

American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SFR)

House Appropriations Committee

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ARPA Federal Funding Update

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State & Local Fiscal Recovery (SLFR) Fund Background



State & Local Fiscal Recovery Funds - Background

- The Coronavirus State and Local Fiscal Recovery Funds, as part of the American Rescue Plan Act, delivered \$350 billion in relief to state, local and Tribal governments.
- Supports response and recovery from the COVID-19 pandemic including to:
 - Fight the pandemic and support families & business struggling with its public health and economic impacts
 - Maintain vital public services
 - Build a strong, resilient and equitable recovery by making investments that support long-term growth
- Treasury's final rule took effect on April 1, 2022.
 - <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>
- Timeline:
 - Funds must be used for costs incurred on or after March 3, 2021
 - Funds must be obligated by December 31, 2024 and expended by December 31, 2026



Impact in Vermont

- Vermont received \$1.25 billion in funding
 - State Fiscal Recovery (SFR) Funds = \$1,049,287,303
 - Local Fiscal Recovery (LFR) Funds = \$200,713,000
- SFR funds flow through the executive branch
- LFR funds flow directly to towns
 - Initially challenging because based on county government distribution
 - Guidance was later issued for counties that are not units of general local government
 - https://home.treasury.gov/system/files/136/Treasury_CLFRF_NonUGLGGuidance.pdf
 - Vermont League of Cities & Towns – coordination and assistance program for towns



State & Local Fiscal Recovery Funds – Four Key Eligible Use Categories

- **Public Sector Revenues** – providing government services up to the amount of revenue loss due to the pandemic
- **Public Health & Economic Response** - respond to the public health and negative economic impacts of the pandemic
- **Premium Pay for Essential Workers** - provide premium pay for essential workers who bear the greatest health risks
- **Water, Sewer & Broadband Infrastructure** – provide funding to critical water, sewer and high-speed broadband projects



SFR – Replace Public Sector Revenue Loss

- Updates to Treasury guidance in the Fall of 2022 led to a re-examination of the funding available to VT for revenue loss
- No additional funding available but added flexibility for eligibility criteria
- Two options to determine revenue loss:
 - Standard allowance - \$10M – VT initially elected this methodology
 - Calculate per formula – compare actual revenue to an estimated counterfactual revenue that incorporates a growth adjustment
 - Revenue loss calculation dates – became more flexible
 - Growth rate shifted from 4.1% to 5.2%
 - Vermont’s formula yielded an estimate \$243M
- Spend on government services up to revenue loss amount



SFR – Respond to Negative Economic Impacts

- Assistance for “impacted” and “disproportionally impacted”
- Household - eligible uses include aid for re-employment, job training, food, rent, mortgage, utilities, affordable housing development, childcare, early education, addressing learning losses and more
- Small businesses or nonprofits – eligible uses include loans or grants to mitigate financial hardship, technical assistance and more
- Impacted industries – travel, tourism & hospitality
 - Process to designate an industry as impacted



Act 74 Intent – Multiyear Funding Priorities and Status



Act 74 **G.100** Establishing Multiyear Funding Priorities for ARPA and Other State & Fed Funds

(a)(1) ARPA was enacted on March 11, 2021 and includes a \$1.05 billion grant of flexible aid for Vermont to be spent over the next four years. With these funds, and other federal or State funds, the General Assembly recognizes an unprecedented opportunity to invest in Vermont's recovery and long-term future by supporting Vermonters' health and well-being and by strengthening Vermont's communities, businesses, environment, and climate. Between ARPA funds and other federal and State funds, the General Assembly anticipates spending the following amounts over the next three years:

(A) \$250,000,000 for the health, well-being, and recovery of Vermonters; for workforce development; and for business supports;

(B) \$250,000,000 for development of a wide array of housing;

