well as any other health needs that they may have. These include:

- **Diabetes screening and follow up:** Most women with gestational diabetes do not receive the recommended glucose screenings after delivery, and Black women are among the least likely to receive this follow-up service despite having the highest risk of progression to chronic diabetes.⁶¹²
- **Postpartum depression:** Black and American Indian/Alaska Native women have higher rates of self-reported postpartum depressive symptoms. Black women are also less likely



to be asked about depression during the postpartum period.⁶¹³ And, women with intellectual disabilities were more likely to have visits to the postpartum emergency department for mental health reasons.

- **Substance use disorder:** Substance use disorder treatment in the postpartum period is a known area of undertreatment.

As a first step toward addressing these serious shortcomings in the health care system, the nation is investing in maternal health by offering states the option, for the first time, to extend postpartum coverage from 60 days to up to 12 months through the Medicaid and CHIP state plans and under 1115 demonstration authority.

Program Overview

To take advantage of ARP's new provision to extend Medicaid and CHIP postpartum coverage to up to one year after the end of pregnancy, states can submit Medicaid and CHIP state plan amendments or a 1115 waiver demonstration project request for coverage to take effect beginning April 1st, 2022. **As of April 17, 2022, 18 states have taken some steps toward extending pregnancy-related Medicaid eligibility beyond the federally mandated 60 days (two months) postpartum.**⁶¹⁴ Twenty-six states and the District of Columbia have implemented or are planning to implement a 12-month postpartum extension.

In states that elect the extended postpartum coverage option, the following populations must be provided continuous enrollment through the end of the 12-month postpartum period:

- Current beneficiaries who are pregnant as of the effective date of the state plan amendment or who enroll based on pregnancy or become pregnant after the state plan amendment is effective
- Current beneficiaries who were enrolled in Medicaid or CHIP while pregnant and who are no longer pregnant when the state plan amendment becomes effective, but who are still within a 12- month postpartum period
- Individuals who apply for Medicaid after their pregnancy ends, but who received Medicaid-covered services in the state while pregnant on or after the effective date of the state plan amendment

There are several challenges in implementing the extended postpartum option:

- **Ensuring that as many states as possible apply to participate.** While the Biden-Harris Administration believes strongly that expanded postpartum coverage is essential to healthy individuals and families, there are barriers to ensuring state participation. Some states may be concerned about the state financial share associated with implementing these changes as well as the potential uncertainties of this option beyond the authorized five years.
- **Conducting outreach to eligible beneficiaries to ensure they know about their coverage.** Eligible individuals, especially those no longer enrolled in Medicaid and CHIP, may not know about their new eligibility and therefore may not take advantage of the continued coverage. CMS is working closely with states to ensure that when postpartum coverage is extended, appropriate outreach is conducted as well.



- **Improving care and health outcomes for individuals covered under the new extended postpartum option.** Extending Medicaid and CHIP eligibility from 60 days to 12 months is not the goal in itself, rather it is improvements in health outcomes for pregnant individuals, those who give birth, and their children. States may find that they need to pair the extended coverage with targeted interventions to promote and measure improved health outcomes for individuals and families. The leading causes of death during the late postpartum period include treatable conditions such as cardiovascular diseases, non-cardiovascular medical conditions, and blood clots and 60 percent of those deaths are preventable. Improving postpartum care presents an opportunity for state Medicaid and CHIP programs to improve maternal health outcomes and to intervene on conditions contributing to maternal mortality.

Major Efforts to Advance Equitable Implementation

A full understanding of the impacts of this policy will not be known for some time, since the coverage can only *begin* on April 1, 2022. However, as noted above, 18 states have already taken important steps, including by having implemented a 12-month postpartum extension (5 states) or having plans to implement a 12-month extension (11 states and D.C.). CMS remains concerned about gaps in coverage for postpartum individuals in states that do not elect the extended postpartum coverage option.

Expanding Access to Extended Coverage by Encouraging States to Apply

On December 7, 2021, CMS released a State Health Official (SHO) letter that includes guidance and resources for states that are interested in pursuing the new state plan option to extend postpartum coverage.⁶¹⁵ In this SHO letter, CMS provides states with answers to a series of detailed state questions. For example: how should states deal with individuals who are more than 60 days postpartum but whose Medicaid coverage has already been terminated? What benefits are individuals with extended coverage entitled to? What other actions can states take with their provider and managed care partners to advance maternal health alongside extending postpartum coverage? Do states have an option of extending coverage for less than 12 months?

The December 2021 SHO letter also provides guidance for states on how to implement the extended postpartum coverage option and suggests other ways states can support maternal health (e.g., how to provide doula coverage). CMS has also held all-state calls on this topic, with participants from all 50 states and the District of Columbia. CMS is in regular contact with states and has conducted state webinars to walk partners through the new guidance and emphasize the vital nature of this opportunity. CMS is available to provide technical assistance to states on the new state plan option to extend postpartum coverage.

Conducting Outreach to Beneficiaries to Ensure Awareness About Their Coverage

States have only recently begun implementation of the extended postpartum coverage option, and CMS is available to provide technical assistance to ensure they make coverage changes known to eligible beneficiaries. As implementation begins, CMS will work with states to identify best practices and share those to all participating states. Finally, HHS will be working with provider associations and networks to ensure that there is provider awareness around these coverage changes.



The Road Ahead

Providing states with a new option to extend Medicaid and CHIP postpartum coverage from 60 days to 12 months under ARP is part of the Administration's broader agenda to improve maternal health and reduce disparities in maternal morbidity and mortality. This includes a range of actions, including investing \$200 million dollars in implicit bias training for healthcare providers, increasing funding to Title X Family Planning programs by 20 percent, expanding access to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), increasing funding for the HHS Office for Civil Rights, and prioritizing investments in programs that protect rural health care access and expand the pipeline of rural healthcare providers.

CMS is in the early stages of implementing this policy and will be working closely with state Medicaid agencies to ensure they have appropriate infrastructure, data, and resources. Importantly, CMS is committed to understanding the impact of this first-time policy within the broader context of efforts to improve maternal health.⁶¹⁶

As part of its routine work to support states in their maternal, perinatal, and infant health-focused quality improvement efforts, CMS has identified a core set of health care quality measures for voluntary reporting by state Medicaid and CHIP agencies.⁶¹⁷ This set of measures, called the Maternity Core Set, is used by CMS to measure and evaluate progress toward improvement of maternal and infant health in Medicaid and CHIP. Additionally, several measures on the Adult Core Set measure follow-up care for conditions that are associated with maternal morbidity and mortality (e.g., controlling high blood pressure and screening for depression and follow-up plan) and assess ongoing preventive care (e.g. cervical and breast cancer screening).

CMS has strongly encouraged states to stratify these quality measures and other metrics of interest by race, ethnicity, geography, language, and other indicators in order to identify disparities in access to care and health outcomes, and to develop targeted initiatives to improve maternal health equity. This data reporting is crucial to helping CMS understand the effectiveness of maternal health interventions and to scale effective interventions across the country, in addition to providing feedback to states for quality improvement. HHS and CMS will continue to work with states on a broad range of initiatives that improve maternal health and address the structural factors that have led to decades of disparities for women of color.

⁶⁰⁹ Centers for Disease Control and Prevention. (2019, September 5). Racial and Ethnic Disparities Continue in Pregnancy-Related Deaths: Black, American Indian / Alaska Native women most affected. CDC Newsroom. Retrieved from <https://www.cdc.gov/media/releases/2019/p0905-racial-ethnic-disparities-pregnancy-deaths.html>; Centers for Disease Control and Prevention. (2019, May 10). Vital Signs: Pregnancy-Related Deaths, United States, 2011-2015, and Strategies for Prevention, 13 States, 2013-2017. Morbidity and Mortality Weekly Report (MMWR). Retrieved from <https://www.cdc.gov/mmwr/volumes/68/wr/mm6818e1.htm>

⁶¹⁰ Centers for Disease Control and Prevention. (2019, May 7). Pregnancy-related Deaths. Vital Signs. Retrieved from <https://www.cdc.gov/vitalsigns/maternal-deaths/index.html#:~:text=About%20700%20women%20die%20from,to%201%20year%20after%20delivery>; Davis, N. L., Smoots, A. N., & Goodman, D. A. (2019). *Pregnancy-Related Deaths: Data from 14 U.S. Maternal Mortality Review Committees, 2008-2017*. Retrieved from https://www.cdc.gov/reproductivehealth/maternal-mortality/erase-mm/MMR-Data-Brief_2019-h.pdf

⁶¹¹ Hoyert, D. L. (2022, February 23). Maternal Mortality Rates in the United States, 2020. Retrieved from <https://www.cdc.gov/nchs/data/hestat/maternal-mortality/2020/maternal-mortality-rates-2020.htm>

⁶¹² Bower, J. K., Butler, B. N., Bose-Brill, S., Kue, J., & Wassel, C. L. (2019). Racial/ethnic differences in diabetes screening and hyperglycemia among US women after gestational diabetes. *Preventing Chronic Disease, 16*. <https://doi.org/10.5888/pcd16.190144>



⁶¹³ Bauman, B. L., Ko, J. Y., Cox, S., D'Angelo, MPH, D. V., Warner, L., Folger, S., Tevendale, H. D., Coy, K. C., Harrison, L., & Barfield, W. D. (2020). Vital signs: Postpartum depressive symptoms and provider discussions about perinatal depression — United States, 2018. *MMWR. Morbidity and Mortality Weekly Report*, 69(19), 575–581. <https://doi.org/10.15585/mmwr.mm6919a2>

⁶¹⁴ Gordon, S., Sugar, S., Chen, L., Peters, C., De Lew, N., & Sommers, B. D. (2021, December 7). Medicaid After Pregnancy: State-Level Implications of Extending Postpartum Coverage. Retrieved from <https://aspe.hhs.gov/sites/default/files/documents/cf9a715be16234b80054f14e9c9c0d13/medicaid-postpartum-coverage-ib%20.pdf>

⁶¹⁵ Kaiser Family Foundation (2022, April 15). Medicaid Postpartum Coverage Extension Tracker. Retrieved from <https://www.kff.org/medicaid/issue-brief/medicaid-postpartum-coverage-extension-tracker/?msclkid=2f1d1803b6a111eca81ad0c859830e12>

⁶¹⁶ Centers for Medicare & Medicaid Services. (2021, December 7). HHS Announces Efforts to Help Expand Nationwide Access and Coverage for High-quality Maternal Health Services. Retrieved from <https://www.cms.gov/newsroom/press-releases/hhs-announces-efforts-help-expand-nationwide-access-and-coverage-high-quality-maternal-health>

⁶¹⁷ Centers for Medicare & Medicaid Services. (2022). 2022 Core Set of Maternal and Perinatal Health Measures for Medicaid and CHIP (Maternity Core Set). Retrieved from <https://www.medicaid.gov/medicaid/quality-of-care/downloads/2022-maternity-core-set.pdf#:~:text=2022%20Core%20Set%20of%20Maternal%20and%20Perinatal%20Health,voluntary%20reporting%20by%20state%20Medicaid%20and%20CHIP%20agencies.?msclkid=4fbd17b2bb5111ec9b1c03031ee6e109>



Family Violence Prevention and Services Program (Section 2204)

The American Rescue Plan provided a total of \$1 billion in supplemental funding to support survivors of domestic violence and sexual assault and their children. The funding is also available to support COVID-19 testing, vaccines, mobile health units, and other support for domestic violence services programs, as well as increase support for sexual assault service providers and culturally specific services.

