

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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UPDATED MEMORANDUM

February 28, 2022

To: Members of the Committee on Oversight and Reform

Fr: Committee Staff

Re: Hearing on “From Recession to Recovery: Examining the Impact of the American Rescue Plan’s State and Local Fiscal Recovery Funds”

On **Tuesday, March 1, 2022, at 10:00 a.m. ET, in room 2154 of the Rayburn House Office Building and over Zoom**, the Committee will hold a hybrid hearing on the historic Coronavirus State and Local Fiscal Recovery Funds (Recovery Funds) enacted a year ago as part of the American Rescue Plan.

I. BACKGROUND

To address the widespread health and economic harms caused by the coronavirus pandemic, President Biden announced the American Rescue Plan on January 20, 2021. Along with a national vaccination program, direct support to families and small businesses, and a variety of other programs, the President’s plan proposed \$350 billion in flexible emergency funding for state, local, Tribal, and territorial governments.¹

As the committee of jurisdiction over the relationship of the federal government to states and municipalities, the Committee on Oversight and Reform led the way in the House of Representatives’ consideration and passage of the Recovery Funds as part of the American Rescue Plan.² The Committee received statements and letters of support from hundreds of governors, mayors, Tribal leaders, workers unions, industry officials, and public health officials

¹ White House, *Briefing Room: President Biden Announces American Rescue Plan* (Jan. 20, 2021) (online at www.whitehouse.gov/briefing-room/legislation/2021/01/20/president-biden-announces-american-rescue-plan/).

² Committee on Oversight and Reform, *Committee Print (Providing for Reconciliation Pursuant to S. Con. Res. 5, the Concurrent Resolution on the Budget for Fiscal Year 2021)* (Feb. 9, 2021) (online at <https://docs.house.gov/meetings/GO/GO00/20210212/111197/BILLS-1171ih.pdf>).

describing the challenges faced by communities across the country and expressing bipartisan support for the Recovery Funds.³

Following the Committee's February 12, 2021, markup, the American Rescue Plan Act of 2021 was signed into law on March 11, 2021.⁴ The Treasury Department (Treasury) published an interim final rule for the Recovery Funds on May 17, 2021, followed by a final rule on January 27, 2022.⁵

Recognizing the great variability across types of government and the communities they serve, Congress and Treasury provided "substantial flexibility to recipients to respond to pandemic impacts in their local community" in order to "help state, local, and Tribal governments adapt to the evolving public health emergency and tailor their response as needs evolve and to the particular local needs of their communities."⁶

Recovery Funds must cover costs incurred between March 3, 2021, and December 31, 2024; be expended by December 31, 2026; and fall within four eligible use categories:

1. Responding to the negative health and economic impacts of the coronavirus pandemic, including relief for households, small businesses, nonprofits, and impacted industries including tourism, travel, and hospitality;
2. Increasing support for public and private sector workers performing essential duties during the coronavirus pandemic through premium pay;
3. Replacing state, Tribal, territorial, and local government revenue lost due to the coronavirus pandemic, allowing for the preservation of jobs and continued provision of government services; and
4. Supporting "necessary investments in water, sewer, or broadband infrastructure."⁷

³ Committee on Oversight and Reform, *Press Release: Overwhelming Bipartisan Support for COVID Relief to State and Local Entities* (Feb. 12, 2021) (online at <https://oversight.house.gov/news/press-releases/overwhelming-bipartisan-support-for-covid-relief-to-state-and-local-entities>).

⁴ Committee on Oversight and Reform, *Press Release: Oversight Committee Passes Long-Awaited \$350 Billion Aid Package to Help States and Localities Combat Coronavirus Crisis* (Feb. 12, 2021) (online at <https://oversight.house.gov/news/press-releases/oversight-committee-passes-long-awaited-350-billion-aid-package-to-help-states>); Pub. L. No. 117-2 (2021).

⁵ Department of the Treasury, *Coronavirus State and Local Fiscal Recovery Funds*, 86 Fed. Reg. 26786 (May 17, 2021) (interim final rule); Department of the Treasury, *Coronavirus State and Local Fiscal Recovery Funds*, 87 Fed. Reg. 4338 (Jan. 27, 2022) (final rule).

⁶ Department of the Treasury, *Coronavirus State and Local Fiscal Recovery Funds*, 87 Fed. Reg. 4338 (Jan. 27, 2022) (final rule).

⁷ Pub. L. No. 117-2 (2021).

II. HEARING PURPOSE

The hearing will examine the contributions of the Recovery Funds to record GDP growth, historically low unemployment, and healthier communities emerging from the coronavirus pandemic, including a review of projects supported by the Recovery Funds that are improving communities across the country.

III. WITNESSES

The Honorable JB Pritzker

Governor
State of Illinois

The Honorable Fawn Sharp

President
National Congress of American Indians

The Honorable Victoria Woodards

Mayor
City of Tacoma, Washington
First Vice President, National League of Cities

The Honorable Gary Moore

Judge-Executive
Boone County, Kentucky
Immediate Past President, National Association of Counties

Dr. Michael Leachman

Vice President for State Fiscal Policy
Center on Budget and Policy Priorities

Mr. Marc Joffe (*Minority Witness*)

Senior Policy Analyst
Reason Foundation

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