

COVID-19 RELIEF

A Guide to American Rescue Plan funding coming to Louisiana

The [American Rescue Plan Act](#) of 2021 is a \$1.88 trillion package that brings the latest critically needed federal response to the economic devastation and public health crisis caused by the Covid-19 global pandemic. It is also an important step toward a more equitable and fair economy that works for everyone in Louisiana.

FUNDING FOR STATE AND LOCAL GOVERNMENTS

- Louisiana will receive \$5.18 billion in direct [aid to state and local governments](#).¹ These funds give the state, as well as Louisiana's cities and parishes, resources that can be used to close budget holes and spur economic recovery.

STATE AND LOCAL FUNDING FOR LOUISIANA	
State Government	\$3,210,000,000
Metro Cities	\$570,000,000
Other Non-Parishes	\$320,000,000
Parishes	\$900,000,000
States (Capital Projects)	\$180,000,000
Total	\$5,180,000,000

* Funding rounded to nearest whole ten millionth dollar

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Unlike previous rounds of aid, the Rescue Plan gives state and local governments great leeway in the best way to use these funds. But the money [cannot be used to finance tax cuts](#) or pay for pension obligations. If states make changes to their tax codes that result in revenue losses and use Rescue Plan dollars to fill the gap, they will have to repay the federal government.²

DIRECT AID TO LOUISIANA WORKERS AND FAMILIES

- 2,189,021 Louisiana households will receive an [economic stimulus check](#), putting a total of \$5.7 billion directly into the pockets of Louisiana's working and middle-class families.³
- 130,512 unemployed Louisianans will continue receiving [Pandemic Unemployment benefits](#) of \$300 per week until they are able to safely resume working. All unemployed workers will be eligible for

¹ American Rescue Plan Act, Final State and Local Allocation, available at <https://www.democrats.senate.gov/final-state-and-local-allocation-output-030821>

² Johnson, Nicholas, "Rescue Plan Protects Against Using Federal Dollars to Cut State Taxes," Center on Budget and Policy Priorities, March 11, 2021 available at <https://www.cbpp.org/blog/rescue-plan-protects-against-using-federal-dollars-to-cut-state-taxes>

³ Congressional Research Service, "State-Level Estimates of Eligibility for a Proposed Third Direct Payment," March 3, 2021 available at <https://www.democrats.senate.gov/imo/media/doc/State-Level%20Estimates%20for%20a%20Proposed%20Third%20Direct%20Payment%20v2.pdf>

benefits through September 6, 2021.⁴

- 94% of Louisiana’s children - a little over 1 million total - will qualify for an expanded federal [Child Tax Credit](#). The Child Tax Credit (CTC) is being increased from \$2,000 to \$3,000 per child (\$3,600 per child under the age of 6), and made fully refundable. This means that, unlike in previous years, families with children will receive the full value of the tax credit even if they don’t owe money in taxes. Unlike most tax credits, this expanded child credit will be paid in monthly installments, helping to supplement family incomes on a regular basis for all of 2021.⁵
- 296,000 Louisianans without children will qualify for an expanded federal [Earned Income Tax Credit \(EITC\)](#). The American Rescue Plan Act increased the value of the EITC and broadened eligibility through 2021. Like the child credit, the expanded EITC is now fully refundable, meaning that all eligible tax filers will receive the full amount of the credit. The maximum credit for adults with children will be raised from about \$530 to \$1,500, and the cap on qualifying income will be increased from \$16,000 per year to \$21,000 per year. Additionally, any workers between the ages of 19 and 24 or over the age of 65 will now be eligible for the credit.⁶ Because low-wage workers in Louisiana are [taxed more than their fair share](#),⁷ and because wages continue to be stagnant, the [EITC is an important tool](#) for raising incomes for the people who need that boost most.⁸

REOPENING SCHOOLS AND INVESTING IN EDUCATION

- Louisiana will receive over \$332 million to support [early care and education](#) in the state. This includes an additional \$8 million from the Child Care Entitlement to States (CCES) program, \$298 million for the Child Care and Development Block Grant (CCDBG),⁹ and \$26.2 million for [Head Start](#).¹⁰ This funding will allow Louisiana to help child care providers reopen and make much-needed investments for early childhood education.
- Louisiana will receive more than \$2.6 billion for K-12 public education. This money is intended to help make it possible for all students to [return safely to schools](#).¹¹