Background

Intimate partner violence, which includes both domestic violence and dating violence, is a major public health problem affecting millions of people in the United States each year.⁶¹⁸ Studies show that an estimated one in four women and one in ten men have experienced physical violence, sexual violence, or stalking by an intimate partner and reported an intimate partner violence-related impact during their lifetime.⁶¹⁹ Rates of intimate partner violence are estimated to be significantly higher among underserved populations, including one in two Native women in poverty, two in five Black women, and two in three women with disabilities.⁶²⁰

In addition to the harm and trauma imposed on survivors, domestic violence impacts individual and family wellbeing and has been shown to contribute to the development of chronic health problems, as well as impede the ability of survivors to manage other chronic illnesses, such as diabetes and hypertension.⁶²¹ Intimate partner violence is also a leading cause of homelessness for women and children and the need for safe and affordable housing is one of the most pressing concerns for survivors.⁶²²

These statistics were further exacerbated by the COVID-19 pandemic. Research in the *American Journal of Emergency Medicine*, as well as a later report by the National Commission on COVID-19 and Criminal Justice, showed significant increases in domestic violence and intimate partner violence during the pandemic.⁶²³ While the precise dynamics driving the increase are unclear, researchers noted that lockdowns, increased social isolation with an abusive partner, and increased barriers to accessing services and community support likely were contributing factors. Additionally, increases in pandemic-driven economic stressors, such as job loss and inability to pay rent, are also known risk factors associated with intimate partner violence.⁶²⁴

In 1984, Congress enacted the Family Violence Prevention and Services Act (FVPSA), which established programs to address domestic violence that are administered through the U.S. Department of Health and Human Services (HHS). FVPSA supports over 1,600 local domestic violence shelters and 252 Tribes to offer services, interventions, and domestic violence prevention programs that meet the needs of individuals. The FVPSA program also provides funding for a network of state coalitions and national technical assistance providers, all working to ensure vital crisis services are available to individuals experiencing domestic or dating violence and their dependents.

The FVPSA Program recognizes how domestic violence intersects with homelessness, child welfare, economic hardship, workplace readiness, physical and mental health, culturally specific needs, and issues impacting missing and murdered Indigenous persons. The FVPSA Program works across HHS to address these issues, such as through coordinated efforts to ensure that survivors can more easily access supportive services, violence-prevention resources, health care,



housing, early childhood education, child support, responsible fatherhood programs, and more. The FVPSA Program also supports the National Domestic Violence Hotline and the StrongHearts Native Helpline. These 24-hour hotlines provide confidential crisis intervention services to survivors and their families while providing access to community resources, supportive services, and shelters. According to the National Domestic Violence Hotline, to date the Hotline has served over three million survivors.⁶²⁵

Program Overview

In response to critical needs to improve access to services and support for survivors, heightened by the pandemic, Congress allocated \$1 billion in ARP funding for the FVPSA Program. This represents a more than five-fold increase relative to typical annual appropriations. FVPSA is administered by the Family and Youth Services Bureau (FYSB) in the Administration for Children, Youth, and Families (ACYF).

The statute originally provided for \$450 million of the allocated funding to remain available until expended through FY 2025 for the following programs:

- \$180 million in additional funding for all FVPSA formula and discretionary grantees, to support domestic violence services programs in all 56 states and territories;
- \$18 million for Tribal FVPSA grantees;
- \$2 million for the National Domestic Violence Hotline;
- \$49.5 million for the Support for Survivors of Domestic Violence and Sexual Assault from Culturally Specific Populations Grant Program to provide funds to an estimated 500 community-based organizations serving the Black, Latino, and Asian-American and Pacific Islander communities to engage in culturally specific activities for survivors of sexual assault and domestic violence to address emergent needs resulting from public health concerns; and
- \$198 million for the Grants to Support Survivors of Sexual Assault program to assist rape crisis centers to expand access to virtual services and to meet the emergency and ongoing needs of survivors.

Following ARP's passage, domestic violence prevention advocates and program administrators issued urgent requests for additional resources to mitigate the spread of COVID-19 and provide equitable access to COVID-19 vaccinations and testing for families experiencing domestic violence as well as for the staff of local or Tribal domestic violence programs. In response, in July 2021, FVPSA received an additional \$550 million in ARP funding to assist states and Tribes in issuing subaward grants to domestic violence shelters and programs for detecting, diagnosing, and mitigating COVID-19 infections for adults, children, and youth experiencing domestic violence and dating violence. This investment together with the original \$450 million allocation – which in sum totals \$1 billion – allows the FVPSA Program to expand existing programming during a critical moment, while also providing an opportunity to advance new programming, including new culturally specific activities funding for underserved communities.

Of the \$550 million available for COVID-19 testing, vaccines, and mobile health units, funding is distributed as follows:



- \$332.5 million for states representing 56 grant recipients reaching 1,500 domestic violence programs
- \$142.5 million for Tribes representing 144 grant recipients reaching 252 Tribes
- \$50 million for coalitions, resource centers, capacity building centers, and hotlines to provide technical assistance to Tribes, domestic violence shelters/programs, and culturally specific organizations

While ARP’s investments in supporting survivors of domestic violence, sexual assault, and their dependents provide significant opportunities to advance equitable outcomes, FVPSA grantees face some challenges to implementing ARP funding in communities. For instance, FVPSA-funded programs have faced operational and staffing challenges over the last two years due to COVID outbreaks at shelters and in programs. Many Tribal governments temporarily closed or significantly decreased their capacity due to the pandemic. Consistent with a tight labor market in many parts of the country, some FVPSA grantees have also reported challenges with hiring new staff and retaining current staff.

The FVPSA Program itself has also faced implementation challenges, particularly related to ensuring sufficient training and technical assistance for grantees. For instance, because sexual assault services are a new FVPSA-funded program for Tribes, the FVPSA Program did not have an existing network of sexual assault technical assistance centers to assist Tribes with implementing these services.

Major Efforts to Advance Equitable Implementation

Supporting Tribes

Programs funded by FVPSA under ARP supported underserved populations in a number of ways—including expanded access to domestic violence and sexual assault services in Tribal communities and through expanded culturally relevant service centers. To inform initial program design, the FVPSA Program staff participated in the Administration of Children and Families (ACF) Tribal consultations to inform FVPSA Program guidance, FAQ documents, and additional technical assistance. Tribes and Tribal organizations identified a range of barriers that often prevent Tribal grantees from fully accessing FVPSA funds. These barriers were addressed in the following ways:

- No funding match was required for the supplemental grant awards or subawards, which often limits participation by under resourced governments and organizations.
- Tribal resolutions were not required as part of the abbreviated application process, which reduced the burden on Tribal programs to apply for the supplemental awards.
- Funding flexibilities allow grantees to cover emerging expenses needed to increase services to underserved Tribal members, including through the provision of rental, food, clothing, and other emergency support.

Through technical assistance and outreach efforts with the Domestic Violence Resource Network (DVRN), the Culturally Specific Special Issue Resource Centers (CSSIRC), and Emerging and Current Issue Capacity Building Centers, FVPSA Program team continues to engage in feedback with partners to ensure all training and technical assistance are culturally- and linguistically-specific, and accessible for grantees.



Supporting Culturally Specific and Underserved Populations

HHS also awarded ARP supplemental funding to support community-based organizations that are providing culturally-specific activities and support for survivors of sexual assault and domestic violence to address emergent needs resulting from the COVID-19 public health emergency. This historic investment in ARP funding created a multi-year funding source for services for survivors from underserved communities who often encounter additional barriers to accessing culturally specific and trauma-informed services.

Providing Clarity on Allowable Uses of ARP Funding

Throughout 2021 and the beginning of 2022, all FVPSA Program Specialists held weekly office hours to assist grantees in the administration of their ARP funds. The FVPSA Program has published five Program Instruction Guidance Memos outlining the allowable uses of funds and program implementation options for all ARP grant programs—these included implementation requirements for the allocation of FVPSA subgrants to resource centers that will use their expertise, existing networks, and memberships to support survivors from underserved communities, including Tribes, Tribal organizations, LGBTQ organizations and two-spirited organizations.⁶²⁶ The FVPSA Program has also disseminated documents responding to grant recipients' Frequently Asked Questions to help all FVPSA grantees.⁶²⁷

Issuing Supplemental Technical Assistance on Workforce and Programmatic Practices

Beginning in May 2021, FVPSA provided individual, monthly, quarterly, and regional technical assistance to support the needs of Tribal and Culturally Specific ARP grantees. The FVPSA Program hosted regular office hours for states, Tribes, coalitions, and staff from resource center and hotlines from June 2021 – February 2022 to ensure that grantees understood the supplemental grant requirements and allowable uses of funding, all of which would help them effectively use ARP funding to continue services for survivors and address emergency COVID-19 related needs.

To assist FVPSA grantees with the implementation of ARP funding, the FVPSA Program has also provided training and technical assistance webinars on the implementation of workforce capacity building to assist with staffing shortages, strategies for partnering with health care providers,⁶²⁸ strategies for implementing mobile health units to mitigate the spread of COVID-19, as well as offering more strategies for implementing mobile advocacy services, remote services, and teletherapy services.⁶²⁹

From December 2021 through February 2022, a series of nine technical assistance trainings were offered to FVPSA formula grantees (States, Tribes, State Domestic Violence Coalitions), sponsored by DVRN members and partners. Training focused on the disparate impact of COVID-19 on survivors from historically marginalized communities, and strategies for equitable implementation of the various funding opportunities. The DVRN members that participated in and facilitated these sessions included Futures Without Violence National Health Resource Center on Domestic Violence, The National Indigenous Women's Resource Center (NIWRC), Asian Pacific Islander Institute – Gender Based Violence (API-GBV), Ujima: The National Center on Violence Against Women in the Black Community, and the National Alliance to End Sexual Violence (NAESV).



Implementing Streamlined Supplemental Funding Processes

To quickly help ARP Grants to Support Survivors of Domestic Violence grantees be responsive to the needs of survivors, the FVPSA Program implemented a streamlined supplemental funding process for all 296 *existing* FVPSA grantees. Grantees include states, Tribes, coalitions, children’s services demonstration grants, resource centers, the National Domestic Violence Hotline, and the StrongHearts Native Helpline.

The streamlined process allowed all current grantees to receive their supplemental funding in advance of submitting their applications. Funding was released for immediate drawdown 45 days before the applications were due. Meanwhile, grant recipients are still required to submit post-award documents related to the implementation of this funding, including a use of funds narrative and budget documents, among other requirements. This process enabled grantees to immediately address the most urgent program and service needs to support survivors and their children while ensuring submission of necessary documentation. The FVPSA Program also created a separate streamlined process to award ARP Grants to Support Survivors of Sexual Assault to state administrators in each state and territory for them to distribute to help rape crisis centers and sexual assault programs continue adapting to meet the emergency needs of sexual assault survivors and strengthen the public health response to sexual violence in local communities.

The Road Ahead

Implementation of ARP FVPSA is still in the early stages, with funding to remain available until expended through FY 2025. As required by statute, FVPSA will track and document Performance Progress Reports (PPRs) for all formula grantees on an annual basis per the statute, which will provide information on the use of program funds.

To assist Tribes with the administration of their ARP funding, the FVPSA Program is developing new financial grants management training modules and a Tribal program implementation manual. Additionally, the FVPSA Program and the ACF Office of Grants Management are developing drawdown status communications to provide Tribes the current status of remaining grant funding in order to facilitate the implementation of these funds.

The FVPSA Program has also begun working with FYSB’s Division of Data, Evaluation, and Policy and ACF’s Office of Planning Research and Evaluation to submit a brief COVID-19 ARP supplemental funding implementation survey that will be completed by all FVPSA ARP grant recipients. These brief surveys will give the FVPSA Program information on ARP funding implementation. One survey will be used to capture implementation information across all ARP funding to lessen the burden for grantees. The FVPSA Program plans to roll out the brief survey in April 2022 and September 2022, with the goal of administering the survey to all grantees once each year from 2022 to 2025. This survey information will supplement the annual PPRs to provide a more complete understanding of the implementation and impact of ARP funding to support these programs.

