

ARPA and Fiscal Recovery Funds Guidance Overview

Staff Presentation to the House of Representatives
American Rescue Plan Act Task Force
September 21, 2021

COVID-19 Relief

- 6 federal acts enacted to address crisis
 - Coronavirus Preparedness & Response Supplemental Appropriations – March 6, 2020
 - Families First Coronavirus Response – March 18
 - CARES – March 27
 - Paycheck Protection Program & Health Care Enhancement – April 24
 - Consolidated Appropriations Act – Dec 27
 - American Rescue Plan Act – March 11, 2021

COVID -19 Relief

- Federal acts include funding for
 - State and local budgets
 - Strings and limitations
 - Individuals
 - Direct stimulus payments
 - Optional tax changes
 - Businesses
 - Loans
 - Optional tax changes

COVID - 19 Relief

- American Rescue Plan Act of 2021
 - Signed March 11, 2021
 - Same day Governor submitted his budget
 - \$360 billion to state & local governments
 - \$1,400 refundable tax credits to individuals
 - Extends enhanced unemployment insurance benefits until September 6, 2021
- FMAP enhanced rate through at least end of 2021 – federal admin action

COVID –19: Education

- ARPA adds much more with same waiver as 5th stimulus but additional rules

Education Funds	CARES	CAA	ARPA	Total
Governor's Fund	\$8.7	\$11.0	\$5.1	\$24.8
K-12 Fund	46.4	184.8	415.0	646.2
Higher Education Fund	29.5	51.5	90.8	171.8
Total	\$84.6	\$247.3	\$510.9	\$842.8

\$ in millions

COVID - 19 Relief

Other American Rescue Plan Act Items of Note	RI Share
Students w/ Disabilities & Homeless Youth	\$13.6
Childcare Block Grant & Provider Stabilization	94.4
LIHEAP	30.8
Head Start	3.0
Emergency Assistance for Children & Families	2.7
Supportive Services/Congregate Meals	7.7
Testing/Vaccine	112.0
Mental Health Centers/Behavioral Healthcare	35.3
Transit	29.5

\$ in millions; Data from *Federal Funds Information for States* as of May 25, updated from prior presentation

References

- Materials are on the Assembly website
 - <https://www.rilegislature.gov/commissions/arpa/Pages/hmaterials.asp>
 - Most documents from US Treasury Department

Quick Reference Guide	HFAS COVID Aid Report
Fact Sheet	HFAS - Timeline
Updated FAQ (July 19)	RI Report to Treasury – August
Interim Final Rule	Evidence and Equity Webinars
<u>Compliance & Reporting Guidance:</u> Fiscal Recovery Funds & Capital Projects Funds Compliance Webinar – Fiscal Recovery Funds	

References

- Other Sites

- Treasury

- <https://home.treasury.gov/policy-issues/coronavirus>

- NASBO

- <https://www.nasbo.org/mainsite/resources/covid-19-relief-funds-guidance-and-resources/state-recovery-plans>

- NCSL

- <https://www.ncsl.org/research/fiscal-policy/arpa-state-fiscal-recovery-fund-allocations.aspx>

American Rescue Plan Act

- State & Local Fiscal Recovery Funds
 - RI to get \$1.8 billion over 2 years
 - \$1,131.1 million to the state
 - \$112.3 million for capital project expenses
 - \$536.8 million to locals
- Use spans several state fiscal years
 - Must obligate by Dec. 31, 2024 - **FY 2025**
 - Funded projects must be completed by Dec. 31, 2026 - **FY 2027**

ARPA State Fiscal Recovery Funds Timeline

FY 2021: March 2021 ARPA becomes law

- \$1,131M - fiscal recovery funds
 - May 2021 interim final rule
 - June 2021 compliance & reporting guidance
 - July 2021 (FY 2022) most recent FAQs updated
 - Dec. 31, 2024 funds must be obligated by (FY 2025)
- \$112M capital projects fund
 - Sept. 2021 guidance
 - Sept. 24 application opens
 - December 27, 2021 deadline to request funding (FY 2022)
 - September 24, 2022 deadline to submit grant plan (FY 2023)

FY 2027: All funds must be spent by December 31, 2026

State & Local Fiscal Recovery Funds

A. Respond to the public health emergency (PHE) and its economic impacts

B. Respond to workers performing essential work during COVID-19 PHE by providing premium pay to eligible workers

**ARPA specifies
four eligible
uses**

C. Provision of government services to the extent of the reduction in revenue due to the COVID-19 PHE

D. To make necessary investments in water, sewer or broadband infrastructure

Allowable Uses

- **Category C: Revenue Replacement**
 - Prevent reductions to government services resulting from pandemic revenue losses
 - Specific calculation of revenue loss spelled out
 - RI likely can use at least \$400 million
 - This total can go up but cannot go down
 - Cannot be used for
 - Tax cuts
 - Extra pension payments
 - Rainy Day Fund deposits

Allowable Uses

- Supporting documents contain more specific types of allowable uses
 - Further breakdown of Category A
 - Public health emergency response
 - Economic impact of PHE
 - Focus on equity issues
 - Preference for evidence based programs
- Task Force work will include deeper analysis of more complex categories
 - A,B,D and Capital Projects Fund

State & Local Fiscal Recovery Funds: Capital Projects

- Capital Projects Fund - \$112.3 million
 - For “critical capital projects directly enabling work, education, and health monitoring, including remote options”
 - Guidance issued this week
 - In May, Treasury issued statement of purpose and process and signaled summer application opening
 - Application portal for project consideration opens Sept 24
 - Deadline for submission of grant plans one year later
 - Deadline to “request” funding December 27, 2021
 - Revisions to these allowed

Capital Projects Fund

- To be eligible, project must meet all of the following criteria
 - Invests in capital assets designed to directly enable work, education & health monitoring
 - Designed to address a critical need that resulted from, was made apparent or exacerbated by COVID-19 PHE
 - Designed to address a critical need of the community to be served by it

Technical

- Covered expenses need to be incurred after March 12, 2021
 - Expenses already incurred could be eligible
 - Exception is premium pay which may be granted for service retroactive to the start of the pandemic
- Rhode Island received full allotment of recovery funds
 - Locals get theirs in two tranches one year apart – first one issued already

Looking Ahead

- Further review of major categories of use and other state actions
 - FAQs and guidance offer detailed options and examples
 - NCSL website tracking states' actions
 - Provides information by type of expense
 - Fifteen categories
 - Updated frequently
 - NASBO website has state reports submitted to Treasury

Looking Ahead

- Closer look at Capital Projects Fund
 - Presumptively eligible projects
 - Those subject to case by case review
 - Request & application process
 - Established dates mean the timeline is tighter
 - Coordination with fiscal recovery fund infrastructure uses (Category D)

Looking Ahead

- Possible uses of these federal funds affected by other factors
 - Pending federal legislation
 - Evolving needs of pandemic recovery
- Major decisions face policymakers on coordinated use of all available funds
 - Responding to stakeholder input
 - Adhering to federal rules
 - Maximizing the impact to the state

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