4 Stettner, Andrew and Pancott, Elizabeth, “11.4 Million Workers Facing Jobless Benefit Cliff Starting March 14, Unless Congress Acts Swiftly,” The Century Foundation, February 10, 2021 available at <https://tcf.org/content/report/11-4-million-workers-facing-jobless-benefit-cliff-starting-march-14-unless-congress-acts-swiftly/?agreed=1&agreed=1>

5 Marr, Chuck, Cox, Kris, Hingtgen, Stephanie, Windham, Katie and Sherman, Arloc, “House COVID Relief Bill Includes Critical Expansions of Child Tax Credit and EITC,” Center on Budget and Policy Priorities, March 2, 2021 available at <https://www.cbpp.org/research/federal-tax/house-covid-relief-bill-includes-critical-expansions-of-child-tax-credit-and>

6 Ibid.

7 Institute on Taxation and Economic Policy (ITEP), “Who Pays? Louisiana State and Local Tax Shares,” October 17, 2018, available at <https://itep.org/who-pays/louisiana/>

8 Waxman, Samantha and Legendre, Juliette, “States Can Adopt or Expand Earned Income Tax Credits to Build Equitable, Inclusive Communities and Economies,” Center on Budget and Policy Priorities March 11, 2021 available at <https://www.cbpp.org/research/state-budget-and-tax/states-can-adopt-or-expand-earned-income-tax-credits-to-build>

9 Congressional Research Service, “The Child Care and Development Fund (CCDF) in FY2021 Reconciliation Proposals,” February 17, 2021 available at [https://www.democrats.senate.gov/imo/media/doc/CCDF%20in%20FY2021%20Reconciliation%20\(2-17-21\)\[1\].pdf](https://www.democrats.senate.gov/imo/media/doc/CCDF%20in%20FY2021%20Reconciliation%20(2-17-21)[1].pdf)

10 Congressional Research Service, “Head Start in the House Committee on Education and Labor’s FY2021 Reconciliation Recommendations,” February 17, 2021 available at [https://www.democrats.senate.gov/imo/media/doc/Head%20Start%20in%20FY2021%20Reconciliation%20\(2-17-21\)\[1\].pdf](https://www.democrats.senate.gov/imo/media/doc/Head%20Start%20in%20FY2021%20Reconciliation%20(2-17-21)[1].pdf)

11 Congressional Research Service, “Revised Estimated FY2021 Grants to States and Institutions of Higher Education Under the Education Stabilization Fund Based on the Senate-Passed Substitute to H.R. 1319 ” March 9, 2021 available at https://www.democrats.senate.gov/imo/media/doc/Revised%20CD%20memo_ESSER_EANS_HEERF_Senate%20passed%20sub%20to%20HR1319_3-9-21.pdf

ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND – LOUISIANA	
Funding Category	State's Funding
Minimum Grants to Local Education Agencies (90%)	\$2,344,917,000
Minimum – Learning Recovery Grants (5%)	\$130,273,000
Summer Enrichment (1%)	\$26,055,000
After-School Programs (1%)	\$26,055,000
Administrative Costs (Up to half of 1%)	\$13,027,000
Remaining State Funding (2.5%)	\$65,137,000
Total	\$2,605,464,000

*Funding rounded to nearest whole thousandth dollar

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This funding is distributed or must be spent [as follows](#):

1. 90% of K-12 education funding provided by the Rescue Act will be distributed to local school districts, with schools that serve lower-income families receiving more funding;
2. 5% must be spent on “learning recovery,” which can include extending the school year, extending school days, supporting summer learning programs, or implementing targeted interventions to help children with specific academic needs;
3. A minimum of 1% must be spent on summer enrichment programs;
4. Up to 0.5% may be spent on administrative expenses; and
5. Any remaining money can be spent on investments related to safe reopenings, school infrastructure, wraparound programs, and teacher training, recruiting, or retention programs.¹²

Additionally, \$49 million will be available to [private primary and secondary schools](#) in Louisiana, to assist with safe reopening.¹³

As a condition of this education funding, the new law requires states to meet certain funding criteria known as Maintenance of Effort (MOE) - essentially, they may not reduce their education spending below “normal” rates. Like the tax cut language, this aims to ensure that states don’t use the new federal dollars to replace state dollars (which would set the stage for cuts in future years).

