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JEDC Research Note
2021 American Rescue Plan Business Aid Estimate
April 6, 2021

JEDC analyzed the new and existing COVID-19 aid programs that received federal funding from the 2021 American Rescue Plan Act (ARPA) and provide financial aid to businesses. This includes direct aid programs that provide grants or low-interest loans to businesses, such as the Economic Injury Disaster Loans (EIDL) and the Paycheck Protection Program (PPP). There is also a summary of aid provided to government agencies and how those funds may affect Alaskan Businesses.

Direct Aid to Businesses (ARPA Title V, Committee on Small Business and Entrepreneurship)

We estimate Juneau Businesses will receive \$6.9 million in direct federal aid under Title V of the American Rescue Plan Act of 2021. This includes expanded funding for EIDL, PPP, and Shuttered Venues Operator Grants (SVOG). There is also funding for the new Restaurant Revitalization grant program.

- \$2.48 million from EIDL
- \$860,000 from PPP grants
- \$148,000 from SVOG
- \$3.40 million in Restaurant Revitalization grants

These values were calculated based on the portion of total aid Juneau businesses have received from the EIDL and PPP funds since the programs began in 2020, compared to the funds distributed nationally. We assumed the distribution of future funds would remain similar to the past.

Historical data was not available for the SVOG and Restaurant Revitalization funds. We assumed that SVOG funds would follow the same distribution of PPP grants.

We estimated the restaurant revitalization funds using two methods. First, we assumed it would follow the same distribution as PPP. Second, we assumed that funds would be distributed evenly across the roughly 700,000 restaurants and bars nationally, and Juneau's 86 restaurants and bars would get an average grant of \$40,225 each. Each method's total values were very similar, at \$3.40 million and \$3.46 million, respectively.

However, Juneau restaurants may be eligible for up to \$31.8 million in aid, according to 2019 and 2020 tax data. The restaurant revitalization fund eligibility is determined by the change in gross income between 2019 and 2020, up to \$5 million per business. The amount of aid Juneau restaurants receive will be highly dependent on how proactive the community is in applying for these grants.



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State and Local Fiscal Aid (Title IX, Committee on Finance)

State and Local governments will also receive large aid packages to mitigate the fiscal impacts of COVID-19.

- CBJ will receive \$12.8 million in aid over two years.
- The State of Alaska will receive \$1.02 billion in aid, separate from the aid local governments will receive.

According to the Senate Democrat's summary of ARPA, state and local fiscal aid may be used to "offset revenue losses, bolster economic recovery and provide premium pay to essential workers." One option is to use the funding for local business aid programs. AK CARES was one of many such programs in Alaska that was funded with similar fiscal aid from the March 2020 CARES act.

Other Funding Programs

There are other programs throughout the bill that will provide aid to businesses. These will be distributed through local governments and non-profits to the businesses who qualify for aid, or target specific sectors. Their distribution may not be consistent with other aid packages such as PPP and EIDL. Estimates for aid directed at Alaska or Juneau are listed in program descriptions, where available. This is not a fully comprehensive list but includes programs that will likely have the largest impact on Alaskan businesses and particularly hard-hit sectors.

- **Child Care Stabilization and Development Block Grant (CCDBG), \$39 billion combined**

The Center for Law and Social Policy estimates that Alaska will receive a total of \$73.6 million in funding for Child Care Stabilization grants and Child Care and Development Block Grants (CCDBG).

- **State Small Business Credit Initiative (SSBCI), \$10 billion**

Created in 2010, the SSBCI provides investments to assist state governments in providing low-interest loans and other investments to small businesses. Alaska was one of three states that did not participate in the 2010 program, but the City of Anchorage did.

- **Airports and Airline Jobs, \$8 billion**

Funding to Primary Airports, including the Juneau International Airport, is determined by the number of passenger boardings during the prior calendar year. While the FAA has not released the final formula, they state that the money will be apportioned similarly to how airports currently receive Airport Improvement Program (AIP) funds. Based on 2020 passenger boardings at Juneau International Airport, we expect the airport to receive approximately \$790,000 in funding.



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- **Food Supply Chain Grants, \$4 billion**

Seafood processing facilities and processing vessels will be eligible for some grants and loans created through this fund. The funds will also be used to purchase and distribute food for individuals in need and support farms and other small and mid-sized food processors and distributors.

- **Economic Development Administration (EDA), \$3 billion**

The EDA has been provided with \$3 Billion in funding to provide grants to rebuild local economies. \$750 million of this has been designated specifically for travel, tourism, and outdoor recreation sectors, which were particularly hard hit by the pandemic.

- **National Endowments for the Arts and Humanities, \$270 million combined**

\$108 million will go to state and regional arts humanities councils. \$162 million will go to direct grants to support arts and humanities organizations.

- **Institute of Museum and Library Services, \$200 million**

\$178 million is reserved to fund state library administrative agencies, with a \$2 million state minimum.

- **Corporation for Public Broadcasting, \$175 million**

These funds are to maintain programming and services of small and rural stations threatened by declines in non-Federal revenues.



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Sources

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