⁶¹⁸ Smith, S. G., Zhang, X., Basile, K.C., Merrick, M.T., Wang, J., Kresnow, M., Chen, J. (2018). The National Intimate Partner and Sexual Violence Survey (NISVS): 2015 Data Brief—Updated Release. Atlanta, GA: National Center for Injury Prevention and Control, Centers for Disease Control and Prevention

⁶¹⁹ *Ibid.*

⁶²⁰ [Frieden T.R.](#), Jaffe, H.W., Cono, J., et al. (2014, September 5). Prevalence and Characteristics of Sexual Violence, Stalking, and Intimate Partner Violence Victimization—National Intimate Partner and Sexual Violence Survey, United



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⁶²¹ World Health Organization. (2013). Global and regional estimates of violence against women: prevalence and health effects of intimate partner violence and non-partner sexual violence. Retrieved from http://apps.who.int/iris/bitstream/handle/10665/85239/9789241564625_eng.pdf;jsessionid=8BC9CF2A584595D3661F9760383B3A93?sequence=1

⁶²² Aratani, Y. (2009, September). Homeless Children and Youth: Causes and Consequences. Retrieved from http://www.nccp.org/wp-content/uploads/2020/05/text_888.pdf

⁶²³ Boserup, B., McKenney, M., & Elkbuli, A. (2020). Alarming trends in US domestic violence during the COVID-19 pandemic. *The American Journal of Emergency Medicine*, 38(12), 2753–2755.

<https://doi.org/10.1016/j.ajem.2020.04.077>; and Council on Criminal Justice. (2021, February 21). Impact Report: COVID-19 and Domestic Violence Trends. Retrieved from <https://counciloncj.org/impact-report-covid-19-and-domestic-violence-trends/>

⁶²⁴ Cannon, C. E., Ferreira, R., Buttell, F., & First, J. (2021). Covid-19, intimate partner violence, and Communication Ecologies. *American Behavioral Scientist*, 65(7), 992–1013. <https://doi.org/10.1177/0002764221992826> and Kluger, J. (2021, February 3). *Domestic Violence is a Pandemic Within the COVID-19 Pandemic*. Retrieved from <https://time.com/5928539/domestic-violence-covid-19/>

⁶²⁵ National Domestic Violence Hotline. (n.d.). *National Domestic Violence Hotline Projects Three Million Calls One Year Earlier Than Expected*. Retrieved from <https://www.thehotline.org/news/national-domestic-violence-hotline-projects-three-million-calls-one-year-earlier-than-expected/>

⁶²⁶ For more information about the term, *Two-Spirit*, see <https://www.ihs.gov/lgbt/health/twospirit/>

⁶²⁷ Administration for Children & Families, Family and Youth Services Bureau. (2022). *Resource Library*. Retrieved from <https://www.acf.hhs.gov/fysb/resource-library>



WIC Modernization (Section 1106)

The American Rescue Plan provides \$390 million for fiscal year (FY) 2021, to remain available through FY 2024, to carry out outreach, innovation, and program modernization efforts, including appropriate waivers and flexibility, to increase participation in and redemption of benefits. The Act is applicable to both the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and the WIC Farmers' Market Nutrition Program (WIC FMNP).

Background

Evidence shows that USDA's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is one of the most powerful evidence-based public health interventions available, and is uniquely positioned to reduce racial disparities in maternal and child health outcomes. Racial disparities in maternal mortality are striking—American Indian/Alaska Native and Black women are about *two to three times* as likely to die from pregnancy-related complications as White women.⁶³⁰ While the healthcare sector is central to providing medical care and intervention to prevent maternal mortality, WIC plays a central role in supporting good healthcare outcomes for low-income, at-risk pregnant and postpartum women and their children. Specifically, WIC staff conduct a nutrition assessment to identify potential medically-related or dietary risks and provide referrals to facilitate early and continuous prenatal and postpartum health care. Studies including racially and ethnically diverse populations have found that participation in WIC is associated with reduced infant mortality; reduced low birthweight rates; increased duration of pregnancy; better child cognitive development, and improved diet quality, among many other benefits for program participation.⁶³¹ Despite these benefits, it is estimated that only 57 percent of people who are eligible are currently enrolled with participation trending downward over time.⁶³² Additionally, there are significant geographic differences in WIC participation across the country.

To provide services during the pandemic, USDA supported states in adopting alternative enrollment, certification, and program delivery options. This included waiving physical presence requirements, allowing remote issuance of benefits, and extended certification periods among others.⁶³³ These administrative flexibilities, while intended as a response to the particular constraints of the pandemic, have the added value of generally making the program more accessible. Despite flexibilities offered under the Families First Coronavirus Response Act, during the challenging circumstances of the last several years, overall WIC participation has continued to decline.⁶³⁴

Recognizing the need to grow and sustain efforts to improve program enrollment and retention, the American Rescue Plan allocated \$390 million—available through Fiscal Year 2024—to USDA's Food and Nutrition Service (FNS) to carry out outreach, innovation, and program modernization efforts for both WIC and the WIC Farmers' Market Nutrition Program (FMNP).⁶³⁵

Program Overview

WIC Modernization funding is a unique opportunity to bolster a program with a strong evidence base for improving maternal and child health and closing the gap around critical health disparities among underserved individuals and communities. Modernization efforts that center on equity outcomes as a goal are critical not only for improved health outcomes and disparity



reductions, but also the long-term resiliency of an important public health program. In that context, there are two overarching challenges for implementing the WIC Modernization funding:

- Given broad latitude provided by the statute, how does FNS develop a strategic plan and approach to investment that centers on the needs of vulnerable communities and that operationalizes equity outcomes as a core frame?
- In the context of that broader investment strategy, how can FNS address program-level challenges that have been difficult to solve and persistent over time?

The challenges of under-enrollment and participant retention preceded the pandemic. USDA's WIC Infant and Toddler Feeding Practices Study found that about 40 percent of WIC participants report inconvenience as a reason for leaving the program early.⁶³⁶ This barrier likely impacts the overall 57 percent coverage among individuals eligible for the program, including decreasing coverage as children age (from 98 percent of eligible infants to 25 percent of eligible four-year-olds).⁶³⁷ Addressing these challenges requires developing and piloting innovative approaches and evaluating the impact of these efforts with new and existing measures to understand equitable impacts and incorporate learning.

Major Efforts to Advance Equitable Implementation

Developing a Strategic Plan with Targeted Investments to Improve Equity

Understanding the need to address issues of under-enrollment and participant retention, FNS developed a strategic plan centered on the Administration's commitments to improve health equity and child health outcomes, and reduce maternal mortality and morbidity. To do this, WIC Modernization efforts focus on investing in efforts that improve the following program-level outcomes:

- Increase WIC's participation rate through:
 - Improved enrollment and retention
 - Improved participant experience
- Reducing disparities in program delivery

The investment plan divides the funds into two WIC modernization initiatives: (1) \$250 million to increase enrollment and retain participants for the full length of their eligibility and (2) \$120 million to reduce disparities in program delivery. Approximately five percent is dedicated to support federal costs necessary to carry out the plan. The overall objective is to make the program convenient and easy to access for all individuals, including underserved populations, while ensuring the continued delivery of high-quality services such as provision of nutritious foods to supplement diets, nutrition education, breastfeeding support, nutrition assessment, and referrals to healthcare and social services.

Within the two broad areas of investment, the research and engagement process with stakeholders informed six sub-initiatives, which include the following:

- Initiatives to increase enrollment and retention:
 - Expand state and community-level outreach and engagement efforts to reach underserved populations.



- Rebrand WIC from a benefit program to a public health service through a multi-faceted national outreach campaign.
- Transform WIC business practices and implement technology tools that improve and streamline the participant experience.
- Initiatives to reduce disparities in delivery:
 - Modernize the WIC shopping experience at the grocery store.
 - Expand opportunities to transact benefits at farmers markets.
 - Reduce disparities in service delivery through evidence-informed workforce strategies.

All state agencies will have the opportunity to receive some modernization funding to pilot these types of initiatives in WIC or the WIC FMNP; however, some projects will fund only a subset of partners in order to design and test new ways of doing business. USDA will share the lessons learned from these efforts and support all state agencies as they work toward transforming their program operations based on the insights gained from these efforts.

Soliciting and Incorporating Feedback from Stakeholders and Program Participants, including Underserved Communities to Formulate USDA’s Investment Strategy

To address the implementation challenges and formulate this investment strategy USDA took a research-informed approach that included soliciting and incorporating feedback from stakeholders, program participants and underserved communities. USDA conducted over 30 listening sessions with Congressional staff, advocates, researchers, participants, industry partners, and state and local agencies in rural and urban areas from across the country to gather input on strategies to increase enrollment and improve the participant experience, and approaches for reducing disparities in program and health outcomes. USDA also partnered with the United States Digital Service (USDS) to perform a discovery exercise to better understand the challenges applicants experience when enrolling in WIC. The USDS research included 43 interviews with more than 75 individuals, including WIC directors from ten states, territories, and Indian Tribal Organizations (ITOs) and 12 local clinics in urban and rural locations.

Collecting Data and Feedback on Ways to Improve the Customer Experience Through Technology

USDA is collaborating with USDS and the Presidential Innovation Fellows to conduct further research into both the business and technical needs of state agencies for modernization. In October 2021, USDS disseminated a survey to all 89 WIC state agencies about their technology use and capacity, and in November 2021, USDA published a Request for Information (RFI) in the *Federal Register* asking for public input on the capabilities of a resource center to help state agencies improve their WIC application and certification process.⁶³⁸ USDS and USDA reviewed the public comments—along with information gathered from the WIC state agency survey—and are using this analysis to finalize recommendations for the development of national tools, future technical assistance resource center (WIC Participant Experience Center), and State agency technology projects, which will be supported with WIC Modernization funds.

The Road Ahead

Implementation of this program is still in the early stages, with funding available through FY 2024. USDA anticipates announcing funding opportunities in the coming months and years



aligned with the strategy and overarching goals. As a multi-year effort, USDA also intends to revisit the plan regularly to determine if the activities and funding amounts are appropriate, or if adjustments should be made based on new information, changing program conditions, or performance of any of the initiatives. The modernization efforts funded through ARP are in addition to regulatory actions USDA is taking to both enhance participants' equitable access to nutritious foods that align with the latest nutrition science and to remove barriers to ordering and transacting program benefits with the expansion of online shopping.⁶³⁹ These regulatory actions align with the goals of the innovation fund to modernize the WIC Program to improve participation and retention.

Increasing Awareness and Improving Retention and Delivery

In support of its work to increase awareness among underserved individuals and communities, FNS is preparing a national and local strategy. FNS is developing a Request for Applications (RFA), expected to be live in Spring 2022, seeking the services of an educational institution or non-profit organization with a public health communications background. The grantee will support State and local initiatives to expand local partnerships and test communication strategies at the community level in order to increase awareness about the program, particularly for underserved populations and reduce disparities in program delivery.

Additionally, as soon as August 2022, **FNS is planning to contract for the development and implementation of a national WIC public health outreach campaign to increase awareness of the health and nutrition benefits associated with participating in WIC.** The ultimate goals of the national campaign are to increase program enrollment and participant retention, while also reducing disparities in program access and delivery. The contractor will be required to identify target audiences for the campaign, including those who have been underserved by the program, and key strategic partners to develop and implement targeted messaging and outreach.