The new law also requires states to meet a new “Maintenance of Equity” requirement, which is designed to ensure that states do not cut funding for poor districts. For example, these provisions require: (1) no disproportionate cuts for districts with higher than average poverty rates; (2) no cuts below 2019 funding for the highest poverty 20% of districts; and (3) protections for state and local funding for individual schools with high poverty rates.

- Louisiana will also receive more than \$600 million for [higher education](#). This includes funding that

12 Griffith, Michael, “An Unparalleled Investment in U.S. Public Education: Analysis of the American Rescue Plan Act of 2021,” Learning Policy Institute, March 11, 2021 available at <https://learningpolicyinstitute.org/blog/covid-analysis-american-rescue-plan-act-2021#breakdown>

13 Congressional Research Service, “Revised Estimated FY2021 Grants to States and Institutions of Higher Education Under the Education Stabilization Fund Based on the Senate-Passed Substitute to H.R. 1319 ” March 9, 2021 available at https://www.democrats.senate.gov/imo/media/doc/Revised%20CD%20memo_ESSER_EANS_HEERF_Senate%20passed%20sub%20to%20HR1319_3-9-21.pdf

will be distributed to all public colleges and universities, with enhanced funding for minority-serving institutions.¹⁴

HIGHER EDUCATION EMERGENCY RELIEF FUND – LOUISIANA	
Primary Funding	\$531,598,211
Minority Serving Institution Funding	\$112,666,532
Total	\$644,264,743

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For-profit vocational schools in Louisiana (such as cosmetology, beauty, culinary and other trade schools as well as other privately delivered training programs) will also receive [\\$8.3 million in assistance](#).¹⁵

HELPING LOUISIANA FAMILIES MAKE ENDS MEET

- The stimulus plan includes a 15% increase in the maximum monthly benefit offered through the [Supplemental Nutrition Assistance Program \(SNAP\)](#) for July through September of 2021. Louisiana has 976,000 SNAP recipients, and the estimated additional \$29 million per month (or \$87 million total) will mean an average of a \$30 monthly increase for each Louisianan using SNAP. Louisianans will also benefit from an expansion of the Pandemic - Electronic Benefit Transfer (P-EBT), which provides food assistance to school-age children and which the Plan extends through the summer months, and modernization of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).¹⁶
- Louisiana will receive \$244 million for [emergency rental assistance](#).¹⁷ According to surveys, the pandemic has caused as many as [1 in 5 adult renters falling behind on rent payments](#).¹⁸ While the state should be making greater investments in [public and affordable housing](#),¹⁹ this funding will go a long way in helping ensure as many Louisianans as possible are able to stay in their homes as the recovery from Covid-19 begins.
- Louisiana will receive \$112.7 million to help families pay for utilities, such as water bills, through the [Low Income Home Energy Assistance \(LIHEAP\) Program](#).²⁰ This is particularly important as

14 Association of Public and Land-Grant Universities, "APLU Statement on Final Passage of COVID-19 Relief Bill & Funding Projections for Universities," March 10, 2021 available at <https://www.aplu.org/news-and-media/News/aplu-statement-on-final-passage-of-covid-19-relief-bill--funding-projections-for-universities>

15 Association of Public and Land-Grant Universities, " Simulated Distribution of \$395.8 Million Allocated for Proprietary Institutions," available at <https://www.acenet.edu/Documents/ARP-HEERF3-Proprietary-Institutions.pdf>

16 Rosenbaum, Dottie, Neuberger, Zoë, Keith-Jennings, Brynne and Nchako, Catlin, "Food Assistance in American Rescue Plan Act Will Reduce Hardship, Provide Economic Stimulus," Center on Budget and Policy Priorities, March 12, 2021, available at <https://www.cbpp.org/research/food-assistance/food-assistance-in-american-rescue-plan-act-will-reduce-hardship-provide>

17 American Rescue Plan Act, "Emergency Rental Assistance Allocation by State," available at <https://www.democrats.senate.gov/imo/media/doc/ERA%20in%20Senate%20Substitute%20Language,%2003.04.21.xlsx>

18 Rice, Douglas and Oliva, Ann, "Housing Assistance in American Rescue Plan Act Will Prevent Millions of Evictions, Help People Experiencing Homelessness," Center on Budget and Policy Priorities, March 11, 2021, available at <https://www.cbpp.org/research/housing/housing-assistance-in-american-rescue-plan-act-will-prevent-millions-of-evictions>

