

"From Recession to Recovery: Examining the Impact of the American Rescue Plan's State and Local Fiscal Recovery Funds"
Committee on Oversight and Reform
Tuesday, March 1, 2022
Rep. Gerald E. Connolly (VA-11)

Thank you, Chairwoman Maloney for calling this hearing nearly one year after Congress's historic appropriation of Coronavirus State and Local Fiscal Recovery Funds (Recovery Funds) as part of the American Rescue Plan (ARP).

In the throes of a deadly pandemic, when the nation continued to combat the health and economic crises of the coronavirus pandemic, President Joe Biden announced the promise of the American Rescue Plan on his first day in office. Through the plan, Congress provided \$1.9 trillion in relief funding that included direct payments to families, direct assistance to localities and school systems to get kids back to school safely, and the largest anti-poverty initiative in recent history, which cut child poverty by nearly a third.

Also unprecedented was the ARP's \$350 billion investment in flexible emergency funding for state, local, Tribal, and territorial governments. The legislation was an unprecedented investment in our nation – at all levels. As someone who served as the former cochair of the Congressional Caucus of Former Local Elected Officials as well as serving in local government for 14 years as a member of the Fairfax County Board of Supervisors – including 5 years as Chairman, I appreciate how much we have asked of our local governments during this pandemic. From testing to vaccine distribution to keeping small business open, our local partners have been where the rubber meets the road for pandemic response bearing unprecedented burdens and finding creative solutions.

My Subcommittee on Government Operations has jurisdiction over the federal government's engagements with state, local, and tribal governments. My work with Chairwoman Maloney to secure this historic investment in our communities included a consequential decision to permit state, local, and tribal governments "substantial flexibility" in use of these funds 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."

And with those flexibilities come opportunities to innovate and experiment – and for us to learn what worked well – and what investments might have seen less success. It's our job as Congress to check in with the communities, families, and businesses we represent to ensure that they feel the effects of our historic investment – and to make certain state, local and tribal government leaders are using these dollars in ways to amplify their impact.

The Recovery Funds our communities received 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 because of 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."

In the 11th District of Virginia, which I represent, Fairfax County received more than \$409 million in ARP funding for local government and schools and Prince William County received more than \$178 million. I

have met regularly with local officials in my district, and we are working together to make certain residents feel, see, and benefit from these investments. Fairfax County is putting \$78 million to use to address the academic, social, emotional, and mental health needs of students in the 10th largest school system in the nation. Another \$76 million was invested to address unfinished learning for students within the district, which helps students grasp concepts or skills that they were otherwise unable to master – or did not have the opportunity to master because of the pandemic or other side effect. Fairfax has also developed innovative small business assistance programs such as the Fairfax RISE program which has provided grants to nearly 5,000 small businesses. Kids are in school in safe learning environments and small business are staying afloat thanks to this funding. That was always the intent.

What we must do now is establish metrics that help us demonstrate the improvements these ARP dollars will make in our children, in our schools, and in our communities. In the coming year, the federal government will distribute the second tranche of local ARP funding. It is critical we determine what programs are working and ensure they are replicated across the nation.

State, local, and tribal governments, who account for 13% of the nation's workforce, must also be using these funds to recruit and hire the next generation of public servants – competing with the private sector and the federal government for that talent. For years after the great recession, state, local, and tribal governments shrank in size – incurring layoffs in the face of declining coffers. These injections of federal funds can and should be used to help state, local, and tribal governments attract talent into public service and make sure that all levels of government are prepared to serve when this nation faces future health crises or other events.

Many Congresses would hang their hats on a \$1.9 trillion economic rescue package. Most would do the same on a \$1.2 trillion infrastructure package. This Congress has successfully accomplished both. Now our responsibility is to oversee the continued recovery from the public health and economic crisis created by COVID-19.

We have a long journey ahead on the road to recovery, but as a result of COVID relief 50,000 Virginia businesses receiving a lifeline (PPP), more than 6 million new jobs were created, and we have a 4.2% unemployment rate with new job postings up 120% and the lowest unemployment claims since 1969.

The fact that we are at 90% of economic activity just a year and a half after the worst economic cliff in since the Great Depression shows that we must continue to implement our COVID response and recovery strategy.

I thank the Chairwoman for holding this hearing. We must continue to highlight how congressional Democrats and the Biden Administration efforts through the American Rescue Plan have eliminated one-third of child poverty, helped schools recover from the effects the pandemic had on their operations, and provides state, local, and tribal governments the opportunity to rebuild their workforces and better serve their communities.