USDA is addressing identified barriers to participation through the WIC modernization efforts, making substantial investments to improve the experience of all individuals when connecting to WIC, being certified for the program, and shopping for foods using WIC benefits. USDA's objective is to make the program convenient and easy to access for all individuals—specifically underserved populations—while ensuring the continued delivery of high-quality services such as nutrition education, breastfeeding support, nutrition assessment, and referrals to healthcare and social services. For instance, a request for applications available on grants.gov as of February 24, 2022 seeks to accelerate improvements in the experience of individuals when attempting to use benefits at Farmer's Markets.⁶⁴⁰

These efforts complement trainings and resources USDA makes available to support WIC State agencies in providing equitable service to program participants. For example, USDA hosts an online education and training center with resources to support clinic staff in providing culturally appropriate services and with curriculum designed in an inclusive and representative way in consultation with program stakeholders.⁶⁴¹

Reporting and Data Analysis

As the WIC modernization projects are planned and developed, new and existing data measures will be identified for evaluating impact. The coverage rate measures how well WIC reaches eligible women, infants, and children. Geographic, racial, and ethnic disparities in program coverage (i.e., the percent of the eligible population that participates in the program) will be



monitored to inform and evaluate WIC modernization efforts and ensure equity in access to improvements. Updated data on breastfeeding rates, policies, and procedures at the state and local levels will support USDA's efforts to examine equity in the program and inform strategies to reduce racial, ethnic, and geographic disparities in breastfeeding initiation.

One challenge to address will be the quality of data reported on race and ethnicity. Preliminary research indicates that current race and ethnicity data reporting does not accurately reflect the participation rate due to issues with data collection at the clinic/local level.⁶⁴² For instance, race and ethnicity are required fields in many WIC Management Information Systems, which compels intake specialists to select a value on behalf of the applicant if the applicant declines to answer these demographic questions. Reporting and data analysis work will need a greater focus on measuring data accuracy.

Additional work to understand the specific impacts of the modernization efforts on awareness, access, and ultimately program outcomes will need to be developed as implementation progresses. FNS plans to commission a research project that will track progress on the WIC modernization efforts by summarizing information and key measures reported to FNS by contractors and grantees implementing the innovations. This project was included on FNS's FY22 Research and Evaluation plan, which was cleared and officially published on April 6, 2022.⁶⁴³

A Foundation for Improved Health Outcomes

Through an agreement with the Agency for Healthcare Research and Quality (AHRQ) within the Department of Health and Human Services (HHS), **USDA FNS recently completed an updated systematic review of evidence on maternal and childhood outcomes associated with WIC.**⁶⁴⁴ The report, released on April 20, 2022, updates previous evidence that WIC participation is associated with improved pregnancy outcomes, lower infant mortality, improved diet quality, and better child cognitive development.⁶⁴⁵ While the review identified some individual studies showing a stronger impact of WIC on some maternal and infant outcomes among Black compared to White individuals, the review identified an insufficient number of studies to draw conclusions on differential impacts. Nevertheless, evidence continues to point to WIC as a program that improves maternal, infant, and child health. Efforts to increase enrollment and retention of women from all racial and ethnic groups, with a specific emphasis on groups with higher rates of morbidity and mortality, are expected to improve maternal health and survival.

⁶³⁰ Petersen, E. E., Davis, N. L., Goodman, D., Cox, S., Syverson, C., Seed, K., Shapiro-Mendoza, C., Callaghan, W. M., & Barfield, W. (2019). Racial/ethnic disparities in pregnancy-related deaths — United States, 2007–2016. *MMWR. Morbidity and Mortality Weekly Report*, 68(35), 762–765. <https://doi.org/10.15585/mmwr.mm6835a3>

⁶³¹ U.S. Department of Agriculture, Food and Nutrition Service. (2013, October 10). *About WIC: How WIC Helps*. Retrieved from <https://www.fns.usda.gov/wic/about-wic-how-wic-helps>

⁶³² U.S. Department of Agriculture, Food and Nutrition Service. (2021, June 25). *WIC Eligibility and Coverage Rates - 2018*. Retrieved from <https://www.fns.usda.gov/wic/eligibility-and-coverage-rates-2018>

⁶³³ U.S. Department of Agriculture. (2021, September 10). *Subject: WIC Policy Memorandum #2021-10: Updated Expiration Schedule for Existing FNS-Approved WIC COVID-19 Waivers*. Retrieved from <https://fns-prod.azureedge.us/sites/default/files/resource-files/WPM-2021-10-Extending-FFCRA-WIC-Waivers.pdf>

⁶³⁴ U.S. Department of Agriculture, Food and Nutrition Service. (2022, March 11). *WIC Data Tables*. Retrieved from <https://www.fns.usda.gov/pd/wic-program>

⁶³⁵ See Section 1106 of American Rescue Plan Act of 2021, Pub.L. No. 117-2 (2021) Retrieved from <https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf?msockid=b5fe4548bb5211eca984dfe62e99bc44>



⁶³⁶ U.S. Department of Agriculture, Food and Nutrition Service. (2020, September 8). *WIC Infant and Toddler Feeding Practices Study 2: Fourth Year Report*. Retrieved from <https://www.fns.usda.gov/wic/infant-and-toddler-feeding-practices-study-2-fourth-year-report>

⁶³⁷ USDA currently supports the annual estimation of the number of women, infants, and children in the U.S. eligible for WIC and the percent of the eligible population that participates in the program (coverage rate). See U.S. Department of Agriculture, Food and Nutrition Service. (2022, February 14). *National and State Level Estimates of WIC Eligibility and Program Reach in 2019*. Retrieved from <https://www.fns.usda.gov/wic/national-state-level-estimates-eligibility-program-reach-2019>

⁶³⁸ Request for Information: Center for WIC Modernization and Delivery. 86 F.R. 64445 Retrieved from <https://www.federalregister.gov/documents/2021/11/18/2021-25145/request-for-information-center-for-wic-modernization-and-delivery>

⁶³⁹ USDA is currently working on proposed rules for revisions in the WIC food packages and online ordering and transactions, on track to be released later this year. More information is available at reginfo.gov

⁶⁴⁰ U.S. Department of Agriculture, Food and Nutrition Service. (2022, February 24). *RFA: FY22 WIC FMNP Delivery Benefit Modernization Grants (USA-FNS-WIC-FMNBP-22)*. Retrieved from <https://www.grants.gov/web/grants/view-opportunity.html?oppId=338318>

⁶⁴¹ U.S. Department of Agriculture. (2022). *Welcome to the WIC Works Resource System*. Retrieved from <https://wicworks.fns.usda.gov/>

⁶⁴² U.S. Department of Agriculture, Food and Nutrition Service. (2021, February 18). *WIC Racial Ethnic Group Enrollment Data 2018*. Retrieved from <https://www.fns.usda.gov/resource/wic-racial-ethnic-group-enrollment-data-2018>

⁶⁴³ U.S. Department of Agriculture, Food and Nutrition Service. (2022, April 6). *Food and Nutrition Service Research and Evaluation Plan: Fiscal Year 2022*. Retrieved from <https://fns-prod.azureedge.us/sites/default/files/resource-files/study-and-evaluation-plan-2022.pdf>

⁶⁴⁴ Agency for Healthcare Research and Quality. (2020, December 1). *Maternal and Childhood Outcomes Associated with the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)*. Retrieved from <https://effectivehealthcare.ahrq.gov/products/outcomes-nutrition/protocol>

⁶⁴⁵ Agency for Healthcare Research and Quality. (2022, April). *Systematic Review: Maternal and Child Outcomes Associated With the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)*. Retrieved from <https://effectivehealthcare.ahrq.gov/products/outcomes-nutrition/research>



Prevention and Treatment of Substance Abuse (Section 2702)

The American Rescue Plan appropriated \$1.5 billion to the Substance Abuse and Prevention Treatment Block Grant for awarding to states beginning in FY21 and to be expended by FY25.

Background

The Centers for Disease Control and Prevention (CDC) preliminary data indicate the U.S. suffered nearly 107,000 overdose deaths for the 12 months ending November 2021.⁶⁴⁶ CDC data also shows that American adults in June 2020 reported elevated levels of adverse mental health conditions, substance use, and suicidal ideation.⁶⁴⁷ The prevalence of symptoms of anxiety was approximately three times that reported in the second quarter of 2019, and prevalence of depression was approximately four times that reported in the second quarter of 2019.⁶⁴⁸

These numbers are even more stark for some racial minorities, essential workers, and the aging and disability community. According to the CDC, survey data from June 2020 showed that in the early days of the pandemic, “respondents who reported having seriously considered suicide in the 30 days before completing the survey (10.7 percent) was significantly higher among... minority racial/ethnic groups, including Hispanic respondents (18.6 percent), non-Hispanic Black respondents (15.1 percent), self-reported unpaid caregivers for adults (30.7 percent), and essential workers (21.7 percent).”⁶⁴⁹ An estimated one in five older adults currently experience depression, anxiety, insomnia, substance use, or another mental health disorder.⁶⁵⁰

Notably, drug overdoses have disproportionately affected Black men in America. In 2020, the rate of drug overdose deaths was 22 percent higher among Black men than White men.⁶⁵¹ This stands in stark contrast to data from just five years prior when Black men were 50 percent *less* likely to die of drug overdose deaths than White men. Meanwhile, the drug overdose death rate among Black women (18.8) remains lower than White women (21.3), although both groups are experiencing increasing rates of drug overdose deaths relative to 2015.⁶⁵² State and city level analyses provide further confirmation of these findings. One study from Philadelphia, for example, showed that COVID-19 was associated with increases in rates of opioid overdoses among Black Americans but decreases among White Americans.⁶⁵³

Unfortunately, this increase in disease burden is not being accompanied by corresponding increases in service utilization. In May 2021, the Centers for Medicare & Medicaid Services (CMS) released data highlighting health services received by millions of Medicaid and Children Health Insurance Program beneficiaries during the COVID-19 Public Health Emergency. Despite an overall rebound for most of these services, mental health utilization (which supports people suffering from substance abuse, among other challenges) remained below pre-pandemic levels.⁶⁵⁴ Specifically, the results demonstrated a 34 percent decline in the number of mental health services utilized by children under age 19, compared to the same time period in 2019, and a 22 percent decline in the number of mental health services utilized by adults aged 19 to 64, compared to the same time period in 2019. This translates to approximately 14 million fewer mental health services for children and approximately 12 million fewer mental health services for adults, for a total of nearly 26 million fewer mental health services utilized across both groups. This decline in overall utilization of mental health services is of concern given the fact that substance use, like other chronic illnesses, requires ongoing care and treatment.⁶⁵⁵



Similarly, at the same time that preliminary reports suggested increased drug-related mortality due to the COVID-19 public health emergency, substance use disorder service utilization fell by 3.6 million services (13 percent decline) from 2019.

The Substance Abuse and Mental Health Services' Administration's (SAMHSA) Substance Abuse Prevention and Treatment Block Grant (SABG) allows states and territories to plan, implement, and evaluate activities to prevent, treat, and help more people recover from substance use disorder.⁶⁵⁶ The funding is broadly flexible and allows recipients to make investments in existing prevention, treatment and recovery infrastructure; promote support for providers; and address unique local needs to deliver substance use disorder services.

Program Overview

The SABG program provides funds and technical assistance to all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, six Pacific jurisdictions, and one Tribal entity. Grantees use the funds to plan, implement, and evaluate activities that prevent and treat substance use disorders and promote public health.

The grants provided under SABG are non-competitive, but each grantee must:

- Have a designated unit of its executive branch that is responsible for administering the SABG (for example, Division of Behavioral Health) work with the grantee's department of health
- Apply annually for SABG funds
- Have the flexibility to distribute the SABG funds to local government entities, such as municipal, Tribal, county, or intermediaries, including administrative service organizations
- Have SABG sub-recipients, such as community- and faith-based organizations (non-governmental organizations), and deliver:
 - Substance use prevention activities to individuals and communities impacted by substance use
 - Substance use disorder (SUD) treatment and recovery support services to individuals and families impacted by SUDs

Grantees must develop a comprehensive primary prevention program that includes activities and services provided in a variety of settings. The program must target both the general population and sub-groups that are at high risk for substance use challenges.