19 Fischer, Will, Acosta, Sonya and Bailey, Anna, "An Agenda for the Future of Public Housing," Center on Budget and Policy Priorities, March 11, 2021, available at <https://www.cbpp.org/research/housing/an-agenda-for-the-future-of-public-housing>

20 American Rescue Plan Act, "Estimated LIHEAP Funding by State," available at <https://www.democrats.senate.gov/imo/media/doc/Estimated%20LIHEAP%20FY2021%20Formula%20Allocations,%20+4.5%20Billion.xls>

Louisianans and residents of many other Southern states recover from the recent winter storm - causing spikes in energy demand and prices - and for those who have lost jobs and are making up for overdue bills.

TRANSIT FUNDS TO GET THE ECONOMY MOVING

- Louisiana’s cities will receive nearly \$98 million to invest in and repair and maintain [public transportation](#) systems through the Transit Relief for Urbanized Areas program.²¹ Due to occupancy restrictions, mass unemployment, and a dramatic increase in work-at-home policies, many municipal public transit systems have seen revenue drop significantly. This funding will ensure public transportation services will be available once Covid is under control.

CITY	TRANSIT RELIEF
Alexandria	\$642,042
Baton Rouge	\$16,217,605
Hammond	\$49,938
Houma	\$488,544
Lafayette	\$511,996
Lake Charles	\$772,398
Mandeville-Covington	\$153,122
Monroe	\$1,912,708
New Orleans	\$70,832,195
Shreveport	\$6,007,826
Slidell	\$293,716
Total	\$97,882,090

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- Rural communities in Louisiana will also receive support for transit services, with \$733,949 through the [Rural Transit](#) provisions.²² While many people may not think of rural areas as relying on public transportation, [rural public transit serves a wide variety of needs](#), whether that means helping people with disabilities or seniors access healthcare or simply run errands.²³
- Cities with [paratransit programs](#) will also receive dedicated funding for these services: This includes \$92,433 for Baton Rouge; \$39,728 for Lafayette; \$155,302 for New Orleans; and \$49,677 for Shreveport. These programs tend to serve the elderly or disabled, helping them to get around when other transportation options are either insufficient, too expensive, or unaccommodating.²⁴

21 American Rescue Plan Act, “Estimated LIHEAP Funding by State,” available at <https://www.democrats.senate.gov/imo/media/doc/Estimated%20LIHEAP%20FY2021%20Formula%20Allocations,%20+4.5%20Billion.xls>

22 American Rescue Plan Act, “Estimated LIHEAP Funding by State,” available at <https://www.democrats.senate.gov/imo/media/doc/Estimated%20LIHEAP%20FY2021%20Formula%20Allocations,%20+4.5%20Billion.xls>

23 American Public Transportation Association (APTA) and Community Transportation Association Of America (CTAA), “Public Transportation’s Impact on Rural and Small Towns,” October 17, 2017, available at <https://www.infrastructureusa.org/public-transportations-impact-rural-small-towns/>

24 American Rescue Plan Act, Estimated Paratransit Allotments for Urban Areas, available at [https://www.democrats.senate.gov/imo/media/doc/American%20Rescue%20Plan%20Act%205310%20Amounts%20\(Tentative\)%203.8.21.pdf](https://www.democrats.senate.gov/imo/media/doc/American%20Rescue%20Plan%20Act%205310%20Amounts%20(Tentative)%203.8.21.pdf)

PROTECTING LOUISIANA'S HEALTH

- The Rescue Plan includes tax credit provisions that [eliminate or significantly lower premiums for private health insurance](#) for low and middle-income Americans purchasing insurance in the federal marketplace. And, caps the rate paid by households earning higher incomes. In Louisiana, these subsidies will lower premiums by:²⁵
 - \$191 per month for a 45-year-old individual making \$60,000 per year
 - \$1,784 per month for a 60-year-old couple making \$75,000 per year
 - \$893 per month for a family of four making \$120,000 per year

