

## **Questions and Answers About the American Rescue Plan Act for State DOTs**

*American Rescue Plan Act of 2021*

Updated on March 24, 2021

- How long are funds available for?
  - \$350 billion of general funds to state, local, and tribal aid are to be made available through December 31, 2024.
- When will the funds be made available?
  - 50 percent of a state's funds will be delivered no later than 60 days from date of enactment, the remainder to be delivered no earlier than one year following.
  - States must distribute applicable funds to small towns meeting Plan criteria within 30 days of receiving payment.
- How were the general funds allocated?
  - Distribution is ultimately based on the HUD's CDBG housing grant program.
  - Ultimately, \$195.3 billion goes to states and the District of Columbia, to be divided equally and provide each state a minimum of \$500 million.
  - A separate \$10 billion was designated to a Coronavirus Capital Projects Fund aimed at work, education, and health support.
- What eligibilities can be applied to the general fund?
  - Eligible uses of pertinence to DOTs include increased expenditures, lost revenue replacement, and economic harm mitigation due to Covid.
  - AASHTO has prepared a group letter to the Department of the Treasury to explicitly ensure that general funds can be used on transportation infrastructure projects.
  - The Capital Projects Fund's specific eligible uses include investments in water, sewer, and broadband infrastructure.
- What are the criteria for using these dollars on State DOT programs and projects?
  - The current language is very broad and flexible, given eligibilities like lost revenue replacement, with opportunity for funds to be eligible for transportation infrastructure projects. Though this is not a surface reauthorization bill with regards to Title 23, Sections 602 and 604 support the argument for reasonable allocation of funds to state DOT projects. Broadband is specifically eligible through the Coronavirus Capital Projects Fund.
- How can DOTs best apply any incoming funds, given previous relief funding?
  - States have found the most success in moving relief funds quickly by obligating relief funds to debt service, freeing up state funds for long-term capital projects.
  - The caveat being that some states have begun experiencing construction material supply issues and escalating bids, which necessitates experimenting with revised and extended construction schedules. Other states have taken the opportunity to work with local planning partners to develop a project list of prioritized, unfunded needs large enough to incorporate any funding scenario.