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INSIGHT

The Economic Development Administration's American Rescue Plan (ARP) Act Grant Programs

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On July 22, 2021, Secretary of Commerce Gina Raimondo announced the availability of approximately $3 billion of grant funding to help communities with recovery efforts in response to economic injury caused by the Coronavirus Disease 2019 (COVID-19) pandemic. Federal assistance is now available to eligible state and local stakeholders through six new programs administered by the Economic Development Administration (EDA). According to the EDA, the programs will fund projects that facilitate job creation, advance innovation, build infrastructure, train workers, and enhance economic resiliency, with an emphasis on projects that serve communities disproportionately impacted by the pandemic. This Insight provides an overview of the EDA's plan for allocating the supplemental appropriations approved in the American Rescue Plan Act (P.L. 117-2).

Supplemental Appropriations for Economic Recovery

The EDA, a bureau of the U.S. Department of Commerce, is the only federal agency with economic development as its sole mission. Congress approves annual appropriations for EDA programs, and occasionally approves supplemental appropriations for recovery assistance following natural disasters. The two most recent rounds of supplemental appropriations include

- The American Rescue Plan (ARP) Act, enacted March 11, 2021, which provided $3 billion for economic adjustment assistance, to prevent, prepare for, and respond to the COVID-19 pandemic. Congress directed EDA to allocate 25% of funding for states and communities impacted by the decline in the "travel, tourism, or outdoor recreation sectors."
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136), enacted March 27, 2020, which provided $1.5 billion of economic recovery assistance funding. In March 2021, EDA announced a milestone of $1 billion of CARES Act funding awarded.

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ARP Act Funding for Economic Recovery Activities

EDA will administer ARP Act recovery assistance through the following six grant programs, each with different investment criteria and priorities (see **Figure 1**):

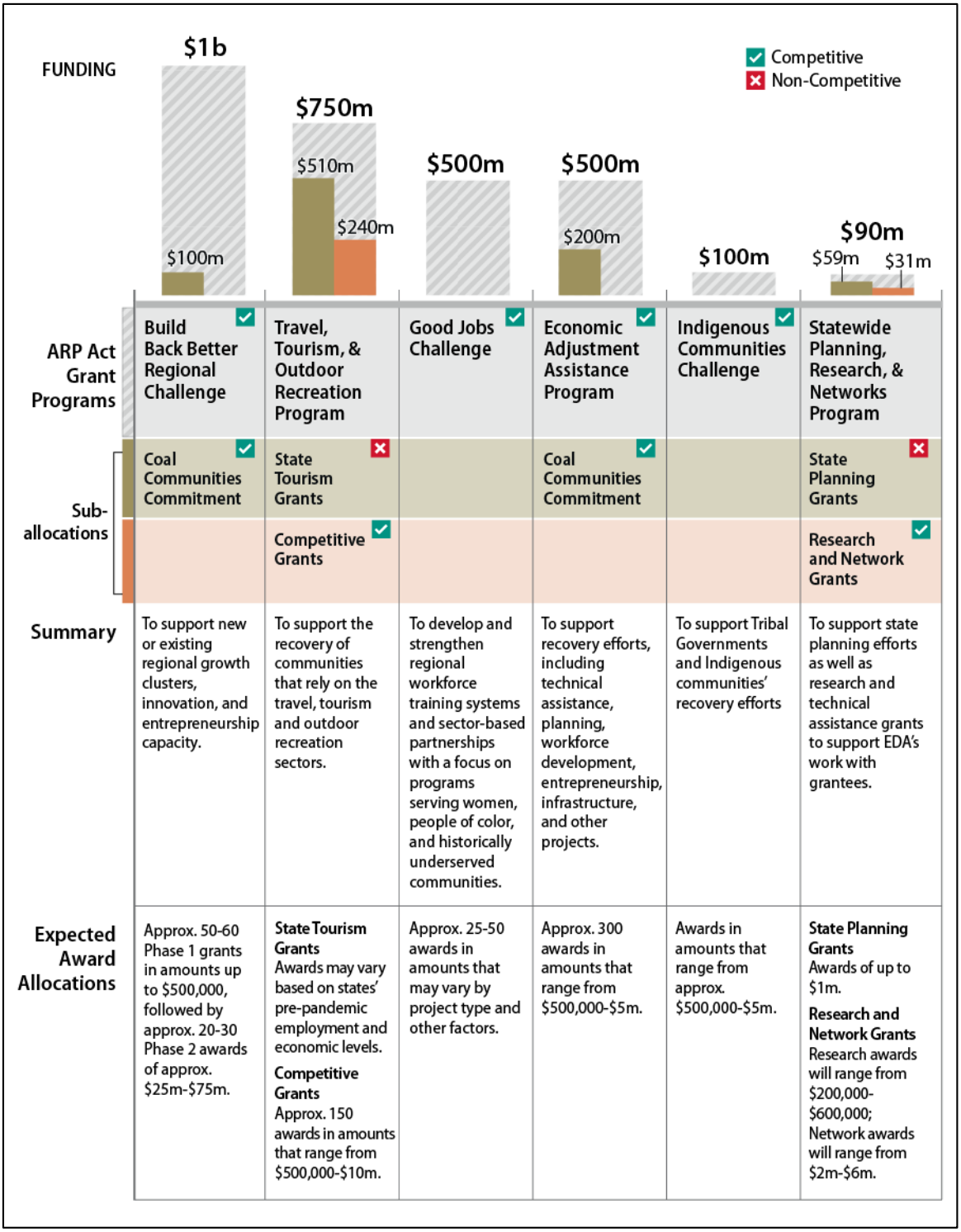
- Build Back Better Regional Challenge (BBBRC)
- Good Jobs Challenge (GJC)
- Economic Adjustment Assistance Program (EAAP)
- Indigenous Communities Challenge (ICC)
- Travel, Tourism, and Outdoor Recreation Program (TTORP)
- Statewide Planning, Research, and Networks Program (SPRNP)

