

ARPA Fiscal Recovery Funds Guidance

Staff Presentation to the House of Representatives
American Rescue Plan Act Task Force
November 1, 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

- 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

References

- **Materials are on the Assembly website**
 - <https://www.rilegislature.gov/commissions/arpa/Pages/hmaterials.aspx>
 - 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)
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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

Today's Focus

- D. To make necessary investments in water, sewer, or broadband infrastructure
- Capital Projects Fund

D. Investments in Water, Sewer, or Broadband Infrastructure

- Water and sewer infrastructure
 - Improve access to clean drinking water
 - Invest in wastewater and storm water infrastructure
- Broadband infrastructure
 - Provide unserved or underserved locations with new or expanded broadband access
 - Complement broadband investments made through Capital Projects Fund

D. Water and Sewer

- Eligible use of funds
 - Projects aligned to Environmental Protection Agency's Clean Water & Drinking Water State Revolving Fund eligibility
 - Support efforts to
 - Address climate change
 - Meet cybersecurity needs to protect water & sewer infrastructure
 - Improvements to infrastructure
 - Building or upgrading
 - Facilities/transmission/distribution/storage systems

D. Water and Sewer

■ Drinking Water

- Treatment, transmission, & distribution
 - Includes lead service line replacement
- Source rehabilitation & decontamination
- Storage, consolidation
- New systems

■ Clean Water

- Nonpoint source pollution management
- Storm water & wastewater systems
- Water conservation
- Watershed pilot projects
- Energy efficiency
- Water reuse projects

D. Water and Sewer

- RIDOH - Office of Drinking Water Quality
 - Monitors public drinking water quality
 - Enforces requirements of
 - Safe Drinking Water Act & other laws relating to
 - Safe drinking water
 - Public swimming pools
 - Bottled water
 - Private wells
 - Approves new public water sources & systems
 - Regulates ~ 500 public water systems

D. Water and Sewer

- Drinking Water State Revolving Fund
 - Managed by RI Infrastructure Bank
 - Provides below-market interest rate loans to
 - Community public water systems
 - Nonprofit non-community public water systems
 - Privately organized water suppliers
 - Local municipalities
 - For planning, design & construction of safe drinking water supply, treatment & transmission infrastructure
 - Includes land acquisition

D. Water and Sewer

- Drinking Water State Revolving Fund Eligibility
 - Project must be on Department of Health's Project Priority List
 - Produced at least once annually
 - Project must receive certificate of approval from Department of Health
- RIGL § 46-12.8-4(a)(4)

D. Water and Sewer

- DEM's Bureau of Environmental Protection, Division of Water Resources
 - Regulatory enforcement activities
 - Investigates complaints & suspected violations of environmental laws and regulations relating to
 - Surface and ground water
 - Freshwater wetlands
 - Individual sewage disposal systems and solid waste

D. Water and Sewer

- Clean Water State Revolving Fund
 - Co-managed with DEM Office of Water Resources and RI Infrastructure Bank
 - Municipalities & quasi-public agencies access loans for water pollution mitigation projects
 - Sewer and sewage treatment
 - Landfill closures
 - Community septic system repair
 - Stormwater treatment and mitigation
 - Riverbank and estuarine restoration projects
 - Loans made at discounted interest rate
 - Currently 33% of borrower's market rate

D. Water and Sewer

- Clean Water State Revolving Fund
 - To be eligible a project must be on DEM's Project Priority List
 - Produced at least once a year
 - Projects awarded based on
 - Ranking
 - Readiness to proceed
 - Availability of funds
 - RIGL § 46-12.2-8

D. Broadband

- Eligible use of funds
 - Must reliably deliver minimum speeds of 100 Mbps downloads & uploads
 - Variances permitted for issues of geography, topography or financial cost to meet standards
 - Must serve unserved or underserved households and businesses
 - Those not currently served by a wireline connection that delivers at least 25 Mbps download speed & 3 Mbps of upload speed

D. Broadband

- Eligible use of funds
 - Cybersecurity
 - Hardware, software, protection of critical infrastructure
 - Projects that achieve last-mile connections to households and businesses

Down Payment Proposal

- On October 7, Governor McKee requested approval for a plan for use of \$113 million ~ 10% of RI 's fiscal recovery fund allocation
 - Business and Tourism - \$45.0 million
 - Services to Children - \$38.5 million
 - Housing and Broadband - \$29.5 million
- Now contained in 2021 - H 6494