Although the SABG program provides its grantees with flexibilities regarding implementation of SUD treatment, prevention, and recovery support activities, additional flexibilities were necessary due to the pandemic. The inclusion of the waiver language: "Consistent with HHS Disaster Relief Flexibilities, SAMHSA may waive requirements with respect to allowable activities, timelines, or reporting requirements for the SABG as deemed necessary to facilitate a grantee's response to coronavirus" provides SAMHSA and its grantees more flexibility in implementing desired programming.

\$1.5 billion allocated in the American Rescue Plan represents a substantial increase in the overall SABG budget. The annual budget for this block grant in FY20 and FY21 was approximately



\$1.9 billion, and while the additional allocation can be spent through FY25, it nonetheless provides states and other jurisdictions with a significant opportunity to expand access to substance use treatment and prevention services. Addressing the recent decline in utilization of mental health services at a time of increasing need, particularly among underserved populations, is a primary challenge to delivering substance use disorder services.

Major Efforts to Advance Equitable Implementation

Requiring Equity Strategies in State Proposals: Proposals from eligible jurisdictions were requested to be submitted by July 2, 2021 and were reviewed and approved by State Project Officers. State proposals included projects and activities specifically tailored to address the needs of state residents. Proposals were required to identify how recipients intended to use equitable strategies to reduce disparities in the state's Prevention, Treatment, and Recovery Support planning and approaches.

Raising Awareness Among All, Including Underserved Populations: SAMHSA has focused explicitly on raising awareness in underserved communities and expanding access in those communities. One of the program's requirements is that grantees target underserved populations. In accordance with this requirement, states included in their proposals how they intended to achieve this goal. Although states have discretion in their approach, SAMHSA identified specific populations to address. These underserved populations include, but are not limited to, pregnant women and women with dependent children; persons who inject drugs; persons using opioids and/or stimulant drugs associated with drug overdoses; persons at risk for HIV, TB, and Hepatitis; persons experiencing homelessness; persons involved in the justice system; persons involved in the child welfare system; Black, Indigenous, and People of Color (BIPOC); LGBTQ individuals; rural populations; and other underserved groups.

States have worked collaboratively with SAMHSA to expand awareness around the availability of substance use disorder services, particularly in underserved populations. For example:

- **South Dakota** has utilized a statewide behavioral health awareness media campaign to support de-stigmatization of behavioral health disorders, raise awareness regarding prevention, and support treatment resources as well as awareness. To expand upon this effort, ARP funds are being used to support behavioral health providers with activities to promote awareness through localized media campaigns, website promotion and updates, printed and social media and other strategies as uniquely identified by each provider, building upon the statewide campaign. This will improve awareness, increase access to services and support pregnant women and women with dependent children, persons who inject drugs, individuals at risk for HIV and Tuberculosis, and primary prevention.

Identifying and Addressing Common Barriers to Access: In an effort to expand access in underserved communities, states are working to identify common barriers that may prevent access to services. These include, but are not limited to: having culturally sensitive approaches to outreach and service delivery, addressing provider shortages, and increasing access to social support services, such as transportation in rural communities. Several states are already using ARP dollars to address these challenges. For example:

- **Maryland** is funding a Local Prevention Programs Unit within the Local Overdose Fatality Review teams (LOFRTs) to support health equity among underserved populations. LOFRTs are multiagency, multidisciplinary teams that analyze cases of drug



overdose in their communities to identify preventable risk factors and missed opportunities for intervention.⁶⁵⁷ They operate in both rural and urban jurisdictions in Maryland and are able to reach all underserved populations across the state. Since LOFRTS are multi-disciplinary and are comprised of stakeholders representing organizations across multiple sectors, they are able to reach underserved populations.

- In **Texas**, American Indians have consistently experienced disparities in access to health care services, funding, and resources; quality and quantity of services; treatment outcomes; and health education and prevention services. Availability, accessibility, and acceptability of behavioral health services are major barriers to recovery for American Indians. The Texas Health and Human Services Commission (HHSC) will allocate \$500,000 from ARP funding to the Alabama-Coushatta Tribe of Texas (ACTT) to address conditions contributing to substance use/misuse and social determinants of health within the Tribal community. This project will directly serve 300 of approximately 900 adult and youth Tribal members in the ACTT community. HHSC will establish a government-to-government relationship with ACTT to expand their behavioral health services to provide culturally appropriate behavioral health strategies to 100 adult and youth Tribal members within the ACTT community. Funding for this project will direct critical resources toward expanding broad-based state and local community strategies and approaches in addressing the drug overdose epidemic, involving SUD prevention, intervention, treatment, and recovery support services for the American Indian Community.
- **California** will promote health equity through grant opportunities that specifically address underserved populations. For example, the Statewide Recovery Services effort will prioritize homeless populations and individuals in rural counties with limited access to SUD recovery support services. California Department of Health Care Services (DHCS) will additionally implement measures within its selection process for other funding announcements. This includes its Behavioral Health Workforce Gap Project, designed to ensure counties, cities, behavioral health agencies, and providers focus a significant portion of their activities in serving communities of color, perinatal populations, and youth and young adults. DHCS will also encourage counties to target areas of highest need within their county-administered efforts, including mirroring DHCS' statewide initiatives in addressing the needs of communities of color, homeless populations, rural populations, perinatal populations, and youth and young adults. Finally, DHCS is funding an *outcomes analysis* that will specifically measure efficacy of California's ARP-funded SUD prevention, intervention, treatment, and recovery support efforts, with specific focus on understanding the impact and progress made in addressing SUD needs, gaps, and health inequities.

Investing in Data and Evidence-Based Practices to Improve Outcomes: Several states are acting to strengthen data infrastructure, expand the use of evidence-based practices, and continue to collect more information that will support future interventions.

- **Virginia** is planning to use ARP funds to improve their data collection and reporting infrastructure. The COVID-19 pandemic has emphasized deficiencies in communication between Virginia community providers and the state, as well as between the state and Medicaid. By modernizing their data exchange relationship, they will be able to provide much improved prediction, comparison across sites, as well as general oversight of



community services in a standardized format across providers and in a standardized format between Medicaid reimbursement and state federal reporting.

- **The District of Columbia (DC)** plans to use quantitative and qualitative data to guide the development and implementation of planned prevention strategies aimed at promoting substance use prevention throughout DC. More specifically, findings from District ward-level data will help to better understand the varying needs of underserved populations and health disparity needs. Strategies are tailored toward the diverse populations using different languages, graphics, and messaging to reach target populations.
- **Montana** plans to increase the number of schools implementing an evidence-based substance use primary prevention program that promotes enhanced social-emotional behaviors and self-regulation that have a direct impact on preventing substance use and other behavioral health risks. Currently, Montana has been promoting the PAX Good Behavior Game in schools and the number of schools implementing this program has increased from 127 to 147 schools.⁶⁵⁸ Their intention is to allow schools to select the evidence-based program (EBP) that best meets their needs. These funds will support training 20 schools per year and conducting evaluation of the EBP implementation. The training will be targeted to school leaders, school counselors, and parents/grandparents/guardians on how to build resiliency skills among Montana youth.

States have broad discretion to use these funds. Measurable targets and objectives are determined by the grant fund recipients and are individualized to each state. However, SAMHSA will monitor the extent to which grantees are meeting their specified goals and objectives. Additionally, the SABG program has measurable goals and targets established related to the number of individuals served as well as measures that assess client outcomes.⁶⁵⁹ Grantees' use of ARP funds will be included as part of this ongoing performance monitoring.

The Road Ahead

SAMHSA is committed to making effective prevention, treatment, and recovery support services available to all who need them. COVID-19 highlighted the growing need for SUD treatment and prevention services as well as gaps in service delivery. SABG grantees are implementing their plans to leverage ARP supplemental funding. However, the issues that they are addressing will last beyond the pandemic. Grantees are making significant investments to:

- **Support and Stabilize the SUD Provider and Prevention Workforce:** Community providers were severely impacted by the pandemic resulting in severe staffing shortages. Continued funding will ensure that grantees are able to maintain a stable provider workforce by addressing workforce challenges including training, recruitment, and retention of qualified providers.
- **Meet Increased Demand for SUD Services:** Individuals with substance misuse issues increased during the pandemic. Grantees must address this by increasing service delivery capacity, such as expanding the availability of Medication Assisted Treatment and providing more crisis response units and bridge services. Additionally, providing more funding to prevention organizations ensures more targeted and protected prevention work in hard-to-reach communities.



- **Provide Additional Support Services for Individuals in Recovery:** For individuals to be successful in recovery, it is important that a support structure is in place. Grantees are increasing the availability of recovery support services including recovery centers, housing as well as education, training, and employment services.

The pandemic also sparked innovation in service delivery. For example, grantees are planning to use grant funds to deliver service via telehealth. Grantees are also using mobile medication units for Opioid Treatment Programs in under-resourced rural areas. Grantees are in a period of growth and are building the infrastructure to implement expanded service capacity using ARP funds.

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⁶⁵⁷ Rebbert-Franklin, K., Haas, E., Singal, P., Cherico-Hsui, S., Baier, M., Collins, K., Webner, K., & Sharfstein, J. (2016). Development of Maryland Local Overdose Fatality Review Teams: A Localized, Interdisciplinary Approach to Combat the Growing Problem of Drug Overdose Deaths. *Health Promotion Practice*, 17(4), 596–600. <https://doi.org/10.1177/1524839916632549>

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⁶⁵⁹ See <https://www.samhsa.gov/about-us/budget> for more information on SABG program measures and targets.



Community-Based Mobile Crisis Intervention (Section 9813)

The American Rescue Plan incentivizes states to provide community-based mobile crisis intervention services for a period of up to five years, starting on April 1, 2022 and ending on March 31, 2027. The federal government is incentivizing states to provide these increased services by offering an 85 percent federal medical assistance percentage (FMAP) for qualifying expenditures during the first 12 fiscal quarters that a state participates in the program. In addition, the Act provides \$15 million in grants to states to support state plan amendments or waiver requests.

Background

The COVID-19 pandemic has increased prior concerns about mental health in America. Survey data suggests that economic anxiety, feelings of loneliness, and depressive disorder are on the rise—four in ten American adults now report feelings of anxiety or depression, up from just one in ten prior to the pandemic.⁶⁶⁰ In addition, these effects have been disproportionately felt by essential workers, who are more likely to report feelings of anxiety, depression, and substance use as well as represent communities of color.⁶⁶¹

A Kaiser Family Foundation report from February 2021 noted that one in five essential workers recently reported that they have “seriously considered suicide in the last 30 days,” compared to eight percent of nonessential workers. In addition, 25 percent of essential workers report that they have increased use of or started use of substances to cope with stress, compared with 11 percent of non-essential workers.⁶⁶² Nearly 50 percent of individuals of color in recent surveys reported feeling depressed. This may be attributed to the fact that members of these communities have been disproportionately affected by COVID-19, are more likely to be essential workers, and have historically had more difficulty in accessing behavioral health care.

The Department of Health and Human Services (HHS) has long recognized the importance of providing access to qualified professionals who can respond in real-time to mental health and substance use disorder (SUD) crises. Community-based mobile crisis intervention services were first developed in the 1970s and have become a key element of an effective behavioral health crisis continuum of care. The main objectives of community-based mobile crisis intervention services are to provide rapid response, individual assessment, and crisis resolution by trained mental health and substance use treatment professionals and paraprofessionals in emergency situations that involve individuals who are presumed or known to have a mental health condition or SUD. With the provision of these intervention services, individuals can be linked to additional services immediately.