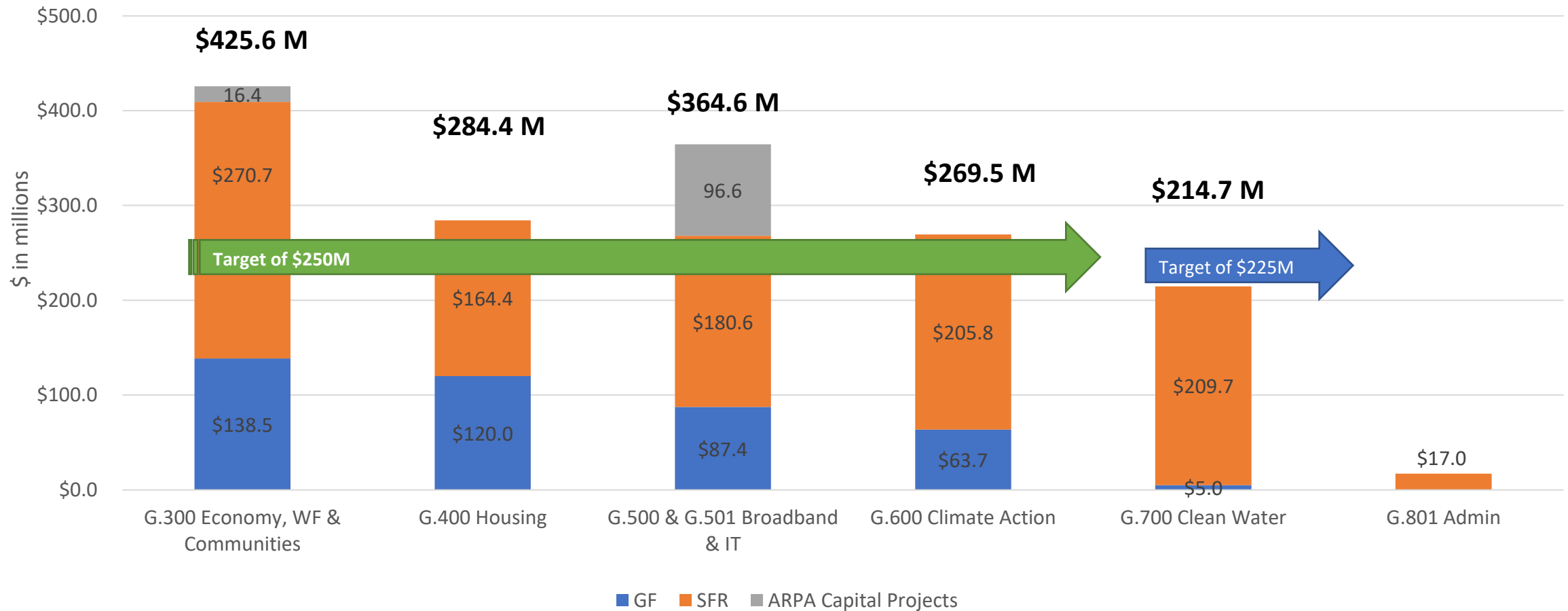
(C) \$250,000,000 for broadband development;

(D) \$250,000,000 for climate change mitigation; and

(E) \$225,000,000 for clean water initiatives.



VT's Appropriated ARPA SFR (\$1B) & CAP (\$113m) plus GF \$415m – thru FY23 As Passed



State Fiscal Recovery (SFR) Fund Appropriations by Project



G.300 – Economy, Workforce & Communities

		TOTAL ARPA SFR AND CAP FUNDS		
		ARPA Prior Appropriations Acts 9, 74, 83 and S.210	ARPA SFR & Cap Proj Fd	General Fund
			COC	COC
G.300 ECONOMY, WORKFORCE AND COMMUNITIES				
	Adult Days	\$6,001,910		
	DMH - Housing - Community-based	\$4,000,000		
	AOE - School - Indoor Air Quality	\$15,000,000		
	Mobile Crisis Rutland pilot	\$600,000		
	UVM research match - COVID-19 related	\$1,000,000		
	VSAC - Classes - up to 6 credits or 2 classes	\$2,800,000		
	VSC - Practical Nurse Program @ Nursing Homes	\$1,400,000		
	VSC-Upskill 2022-2023 year	\$5,000,000		
	VSC-Degree completion scholarships	\$3,000,000		
	VSC-Critical Occupations - over 2 years	\$14,700,000		
	VSC - Stabilize COVID deficit	\$21,000,000		
	UVM- room and board fee offset	\$2,200,000		
	DCF - microbusiness grants - embrace	\$2,500,000		
	Workforce Retention - DOC, VVH	\$5,308,270		
	Workforce Retention - Healthcare	\$30,000,000		
	VDOL - UI Program Expenses	\$12,803,996		
	VT Foodbank	\$6,000,000	\$2,000,000	
	UVM Workforce Training - over 2 years	\$2,000,000		
	Working Lands Enterprise Initiative	\$2,000,000		
	Statehouse Expansion	\$1,500,000		
	Dairy - Premium Assistance	\$2,600,000		
	VSC - Pandemic bridge funding - FY23 (and partial FY24)		\$14,900,000	
	SOS - Telehealth COVID-19 Related		\$750,000	
	ACCD - Capital Investment Grants	\$10,580,000		
Act 183	Workforce and Economic Development		\$65,500,000	\$19,000,000
Act 183	ACCD -Economic Recovery Grants	\$30,000,000	(\$25,042,000)	
G.300 (5)	Community Recovery and Revitalization Grants		\$30,000,000	
			<i>w/ \$10m in Act 183 = \$40m</i>	
	VOREC, Brownfields, AOT VAST & Franklin Airport			\$12,200,000
	VSAC -802 Oppurtunity income limit increase			\$1,500,000
	Libraries - ARPA Cap Fd		\$16,400,000	
	NRB - Expedite Permitting - 3 FTEs		\$1,050,000	
		\$181,994,176	\$105,558,000	\$32,700,000