Broadband Infrastructure

- Proposes \$0.5 million to make the state eligible for existing federal broadband funding and plan for future
 - Current federal grant programs require a designated coordinating entity
 - RI may receive up to \$100 million with federal Infrastructure Investment and Jobs Act
 - Requires future 25% (\$25M) state match
 - Match is eligible use of ARPA State Fiscal Recovery Fund
 - Requires a strategic plan

Broadband Infrastructure

- Legislation reads “\$500,000 shall be allocated to broadband services which may include coordination, mapping, and development of a statewide plan to provide broadband access to unserved and underserved households and businesses”

Broadband Infrastructure

- Broadband Director - \$0.1M
 - Designated state broadband coordinator
 - FY 2022 cost only – Annualized \$150k
 - Lead multiagency coordinating committee
 - Create, oversee, and implement strategic plan
- State Strategic Plan - \$0.2M
 - Goals and funding needs based on mapping
- Broadband Mapping - \$0.2M
 - Build on work by van Beuren Charitable Foundation based in Newport
 - Original infrastructure maps by Broadband RI

Broadband Infrastructure

- Broadband RI: 2011-2015
 - EDC (now Commerce) initiative
 - \$4.5 million federal grant to RI EDC
 - Data & map of fiber optic cables serve as basis for current mapping initiative
- Special Legislative Commission on Broadband Services and Accessibility
 - Published most recent state broadband strategic plan in 2015

Broadband Infrastructure

- 2021-H 5146 Sub A (Ruggiero)
 - Establishes 11 member broadband council to create a strategic plan for broadband service in the state
 - Creates Broadband Coordinator position at Commerce
- Commerce, DBR, PUC supported
- Passed House – did not pass Senate

D. Water, Sewer, or Broadband Infrastructure – Other States

- NCSL database of known ARPA fiscal recovery commitments in 36 states
 - 17 with water projects
 - Coastal mapping
 - Septic and wastewater system upgrades
 - Water system upgrades
 - Restoration of state-owned waterfront infrastructure
 - 16 with broadband projects

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Capital Projects Fund

- Capital Projects Fund - \$112.3 million
 - For “critical capital projects directly enabling work, education, and health monitoring, including remote options”
 - In May, Treasury issued statement of purpose & process and signaled summer application opening
 - Application portal for project consideration opened Sept 24
 - Initial application deadline is December 27, 2021
 - Grant plans accepted for 1 year
 - Revisions to these allowed
 - Costs incurred beginning March 15, 2021 eligible

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

Capital Projects Fund

- Presumptively eligible projects
 - Broadband infrastructure
 - Digital connectivity technology
 - Multi-purpose community facility projects
 - Construct or improve buildings designed to jointly and directly enable work, education, and health monitoring
 - Community schools that provide academic programming to students, adult education, health monitoring, workforce training, career counseling
 - Libraries
 - Community health centers

Capital Projects Fund

- States can propose a different use of funds
 - Must meet eligibility criteria
 - Reviewed on case-by-case basis
- Ineligible projects
 - General infrastructure
 - Highways, bridges, transit systems and ports

Capital Projects Fund

- Project criteria for case-by-case review
 - Directly enables work, education and health monitoring
 - Addresses a critical need that results from or was exacerbated by public health emergency
 - Addresses a critical need in the community to be served by it

Capital Projects Fund

- June 8 Governor McKee requested to add authority to spend the full value of capital fund - \$112.7 million in FY 2022 specifically to
 - Build a state health laboratory
 - Other critical compliant infrastructure
 - Enable electronic government to reduce wait times and facilitate on-line transactions

Capital Projects Fund

- Additional language
 - *“The proposed plan for use of the funds must be submitted for review to House & Senate Finance Committees at least 10 days before it is submitted for federal approval.”*
- Exact federal approval process not known in June – not budgeted
- *RFP regarding site selection and facility development issued by Commerce today – Nov 1*

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Follow-up from Last Meeting

- QCT – Qualified Census Tracts
 - Determined by Dept. of Housing & Urban Development
 - Must have 50% of households w/ incomes below 60% of Area Median Gross Income (AMGI) or poverty rate of 25% or more
- Tribal Government Allocations

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

ARPA and Fiscal Recovery Funds Guidance Overview

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