With a community-based crisis intervention approach, mobile crisis teams assess individuals in the community where they are experiencing a behavioral health emergency and de-escalate the situation on site and/or triage to appropriate services or a different setting. This enables states and municipalities to deploy appropriate medical professionals to situations where previously law enforcement would have been the only option available.⁶⁶³ These services also promote cost effectiveness, and there is evidence that they reduce unnecessary emergency department visits and hospitalizations.⁶⁶⁴ As of 2019, at least 13 states were deploying Medicaid-funded mobile crisis intervention teams and six states were deploying mobile crisis teams that were not funded by Medicaid.⁶⁶⁵ States are also simultaneously preparing to have behavioral health crisis systems ready with the launch of the national mental health crisis hotline “988” in July, 2022.



Many of the individuals who would benefit from mobile crisis response services are at risk of incarceration; these individuals are disproportionately people of color.⁶⁶⁶ Data shows that Black Americans are more than twice as likely as White Americans to be arrested and nearly five times more likely to be incarcerated in prison.⁶⁶⁷ Investment in these services presents an opportunity to divert individuals from the criminal justice system and to provide them with clinically appropriate services to treat underlying behavioral health conditions.

Program Overview

Mobile crisis intervention services are behavioral health services provided by behavioral health specialists to a person experiencing a mental health crisis or substance use disorder crisis at their location (e.g., at home, school, work). The teams provide services like screening, assessment, stabilization, de-escalation, and help connect individuals experiencing behavioral crises to appropriate community supports. Because the COVID-19 pandemic was associated with large increases in mental health and SUD needs and crises, ARP sought to address some of these needs through expanded mobile crisis intervention support. Through ARP, states that implement community-based mobile crisis services can receive an 85 percent match for these services furnished by a qualifying mobile crisis intervention team for up to three years (up from that state's existing match, which ranges from 54 percent to 84 percent).

The establishment and expansion of mobile crisis intervention services is backed by evidence that show mobile crisis services are effective at diverting people in crisis from psychiatric hospitalization, effective at linking suicidal individuals discharged from the emergency department to other services, and better than hospitals at linking people in crisis to outpatient services.⁶⁶⁸

The Substance Abuse and Mental Health Services Administration (SAMHSA) describes a successful mobile crisis system as one that: 1) helps individuals experiencing a crisis event experience relief quickly and resolve the crisis situation when possible; 2) meets individuals in an environment where they are comfortable; and 3) provides appropriate care and support while avoiding unnecessary law enforcement involvement, emergency department use, and hospitalization. In its “National Guidelines for Behavioral Health Crisis Care – A Best Practice Toolkit” and its 2021 publication, “Meeting Needs, Saving Lives,” SAMHSA offered a set of minimum expectations and best practices to operate a mobile crisis team.⁶⁶⁹

The services should be provided where the person is experiencing a crisis (home, work, park, etc.) and not be restricted to select locations within the region or particular days/times.

The SAMHSA National Guidelines for Behavioral Health Crisis Care describe three core components of a robust crisis system as follows: (1) a 24/7 clinically staffed call center that can serve as the hub of an integrated mental health crisis system; (2) mobile crisis response teams that can respond rather than law enforcement, and (3) crisis receiving and stabilization facilities that provide short-term services and can be accessed readily rather than relying on emergency departments or hospital environments.

Most community-based mobile crisis programs utilize teams that include both professional and paraprofessional staff. For example, a Master's or Bachelor's level clinician may be paired with a trained peer support specialist and psychiatrists, psychologists or Master's level clinicians who are on-call, as needed. Trained peer support workers often take the lead on client engagement



and may also assist with continuity of care by providing support that continues beyond the resolution of the immediate crisis.

States trying to implement successful behavioral health crisis response face two significant barriers:

1. **Ensuring equitable access.** While crisis services today are not sufficient to meet overall demand, they are particularly insufficient for youth, older individuals, and individuals with intellectual and developmental disabilities who are also experiencing behavioral health crises.⁶⁷⁰ Further, there are significant barriers, such as funding, necessary workforce, and culturally appropriate training to providing culturally competent mobile crisis intervention and other crisis services for Black, Hispanic, Native American, Asian, and LGBTQ populations.⁶⁷¹ Expanding access to these services in an equitable way has been a major challenge at the local, state, and federal levels.
2. **Building a sustainable funding model.** Crisis response services have tended to operate on a patchwork funding model that is not sufficient to meet overall needs. Medicaid is the single largest payer for mental health services in the United States and is increasingly playing a larger role in the reimbursement of substance use disorder services. Most states want to offer crisis response like any other emergency service, meaning that the response arrives independent of a person's insurance status (like a fire or EMS service). Medicaid does reimburse for crisis response services, but only for Medicaid beneficiaries, while most private insurers do not cover these services at all.⁶⁷² This leaves a large funding gap to be filled by states and localities.

Models do exist today to address the needs of the specific populations described above. For example, the state of Massachusetts has designed and implemented a highly successful behavioral health partnership that provides services through mobile crisis support teams for individuals 21 years and younger.⁶⁷³ As part of this partnership, youth facing behavioral health crises can receive 24/7 support, including a crisis assessment, a series of tools that can be used by the youth's family, up to seven days of crisis intervention, stabilization services, psychiatric consultation, and referrals to appropriate services. This service is provided "on site" to youth experiencing crises at school, home, or elsewhere in the community.

But states need both technical assistance and greater funding to expand access to these services. Most states do not have these services widely available and may not have experience in integrating community-based crisis response into existing behavioral health and physical health systems. In addition, states and localities may need help establishing the appropriate linkages between emergency response (911), new behavioral health crisis response (988), mobile crisis response systems, and existing health care emergency systems. CMS can help states work through these challenges to address some of these implementation issues.

Major Efforts to Advance Equitable Implementation

ARP investments made in mobile community-based intervention services are intended to address the common challenges described above.

- **Providing \$15 Million in Planning Grants:** ARP provided \$15 million in planning grants, which the Centers for Medicare & Medicaid Services (CMS) awarded to 20 states in September 2021.⁶⁷⁴ The planning grants provide financial resources for state Medicaid



agencies to assess community needs and develop programs to bring crisis intervention services directly to individuals who are experiencing a substance use-related or mental health crisis outside a hospital or facility setting. These grants will help states integrate community-based mobile crisis intervention services into their Medicaid programs—a critical component of establishing a sustainable and public health-focused crisis support network. CMS will continue to collaborate with states through technical assistance to operationalize mobile health crisis intervention designs to meet the needs of Medicaid beneficiaries in their states.

- **Building a Sustainable, Equitable Funding Model:** New investments under ARP provide states with a larger and more consistent flow of funds. Eligible states can receive an 85 percent federal match (FMAP) for qualifying expenditures for community-based mobile crisis intervention services for the first 12 fiscal quarters that a state participates in the program three years of this initiative. And, as part of new mobile crisis design, states can provide emergency Medicaid coverage to individuals with acute behavioral health crises who would otherwise be eligible for Medicaid but for their immigration status. In addition, states that have expanded Medicaid can draw down a 90 percent matching rate for services provided to the Medicaid population both during *and after* the initial three-year period. These investments may not—on their own—be sufficient to address all of a state’s funding needs, but they will provide states with a more regular flow of funds that enables them to use discretionary funds to target specific projects, like strengthening new 988 response systems.
- **Allowing States to Provide Mobile Crisis Services to Any *Medicaid Eligible Individual*:** Evidence suggests that people of color as well as those in the LGBTQ+ community often have increased challenges in accessing culturally competent care.⁶⁷⁵ ARP funds allow states to provide mobile crisis services to *any Medicaid eligible individual*. In guidance to the states, CMS has specifically asked states to “be mindful to include underserved communities of color and Tribal communities,” and “to consider how to meet the needs for language access for people with limited-English proficiency or those who are deaf or hard of hearing.”⁶⁷⁶ CMS has also actively encouraged states to consider the historical discrimination faced by these groups and the mental health stigma members of these groups may have faced in the past when designing new care models and approaches. CMS will continue to consider the effectiveness of these interventions in reaching communities of color, youth, individuals with intellectual or developmental disabilities, LGBTQ+ individuals, and older Americans, and issue additional guidance to states.

The Road Ahead

While the provision for increased matching funds for qualifying community-based mobile crisis intervention services has just recently went into effect on April 1, 2022, CMS will be working closely with its state and local partners to consider the impact of these increased services—on health, cost, and equitable access to care.

At this early stage, CMS will continue to focus on providing technical assistance and helping states be as successful as possible in implementing new community-based mobile crisis response. CMS will also use data in an iterative way to adjust guidance and share best practices. CMS and HHS also firmly believe in the need to hear from communities—state, territorial, and



Tribal officials, as well as providers, patients, and their families— about how services are meeting needs on the ground, and will continue to have dialogue to best understand how these needs evolve over time.

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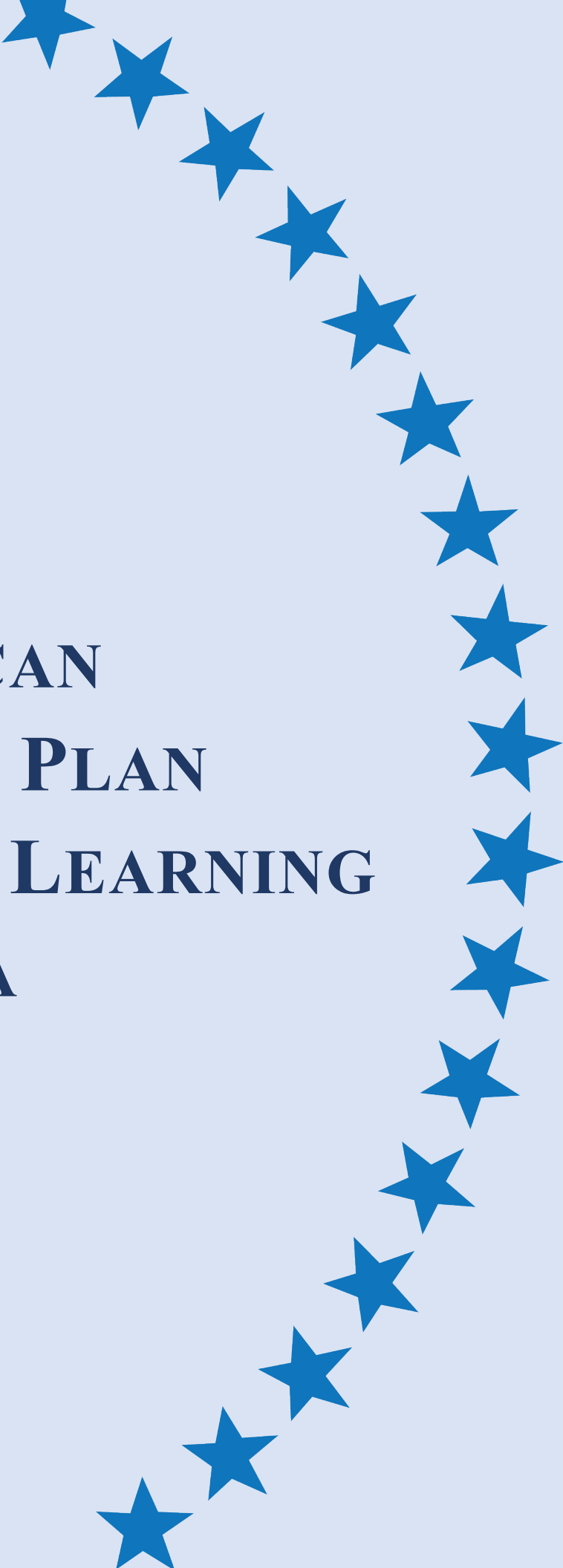
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**AMERICAN
RESCUE PLAN
EQUITY LEARNING
AGENDA**

APPENDIX



American Rescue Plan Equity Learning Agenda

On his first day in office, on January 20, 2021, President Biden signed Executive Order 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*. Through this Executive Order, the President affirmed that the government has a responsibility and a role to play in delivering equitable outcomes for the American people. His action directed staff to recognize and work to advance equity through the tools of the federal government, including for “people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality.” Upon signing, federal agencies were tasked with assessing current practices and developing a plan to address any barriers that underserved communities and individuals may face in accessing federal programs, procurement, and contracting opportunities.