EDA is to cover 80%-100% of most project costs, depending on the program and other factors. Most programs require that proposed projects align with a regional Comprehensive Economic Development Strategy (CEDS) or equivalent. Application instructions are included in the Notices of Funding Opportunity (NOFOs). **Figure 1** shows the distribution of ARP Act funding among the six grant programs and the sub-allocation of funding within four of the programs. It also provides a brief summary of each program and its expected award allocations.

Coal Communities Commitment (CCC)

The EDA is to allocate 10% ($300 million) of ARP Act funding for projects that serve coal-impacted communities through set-asides of the BBBRC and EAAC. The *Initial Report to the President on Empowering Workers Through Revitalizing Energy Communities* (April 2021), developed by President Biden's Interagency Working Group, recommended focused federal investments for coal-impacted communities. According to EDA, the CCC builds on this report.

Figure 1. EDA's ARP Act Grant Programs



Sources: Figure created by CRS using .EDA, "EDA's ARP Programs," https://eda.gov/arpa/, and "Funding Opportunities," https://eda.gov/funding-opportunities/. Figure created by Mari Lee, Visual Information Specialist.

Notes: EDA may adjust the minimum and maximum award amounts and the total program amounts. Program amounts may not total $3 billion due to expenses for administration, and rounding.

Eligible Areas

With the widespread impact of the COVID-19 pandemic, all communities are eligible to apply for assistance under EDA's "Special Need" criteria without regard to other economic distress criteria (42 U.S.C. §3233).

Eligible Applicants

Individuals and for-profit entities are not eligible for ARP Act assistance. With some exceptions, for the ICC, Statewide Planning, and State Tourism funding, eligible recipients include

- district organization of an EDA-designated Economic Development District;
- Indian tribe or a consortium of Indian tribes;
- state, county, city, or other political subdivision of a state, including a special purpose unit of a state or local government engaged in economic or infrastructure development activities, or a consortium of political subdivisions;
- institutions of higher education or a consortium of institutions; and
- nonprofit organizations or associations acting in cooperation with officials of a political subdivision of a state.

Considerations

According to Secretary Raimondo, the EDA programs are designed to address the economic impacts of the COVID-19 pandemic that were unevenly distributed among different types of communities, businesses, and workers. The EDA's lower cost-share requirements for ARP Act awards may expand access to the recovery assistance. Cost-share requirements have been considered challenging for small, rural, or underserved communities. Additionally, select ARP Act programs may be used to assist specific types of underserved communities (e.g., the ICC). The EDA will also review projects for alignment with its new investment priorities, and may emphasize the first of the agency's revised priorities—equity. Congress may consider an evaluation of the extent to which programs assist underserved and disadvantaged communities.

ARP Act funding is over eight times the amount of EDA's FY2021 annual appropriations (see P.L. 116-260). EDA hired additional staff following the approval of CARES Act funding and may need to hire yet more staff to implement the ARP Act programs and manage related oversight and technical assistance activities. All ARP Act funds must be awarded by the September 2022 deadline. Timelines may further be affected by readiness, capacity, and community-level factors.

The extent of the programs' overall outcomes and their impact on state and local economies may be influenced by a variety of endogenous, macroeconomic, and other factors, including public health concerns. The variety of local circumstances and interventions will mean that program outcomes will be measured differently by program, community, and other conditions, and may be realized after a period of years, rather than months. Also, EDA may make comparatively larger awards to support economic transitions, and these projects may involve longer-term implementation and evaluation timeframes. Congress may study EDA's oversight of the programs and their outcomes for considerations for future policies in response to widespread economic shocks.

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