



STATE OF ILLINOIS
JB PRITZKER, GOVERNOR

**“From Recession to Recovery: Examining the Impact of the American Rescue Plan’s
State and Local Fiscal Recovery Funds”
Written Testimony from Illinois Governor JB Pritzker
Tuesday, March 1st, 2022**

Chairwoman Carolyn Maloney, Ranking Member James Comer, distinguished members of the committee: thank you for the opportunity to speak with you on the economic impact of the American Rescue Plan and more specifically the State and Local Fiscal Recovery Funds included in that Plan.

I have governed through this pandemic focused on a central tenet: the role of the government in a crisis is to end the crisis as quickly as possible, and to alleviate the pain it inflicts on the people we serve. Roughly one year into the COVID-19 pandemic, the American Rescue Plan injected a burst of resources into the national economy at a critical time.

With all our efforts over the last two years — city, county, state, federal — we’re seeing signs of progress every single day. Our investments in working families and small businesses are paying off.

Since the bottom of the pandemic recession in April of 2020, Illinois has added 600,000 jobs and grown the overall state GDP beyond pre-pandemic levels. In 2021, our Illinois job growth rate outpaced all our neighboring states and exceeded the national average. Also, in 2021, Illinois grew new startups at a faster clip than all other Midwest states and at a higher rate than the top eight most populous states nationally. That means Illinois beat states like California, Texas, New York and Florida. This is much more than just a pandemic-era bounce back. We saw nearly 70 percent more business startups in 2021 than pre-pandemic levels in 2019. In fact, last year Illinois saw its highest-ever number of new business startups since the data was first reported in 2004.

There’s no doubt in my mind that the ingenuity and resilience of our working families, our communities, our entrepreneurs, and our small businesses all played a huge role in shaping that trajectory. I also know that my administration has used our resources — including the American Rescue Plan Recovery Funds — to provide as much short- and medium-term stability as possible for small businesses and workers and families here in Illinois to fuel our progress with great results.

All in all, the American Rescue Plan, through the Coronavirus State and Local Fiscal Recovery Fund (SLFRF), provided the State of Illinois with \$8.128 billion. Local governments in Illinois, including the City of Chicago, are on track to receive another \$5.93 billion. Illinois has allocated about half of its state funds so far.

We view these resources as one-time recovery opportunities, spread over several fiscal years, to help businesses stay afloat and help our economy get back on its trajectory before the pandemic struck. We used them for targeted, non-recurring expenditures.

I’ll offer some examples that paint a picture of what that’s looked like through our initial Recovery Funds allocations.

First and foremost, we sent roughly half a billion dollars directly to small businesses, tourism support, workforce development, and restoring commercial corridors and Main Streets. These are among the most direct building blocks of our recovery.

That includes \$300 million for our Back to Business grant program – providing thousands of dollars in relief grants to small businesses all across Illinois, covering every affected sector of the Illinois economy, especially those that were not part of the federal PPP program. That’s on top of the more than \$500 million we provided in 2020 to hotels, bars, restaurants, and other hard-hit businesses.

We are also funding events and attractions across the state of Illinois to help small towns bounce back after the downturn in tourism caused by the pandemic. We fully funded all tourism convention bureaus across the state through the end of FY 2022 and have proposed the same for FY 2023.

And we are using \$50 million to expand access to training, job placement, support services and reduce barriers that prevent individuals from successfully re-entering the labor force. This focus is particularly critical for communities that have seen decades of disinvestment and were affected by COVID. A supplemental pilot program through our Department of Human Services takes the same approach through a partnership with trusted, faith-based institutions to help people who reach out to such organizations and not government for their support.

And to support our working parents, while the funding didn’t come from our State and Local Fiscal Recovery Fund allotment, ARPA funds also allowed us to stabilize and support our childcare ecosystem – building on our nationally recognized efforts. With our ARPA funds, we’ve been awarding retention bonuses to Illinois’ childcare workers and providing out-of-work parents with three months of low-cost or free childcare so they can look for a job without worrying about their kids.

We’ve also put \$750 million toward accelerating infrastructure enhancements – including our high-speed internet connectivity expansion program, which is intended to make broadband access universally available throughout Illinois.

In addition to these more traditional economic development initiatives, the COVID-19 federal funding has allowed us during the pandemic to provide for disadvantaged communities an expansion of our summer youth employment programs, increased support for our Welcoming Centers for immigrant communities, and launched an unprecedented commitment to combatting firearm violence. Our Reimagine Public Safety program makes a \$250 million multi-year investment in violence prevention and interruption and trauma-based services in the communities with the highest incidents of firearm violence and victims.

In addition to helping Illinois provide direct support for our people, ARPA funds have helped us weather the worst of the early days of the pandemic. We will use an estimated \$1.5 billion to replace lost state revenues from 2020, ensuring continuous government services at frontline agencies like the Departments of Public Health, Human Services and Veteran’s Affairs.

ARPA funds – and other federal support - have strengthened and empowered Illinois’ public health response, including our unparalleled mobile vaccination clinic program. The State coordinated almost 8,000 mobile vaccination clinics providing more than 243,000 vaccinations to some of our most vulnerable residents: long-term care residents, minority communities, schools, people experiencing homelessness, immigrant communities, and many others. Of those clinics, the State partnered with community groups and non-profits on more than 2,000 clinics with a specific focus on equity and administered more than 86,100 vaccines. Almost 75,000 vaccinations were provided at the more than 2,000 school/youth

vaccination clinics. These mobile vaccination clinics are one reason Illinois is a leading state for COVID-19 vaccinations.

These funds also supported the state's health care staffing support to hospitals and other health care facilities. At the peak of the Omicron surge, Illinois had nearly 3,000 nurses and other health care workers deployed across the state to keep our health care system operating. And of course, ARPA funds have helped to pay for the acquisition and storage of PPE, test kits, ventilators and other COVID response items; and our digital Vax Verify program.

It's because of programs like these that Illinois has led the Midwest's pandemic response. Illinois is home to the region's highest percentage of residents who have received a COVID-19 vaccine as well as the highest percentage of vaccinated and fully vaccinated 5 to 17-year-olds. In the last four months of 2021 following the reinstatement of Illinois' mask mandate on August 30, 2021, Illinois had fewer COVID-19 hospitalizations per capita and fewer COVID-19 deaths per capita than the entire Great Lakes region. In the same period, Illinois out-tested the entire Midwest on a per capita basis, providing residents with significantly better access to testing than any of its neighbors. Even with a much greater testing capacity, Illinois saw fewer reported COVID-19 cases per capita during this time than neighbors such as Iowa and Missouri.

Resources through the American Rescue Plan and the Elementary and Secondary School Emergency Relief Fund (ESSER Fund) were critical for our school districts. Together, these efforts provide nearly \$7.8 billion to help Illinois school districts respond to COVID-19 impacts – a key resource to support our students through the disruption of the last two years.

Today, Illinois has become an example for the nation of how resilient our people are, not only in helping our families and our neighbors persist through a financial crisis and a pandemic crisis, but also in managing through the state's pandemic fiscal challenges and create transformative economic opportunity for our residents.

I have always believed that our economic recovery both as a nation and as a state goes hand in hand with our recovery from COVID-19 – a truth that played out after the 1918 pandemic, and a truth I expect history will tell of the moment we live in now. The virus has remained a threat for far longer than any of us would like, but we continue to find ways to live our lives, grow our economy AND protect the vulnerable all at the same time. I appreciate the federal government's ongoing support of that mission.

Thank you to the Committee for the privilege to present my testimony to you. I look forward to your questions.