Less than two months later, on March 11, 2021, President Biden signed the \$1.9 trillion American Rescue Plan Act of 2021 (ARP) that provided funding for over 200 programs and services designed to counteract the public health, economic, and broader societal harms of the pandemic.⁶⁷⁷ Furthermore, major components of ARP were explicitly designed to respond to the disproportionate negative impacts of the pandemic on underserved communities.

For example, ARP temporarily expanded the long-standing Child Tax Credit in multiple ways, including by making it fully refundable in 2021. This change opened up access to more than 26 million children—including many Black, Indigenous, Latino, Asian American and White children—who did not previously qualify because their family’s income was too low. Meanwhile, the ARP Elementary and Secondary School Emergency Relief (ESSER) Fund provides \$122 billion in pandemic relief funds to the country’s education system over more than four years, and is designed to help schools safely reopen while addressing student learning loss and wellbeing. Included in ARP ESSER is a first-ever *Maintenance of Equity* provision, designed to shield the nation’s highest poverty schools and school districts from disproportionate pandemic-related funding cuts.

Alongside these actions, on January 27, 2021, President Biden issued the Presidential Memorandum on Restoring Trust in Government Through Evidence-Based Policymaking, stating that it is the policy of his Administration to make evidence-based decisions using the best available data and science.⁶⁷⁸ The combination of ARP programs and services specifically designed and implemented to deliver equitable outcomes, together with President Biden’s mandate for the government to work to achieve equity and promote evidence-based policymaking, creates a unique opportunity to learn what types of government actions work to build an equitable recovery. Further, the significant variation among ARP-funded programs—from direct economic payments to individuals and families, to new competitive grants to improve and modernize public benefits programs, to \$350 billion in flexible relief funds to states, localities, territories, and Tribal governments—allows for a deep exploration of how various program features and approaches impact equity.

PURPOSE OF AN ARP EQUITY LEARNING AGENDA

This ARP Equity Learning Agenda provides an overarching framework to guide the evaluation and related evidence-building activities of ARP investments on questions of equity over the lifespan of the various programs, and beyond. In order to coordinate and prioritize relevant



evidence-building activities, this document highlights common questions that apply across multiple ARP programs and lifts up examples of agency evidence-building efforts, including evaluations, related to ARP implementation. This document does not represent every question that could be asked when trying to understand equity outcomes related to ARP investments, but instead prioritizes core questions and highlights selected program questions that are most closely related to the original goals of ARP investments.

Fundamentally, the Learning Agenda asks:

- To what extent did ARP investments support equitable outcomes for those they were designed to serve?
- What strategies contributed to equitable outcomes, and where are different strategies needed?

The ARP Equity Learning Agenda is intended to help inform the direction of federally-funded ARP equity-related research and analysis. In addition, academics, researchers, community organizations, state and local governments, and other external stakeholders are encouraged to use this Learning Agenda to shape and inform relevant external evaluation and related evidence-building activities. Ultimately, the goal is to encourage research that generates evidence about the degree to which ARP investments contributed to producing equitable outcomes and what, specifically, caused any improvements in equitable outcomes where they occurred.

Based on the methods used, certain evaluations and evidence-building activities may also pilot innovative approaches to generate actionable knowledge. While experimental evaluation is an appropriate evidence-building strategy for several questions in the ARP Equity Learning Agenda, other types of evidence building also may be appropriate. These evidence-building activities may include foundational fact finding, data collection, performance measurement, policy analysis, and various forms of evaluation, including process and impact evaluations, among others.

In the short term, evaluation findings and evidence-building activities related to this Learning Agenda can be used to improve implementation of current ARP programs. Beyond that, findings can generate evidence that informs future government investments and approaches to improving equitable outcomes. Ultimately the findings from ARP evaluation activities—where focused on questions of equity—can help policymakers understand the impact of particular investments on building an equitable recovery.

HOW THE ARP EQUITY LEARNING AGENDA RELATES TO OTHER LEARNING AGENDAS

As part of the Foundations for Evidence-based Policymaking Act of 2018 (Evidence Act), CFO Act agencies are required, and all agencies are encouraged, to develop Learning Agendas and Annual Evaluation Plans that align with each agency’s mission and operations. Agency Learning Agendas are multi-year plans that are part of agency strategic plans.⁶⁷⁹ For most agencies, 2022 represents the first time a Learning Agenda has been developed and implemented. Other agencies, such as the Small Business Administration and the U.S. Department of Housing and Urban Development, developed learning agendas prior to the Evidence Act, and have since worked to bring their plans in line with the Act’s requirements.⁶⁸⁰



Agency Learning Agendas are designed to prioritize key questions that an agency needs to answer to deliver on their mission and be most effective in their operations. For some agencies, ARP investments represent a small portion of their funding and activities, whereas in other cases, ARP programs play an outsized role in the agency's overall operations. The ARP Equity Learning Agenda amplifies examples of known ARP evidence activities occurring within and among agencies, and encourages new research on important questions that otherwise may not be studied.

In addition to individual agency Learning Agendas, on December 21, 2021 a draft Presidential Management Agenda (PMA) Learning Agenda was released by the Office of Management and Budget for public input.⁶⁸¹ This first ever government-wide management Learning Agenda identifies key questions to answer in support of the Biden-Harris Administration's governance priorities of equity, effectiveness, and accountability. Evidence-building activities conducted in support of the PMA learning agenda, therefore, may also be relevant and supportive of the ARP Equity Learning Agenda.

EQUITABLE IMPLEMENTATION PRINCIPLES

The framework for this Learning Agenda comes directly from the equitable implementation principles developed and used by the White House ARP Implementation Team. The framework includes the following principles:

- **Goals:** Program goals and measurable targets are established. Programs track progress against these goals and targets.
- **Awareness & Access:** People are aware of and can easily access eligible programs and services, including underserved individuals and communities.
- **Allocating & Leveraging Resources:** Funds and other resources are allocated, leveraged, and spent equitably.
- **Measuring Results:** Sufficient data is collected and analyzed to determine whether and how disparities change across key outcome measures, including for underserved populations.
- **Feedback:** The program undergoes regular internal review, including soliciting feedback from underserved individuals and communities for continuous improvements.
- **Evidence:** Programs are designed and implemented based on existing evidence of what works to advance equity. Data are collected and strategies are evaluated to build new evidence.

ARP EQUITY LEARNING AGENDA

ARP funded a wide variety of programs with a range of policy goals in order to address the public health and economic harms of COVID-19. While the specific goals vary across ARP programs, a consistent priority of all funds is to seek to achieve equitable outcomes. The fundamental question driving the ARP Equity Learning Agenda is:

To what extent did ARP investments support equitable outcomes for those they were designed to serve?



What follows are selected examples of how this overarching question may be applied to various ARP investments.

- To what extent did **Health and Human Services’** ARP-funded programs and policies strengthen early childhood development and expand opportunities to help children and youth thrive equitably within their families and communities?
- To what extent did pregnancy-related mortality and morbidity outcomes improve for underserved populations in states that opted into the **12 months of continuous postpartum coverage** in Medicaid and CHIP under ARP?
- To what extent are **Treasury’s** ARP-funded programs (including Capital Projects Fund, Emergency Rental Assistance, Homeowner Assistance Fund, State and Local Fiscal Recovery Fund, State Small Business Credit Initiative) being implemented equitably, and what barriers to equitable implementation exist?
- What effects did the **Small Business Administration’s** ARP-funded recovery programs (COVID-Economic Injury Disaster Loan, Targeted EIDL Advance, Shuttered Venue Operators Grant, and Restaurant Revitalization Fund) have on small business outcomes (e.g., survival, employee retention, revenue, etc.), and how did these vary by industry, geography, and owner demographics?
- To what extent did the ARP-funded innovations in **Special Supplemental Nutrition Program for Women, Infants and Children (WIC)** and the **WIC Farmers’ Market Nutrition Program (WIC FMNP)** demonstrate impact on equitable WIC participation?

The questions listed below focus on exploring which specific implementation strategies, if any, contributed to or detracted from achieving equitable outcomes associated with ARP investments. The questions are structured according to the equitable implementation principles established for ARP Programs, discussed above. Included alongside the core implementation questions are specific examples of selected program questions. These program questions reflect areas where the Administration and federal agencies have an interest in building evidence. The associated evidence-building activities remain undetermined and may not be studied by federal agencies or external stakeholders due to various constraints, including data availability and quality, resources, and prioritization, among others.

| Equitable Implementation Goals | Core Questions | Selected Program Questions |
|---|---|---|
| <p>Awareness & Access: People are aware of and can easily access eligible programs and services, including underserved</p> | <ul style="list-style-type: none"> • To what extent did programs attempt to increase awareness of available programs, resources, and eligibility among underserved | <ul style="list-style-type: none"> • Did the Small Business Administration’s Community Navigator pilot program increase awareness and enrollment in federal programs? How, and for whom? What leading practices in customer-centric design and program delivery |



| Equitable Implementation Goals | Core Questions | Selected Program Questions |
|---|--|--|
| <p>individuals and communities.</p> | <p>individuals and communities?</p> <ul style="list-style-type: none"> • To what extent did programs attempt to increase access to program resources among underserved groups? • What were the effects of those efforts? | <p>have been identified in the implementation to date, and how might those practices be integrated into other SBA programs?</p> <ul style="list-style-type: none"> • Did national and local campaigns increase awareness and sign-ups of the Child Tax Credit among new non-filers? Were there differences in impact for direct mailings, traditional media, text messages, and social media campaigns and, if so, for whom? • What is the effect of Code for America’s mobile friendly, bilingual non-filer Child Tax Credit portal on increasing access for new filers? • To what extent did low income renters benefit from the administrative flexibilities (such as self-attestation) that Treasury made available to Emergency Rental Assistance grantees? What effect did the use of these administrative flexibilities have on preventing evictions among underserved renters? |
| <p>Allocating & Leveraging Resources: Funds and other resources are allocated, leveraged, and spent equitably.</p> | <ul style="list-style-type: none"> • To what extent were ARP funds and other resources allocated in a manner that advances equitable outcomes or ensures an equitable distribution of funds? • Which strategies are more or less effective | <ul style="list-style-type: none"> • How did the resources made available to schools and districts serving the greatest share of low-income students change after the introduction of the Elementary and Secondary School Emergency Relief Funds’ Maintenance of Equity provision? • How has funding for the smallest business owners – many owned by |



| Equitable Implementation Goals | Core Questions | Selected Program Questions |
|--------------------------------|--|--|
| | <p>at ensuring funds are distributed equitably (e.g. first come, first served; dedicated funding amounts; block grants)?</p> <ul style="list-style-type: none"> • To what extent, and how, did programs attempt to leverage complementary resources to increase investments in advancing equitable outcomes? • How do these leveraged resources compare in scale to the original government investment? • What were the effects of these efforts? | <p>underserved groups – in the Restaurant Revitalization Fund impacted the equitable distribution of funds? How have small business owners fared in comparison to others who received these funds?</p> <ul style="list-style-type: none"> • How have states, localities, Tribal governments, and territories used State & Local Fiscal Recovery Funds to address disproportionately impacted individuals and communities, and what were the effects on targeted outcomes? • Are small child care providers—often owned by women of color—equitably receiving Child Care Stabilization grants? What contributed to equitable grant receipts, where they existed? • How did Public Housing Authorities and Continuum of Care groups partner to administer their allocation of Emergency Housing Vouchers (EHV) and what were the outcomes of tenants who secured a lease with an EHV? • In what ways are Tribal governments leveraging the Capital Projects Fund for broadband investments with other broadband funding available through State & Local Fiscal Recovery Funds and the National Telecommunications and Information Administration? To what effect? |