MAXIMUM INCOME CONTRIBUTION PERCENTAGE BY HOUSEHOLD INCOME FOR PREMIUM TAX CREDITS IN 2021

Income Range (Percent of Federal Poverty Level)	Range of Maximum Income Distribution (Percent of Income)	
	Under Current Law*	Under ARP
100-133%	2.07	0
133-150%	3.10-4.14	0
150-200%	4.14-6.52	0-2.0
200-250%	6.52-8.33	2.0-4.0
250-300%	8.33-9.83	4.0-6.0
300-400%	9.83	6.0-8.5
400+%	-	8.5

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Overall, the Rescue Plan will make private insurance purchased through the exchanges far more affordable for the roughly [87,000 Louisianans](#) who use the marketplace.²⁶ Additionally, COBRA coverage for unemployed workers will be [100%](#) subsidized by the federal government from April through September, eliminating a significant health care cost for the recently unemployed.²⁷

- The new law includes several [Medicaid and CHIP provisions](#) important to Louisiana.²⁸
 - Louisiana has the option to make important strides in addressing maternal health by extending

²⁵ Tara Straw, Sarah Lueck, Hannah Katch, Judith Solomon, Matt Broaddus and Gideon Lukens, "Health Provisions in House Relief Bill Would Improve Access to Health Coverage During COVID Crisis," Center on Budget and Policy Priorities, February 19, 2021 available at <https://www.cbpp.org/research/health/health-provisions-in-house-relief-bill-would-improve-access-to-health-coverage>

²⁶ Marketplace Enrollment, 2014-2020, Kaiser Family Foundation available at <https://www.kff.org/health-reform/state-indicator/marketplace-enrollment/?currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22louisiana%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

²⁷ Timothy S. Jost, "What Does the American Rescue Plan Mean for Health Care Coverage?," The Commonwealth Fund, March 12, 2021 available at <https://www.commonwealthfund.org/blog/2021/what-does-american-rescue-plan-mean-health-care-coverage>

²⁸ Edwin Park and Sabrina Corlette, "American Rescue Plan Act: Health Coverage Provisions Explained," Georgetown Center for Children and Families and Georgetown Center for Health Insurance Reform, March 2021 available at <https://ccf.georgetown.edu/wp-content/uploads/2021/03/American-Rescue-Plan-signed-fix-2.pdf>

Medicaid and CHIP postpartum coverage from 60 days to 12 months starting April 1, 2022. The option is temporary, lasting five years unless extended by Congress.

- Covid-19 vaccine and treatment is now fully federally-funded under Medicaid for people without health insurance.
- Eligible Home and Community Based Services (HCBS), such as home health, adult day care and rehabilitative services, receive a one-year 10% increase in federal Medicaid match starting April 1. The additional federal funds must be used to supplement, not supplant state funds and to enhance, expand or strengthen HCBS.

A MORE EQUITABLE RECOVERY

The American Rescue Plan Act includes several other programs that will benefit some of the most vulnerable, historically marginalized and too often overlooked residents of our state. For example, the Act includes loan forgiveness and assistance with land-ownership disputes for [Black farmers and other farmers of color](#);²⁹ investments in [rural healthcare](#);³⁰ and a boost in financial support for [national service programs](#) that can provide meaningful opportunities to Opportunity Youth.

The Covid-19 pandemic and its economic fallout has shown how far we still have to go to achieve meaningful equity across the United States, and especially in Louisiana. Whether we look at job losses or likelihood of contracting and dying from Covid, the pandemic laid bare the racial and economic disparities that have long held us back from reaching our full potential. The American Rescue Plan presents an incredible opportunity for Louisiana to begin its recovery. But it should also serve as a call to do the hard work of fighting for a truly equitable society going forward. This is an opportunity that thousands of Louisianans cannot afford for us to waste.³¹

29 Dickinson, Tim, "Covid Relief Bill May Include Reparations for Farmers of Color," Rolling Stone, March 3, 2021, available at <https://www.rollingstone.com/politics/politics-news/reparations-black-farmers-warnock-covid-relief-package-1136193/>

30 National Association of Rural Health Clinics (NARHC), "American Rescue Plan Provides \$9 Billion for Rural Providers," March 12, 2021, available at <https://www.narhc.org/News/28784/American-Rescue-Plan-Provides-9-Billion-for-Rural-Providers>

31 Tobin, Mary and Barcott, Rye, "Biden COVID relief plan is welcome stimulus for public service," USA Today, March 12, 2021, available at <https://www.usatoday.com/story/opinion/2021/03/12/biden-covid-relief-plan-welcome-stimulus-public-service-column/6953629002/>