| Equitable Implementation Goals | Core Questions | Selected Program Questions |
|--|--|--|
| <p>Measuring Results: Sufficient data is collected and analyzed to determine whether and how disparities change across key outcome measures, including for underserved populations.</p> | <ul style="list-style-type: none"> • What successes and challenges have programs encountered in their attempts to collect disaggregated data? • To what extent have efforts to collect disaggregated program data improved programs' abilities to better deliver programs and services and to measure performance or impact? | <ul style="list-style-type: none"> • What equity metrics have been piloted by selected states through the Department of Labor's Unemployment Insurance equity grants? What have these metrics revealed about the equitable distribution of unemployment insurance? • To what extent does required reporting data indicate whether the Economic Development Administration's investments made under the American Rescue Plan led to an increase in services delivered to previously underserved communities impacted by COVID-19? |
| <p>Feedback: The program undergoes regular internal review, including soliciting feedback from underserved individuals and communities for continuous improvements.</p> | <ul style="list-style-type: none"> • How did programs seek opportunities for continuous improvement, including by soliciting and incorporating feedback from underserved communities? • What were the effects of these efforts? | <ul style="list-style-type: none"> • Has user research among people who do not normally file taxes because their income is too low changed how the Child Tax Credit program is administered to non-filers? To what effect? |
| <p>Evidence: Programs are designed and implemented based on existing evidence of what works to advance equity. Data are</p> | <ul style="list-style-type: none"> • What evidence-informed strategies were used to advance equity, for which people, and under which circumstances? | <ul style="list-style-type: none"> • Did states effectively implement evidence-informed Mobile Crisis Intervention Services for Medicaid beneficiaries? Did the services reduce disparities among people with |



| Equitable Implementation Goals | Core Questions | Selected Program Questions |
|---|--|---|
| collected and strategies are evaluated to build new evidence. | <ul style="list-style-type: none"> To what extent were such programs implemented with fidelity to the evidence-based models? What were the effects of those efforts? | serious mental illness or substance use disorders? <ul style="list-style-type: none"> What interventions did school districts plan to fund with Elementary and Secondary School Emergency Relief Funds to address student learning loss? Which interventions did districts report were informed by existing evidence? How were those programs directed to address the disproportionate impacts of the pandemic? Were the investments associated with reducing or eliminating the pre-existing achievement gaps among historically disadvantaged students? |

EXAMPLES OF ARP EQUITY EVIDENCE-BUILDING ACTIVITIES

Included here are examples of federally funded equity-relevant evaluation and evidence-building activities that are funded by ARP, or whose findings are relevant to ARP programs. Agency Learning Agendas and FY 23 Annual Evaluation Plans may include additional activities that address questions on the ARP Equity Learning Agenda.⁶⁸²

| Agency Program | Area of Inquiry | Status | Link to More Information |
|---|--|----------|---|
| Census Household Pulse Survey | How the coronavirus pandemic is impacting households across the country from a social and economic perspective | Underway | https://www.census.gov/programs-surveys/household-pulse-survey/research-presentations.html |
| Congressional Research Service analysis of the Department of Treasury's Child Tax Credit | Estimate the impact of the ARP-expanded child credit on family financial well-being | Complete | https://crsreports.congress.gov/product/pdf/R/R46839 |



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|--|---|----------|---|
| Department of Labor Multiple programs | How federal labor policies, protections and programs reach traditionally underserved communities | Complete | https://www.dol.gov/agencies/oasp/evaluation/currentstudies/Department-of-Labor-Summer-Data-Challenge |
| Department of Labor's Unemployment Insurance | U.S. unemployment insurance system—including its effects on workers, employers, and local communities—with a cross-cutting focus on equity in program administration and outcomes | Planned | https://www.grants.gov/web/grants/search-grants.html?keywords=FOA-CEO-22-01 |
| General Services Administration's Office of Evaluation Sciences and Department of the Treasury's State and Local Fiscal Recovery Fund (SLFRF) | Identify and recommend data sources and evaluation opportunities to build evidence about ARP funds spent through the SLFRF program | Underway | https://oes.gsa.gov/collaborations/state-local-fiscal-recovery-fund/ |
| General Services Administration's Office of Evaluation Sciences and Department of the Treasury's Capital Projects Fund (CPF) | Identify and recommend data sources and evaluation opportunities for the CPF program | Underway | https://oes.gsa.gov/collaborations/capital-projects-fund/ |
| General Services Administration's Office of Evaluation Sciences Multiple programs | How to improve awareness, access, and allocation of ARP programs and resources, focusing on ARP programs with equity goals | Planned | https://www.gsa.gov/blog/2021/12/15/gsa-to-build-evidence-to-advance-equitable-outcomes-through-the-american-rescue-plan |



| | | | |
|--|--|-----------------|--|
| <p>General Services Administration's Office of Evaluation Sciences and the Office of Management and Budget's Evidence Team</p> <p>Multiple programs</p> | <p>Multi-year national evaluation of a cross-section of priority ARP-funded programs, using an independent third-party research firm to answer questions on where and how ARP programs helped advance equity</p> | <p>Planned</p> | <p>https://www.gsa.gov/blog/2021/12/15/gsa-to-build-evidence-to-advance-equitable-outcomes-through-the-american-rescue-plan</p> |
| <p>General Services Administration's Office of Evaluation Sciences and Department of Education's Higher Education Emergency Relief Fund (HEERF)</p> | <p>Design an impact evaluation to help answer the question: What is the effect of providing HEERF aid on short- and medium-term student outcomes?</p> | <p>Complete</p> | <p>https://oes.gsa.gov/collaborations/HEERF-eval-design/</p> |
| <p>General Services Administration's Office of Evaluation Sciences and Small Business Administration</p> | <p>The likelihood of successfully applying for COVID-19 small business relief</p> | <p>Complete</p> | <p>https://oes.gsa.gov/projects/business-relief-distribution/</p> |
| <p>General Services Administration's Office of Evaluation Sciences and Small Business Administration</p> | <ol style="list-style-type: none"> 1) To what extent were applicant businesses located in underserved communities and did they have underserved owners? 2) How businesses from different groups and geographic areas would fare under different methods cities could use to prioritize businesses for funding. | <p>Complete</p> | <p>https://oes.gsa.gov/collaborations/sb-counterfactual-equity/</p> |
| <p>General Services Administration's Office of Evaluation Sciences and Small</p> | <p>What strategies can be implemented to help women, minority, and other underserved entrepreneurs</p> | <p>Complete</p> | <p>https://oes.gsa.gov/collaborations/sba-equity-report/</p> |



| | | | |
|---|--|---------|---|
| Business Administration | recover from the coronavirus (COVID-19) pandemic? | | |
| Treasury’s Office of Tax Policy (OTP), with support from the IRS Research, Applied Analytics and Statistics (RAAS) Division analysis of Economic Impact Payments (EPI) | The composition of EIP recipients, including estimates of race and ethnicity and other demographic characteristics | Planned | https://home.treasury.gov/news/featured-stories/advancing-equity-analysis-in-tax-policy |

SELECT AMERICAN RESCUE PLAN PROGRAMS

Of the more than 200 ARP-funded programs, the following ones are featured in the White House’s report, *Advancing Equity through the American Rescue Plan*. This report describes how the Administration is working to advance equity through the lens of 32 case studies of ARP programs, selected to represent a range of initiatives that support the advancement of equitable outcomes for underserved communities. The ARP programs featured in the report are listed here for ease of reference, however equity-focused evidence-building activities need not be limited to these programs.

AmeriCorps:

- Investments in AmeriCorps (Section 2206)

National Endowment for the Arts:

- National Endowment for the Arts (Section 2021)

U.S. Department of Agriculture:

- Extension and Expansion of Pandemic EBT (Section 1108)
- USDA Assistance and Support for Farmers, Ranchers, Forest Landowners, and Operators, and Groups (Section 1006)
- WIC Modernization (Section 1106)

U.S. Department of Commerce:

- Economic Adjustment Assistance (Section 6001)

U.S. Department of Education:

- Elementary and Secondary School Emergency Relief Fund (Section 2001)
- Higher Education Emergency Relief Fund (Section 2003)
- Individuals with Disabilities Education Act (Section 2014)

Federal Emergency Management Agency (U.S. Department of Homeland Security):



- COVID-19 Funeral Assistance (Section 4006)

U.S. Department of Health and Human Services:

- Child Care Stabilization (Section 2202)
- Community-Based Mobile Crisis Intervention (Section 9813)
- Family Violence Prevention and Services Program (Section 2204)
- Funding for Water Assistance Program (Section 2912)
- Health Insurance Premium Tax Credit (Section 9661)
- Increase in Access to Home and Community Based Services (Section 9817)
- Low Income Home Energy Assistance Program (Section 2911)
- Medicaid and CHIP Coverage for Pregnant and Postpartum Individuals (Sections 9812 and 9822)
- Prevention and Treatment of Substance Abuse (Section 2702)

U.S. Department of Housing and Urban Development:

- Emergency Housing Vouchers (Section 3202)
- Housing Assistance and Supportive Services for Native Americans and Native Hawaiians (Section 11003)

U.S. Department of Labor:

- Unemployment Insurance (Section 9032)

U.S. Small Business Administration:

- Community Navigator Pilot Program (Section 5004)
- Paycheck Protection Program (Section 5001)
- Restaurant Revitalization Fund (Section 5003)

U.S. Department of the Treasury:

- Coronavirus State and Local Fiscal Recovery Funds (Section 9901)
- Emergency Rental Assistance (Section 3201)
- Enhancements of the Child Tax Credit (Section 9611)
- Homeowner Assistance Fund (Section 3206)
- Permanent Expansion of Tax Relief to Puerto Rico Families
- State Small Business Credit Initiative (Section 3301)
- The Earned Income Tax Credit for Workers without Dependent Children (Section 9621)

⁶⁷⁷ President Biden's directive to advance equity through ARP was further communicated in Office of Management and Budget memos [OMB M-21-20](#) and [OMB M-21-24](#).



⁶⁷⁸ The White House. (2021, January 27). *Memorandum on Restoring Trust in Government Through Scientific Integrity and Evidence-Based Policymaking*. Retrieved from <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/memorandum-on-restoring-trust-in-government-through-scientific-integrity-and-evidence-based-policymaking/>; President Biden's action was further emphasized through [OMB Guidance M-21-27](#) and [OMB Circular A-11, Part 6](#).

⁶⁷⁹ H.R.5687 - 101st Congress (1989-1990): Chief Financial Officers Act of 1990. (1990, November 15). <https://www.congress.gov/bill/101st-congress/house-bill/5687>

⁶⁸⁰ U.S. Small Business Administration. (2021, May 28). *FY 2018-2022 Enterprise Learning Agenda: FY 2021 Update*. Retrieved from https://www.sba.gov/sites/default/files/2021-06/FY2021_Enterprise_Learning_Agenda-508.pdf; U.S. Department of Housing and Urban Development. (2022). *HUD's Learning Agenda FY 2022-2026*. Retrieved from https://www.huduser.gov/portal/about/pdr_learningagenda.html

⁶⁸¹ General Services Administration & The Office of Management and Budget. (2022). *Learning Agenda: In Support of the President's Management Agenda*. Retrieved from <https://assets.performance.gov/PMA/DraftPMA LearningAgenda.pdf>

⁶⁸² Visit <https://www.evaluation.gov> to find published agency Learning Agendas and Annual Evaluation Plans.