Blue means ARPA Capital Projects Fund



G.400 – Housing & Homeless Investments

G.400 HOUSING		PRIOR ARPA	COC ARPA	COC GF
	VHCB - Housing	\$89,000,000	\$30,000,000	\$10,000,000
Act 182	ACCD - DHCD - Missing Middle	<i>Acts 9,74,83 = \$110m GF</i>	\$15,000,000	<i>contingent +\$10m base</i>
Act 182	ACCD - DHCD - Manufgt'd housing		\$5,000,000	
	ACCD- VHIP start in Act 74	\$5,000,000		
Act 184	ACCD - DHCD - VHIP & Registry	\$20,400,000		
(FY22 +FY23 ARPA+GF=\$294.5m) (FY20+FY21 CRF \$34.4m) \$328.9m		\$114,400,000	\$50,000,000	\$10,000,000



G.500/501 – Broadband & Tech Modernization

G.500 BROADBAND CONNECTIVITY		PRIOR ARPA		COC ARPA	COC GF
	Community Broadband Board - ARPA SFR	\$151,800,000			
	Community Broadband Board - ARPA Cap Fd			\$95,000,000	
	State Parks Connectivity			\$1,600,000	
		\$151,800,000		\$96,600,000	\$0
G.501 IT MODERNIZATION					
		PRIOR ARPA		COC ARPA	COC GF
	Various Projects	\$28,820,000		\$0	\$50,250,000
					<i>contingent</i>



G.600 – Climate Action

G.600 CLIMATE ACTION		PRIOR ARPA	COC ARPA	COC GF
	PSD - Efficiency VT - Weatherization	\$5,000,000		
	PSD - Efficiency VT - Wx Workforce	\$2,000,000		
	PSD - CEDF incl Community Renewable	\$20,000,000		
	OEO -Weatherization	\$4,000,000	\$45,000,000	
	PSD - Efficiency VT - WX - moderate income		\$35,000,000	
	AOT - EV Charging Stations		\$2,000,000	
	ACCD - VHA, VHCB, etc EV charging stations			\$10,000,000
	AOT - electrification incentives - clean vehicles			\$14,000,000
	AOT - Community Action Agencies - MileageSmart			\$3,000,000
	AOT - VT Replace Your Ride Incentives			\$3,000,000
	AOT - Transit, MTI, zero fare option			\$2,200,000
	PSD -Advanced Metering Infrastructure (munis & coops)			\$8,000,000
	PSD - low-mod inc upgrade home electrical systems		\$25,000,000	
	PSD - load mgmt & storage efforts - electric equip		\$2,000,000	
Act 172	Municipal Energy Resilience Initiatives		\$45,000,000	
	DPS - VEM - buyout program for flood vulnerable		\$14,750,000	
	ANR - DEC - Tech Asst for hazard mitigation program		\$250,000	
	Agr - agronomic practices		\$4,760,000	
	ANR - FPR - Urban & Community Forestry		\$1,000,000	
		\$31,000,000	\$174,760,000	\$40,200,000



G.700 – Clean Water

G.700 CLEAN WATER		PRIOR ARPA	COC ARPA
	ANR - DEC - Healthy Homes	\$4,250,000	
	ACCD - DHCD - Health Homes	\$750,000	
	ANR - DEC - Municipal Water Control	\$6,500,000	
	Agr - Water Quality grants	\$3,500,000	
	ANR - Clean Water Board future projects	\$20,000,000	
	ANR - DEC - Future water projects	\$30,000,000	
	DPS - VEM - Hazard Mitigation - FEMA-related	\$4,880,000	
	ANR - DEC - Hazard Mitigation	\$120,000	
	AOT - 3-acre rule	\$3,500,000	
	ANR - DEC - Wastewater and Treatment	\$10,000,000	\$15,000,000
	ANR - DEC - munic, business, other to address wastes		\$5,000,000
	ANR - DEC - munic - small & primarily residential		\$10,000,000
	ANR - DEC - munic wet weather sewer overflows	\$10,000,000	\$20,000,000
	ANR - DEC - 3-acre stormwater permitting	\$5,500,000	\$30,000,000
	ANR - FPR - 3-acre rule compliance	\$1,000,000	\$1,000,000
	ANR - DEC - wastewater for mobile home parks		\$6,500,000
	ANR - DEC - failed on-site wastewater low income		\$15,000,000
	ACCD - DHCD - plumbing updates		\$1,500,000
		\$100,000,000	\$104,000,000



ARPA Capital Projects Fund



ARPA Capital Projects Fund- Background

- The American Rescue Plan provides \$10 billion for payments to eligible governments to carry out critical capital projects that directly enable work, education, and health monitoring, including remote options, in response to the public health emergency.
- The Capital Projects Fund aims to:
 - Directly support recovery from the COVID-19 public health emergency by strengthening and improving the infrastructure necessary for participation in **work, education, and health monitoring** that will last beyond the pandemic.
 - Contribute to the goal of providing every American with the modern infrastructure necessary to access critical services, including a high-quality and affordable broadband internet connection.”
- Vermont’s allocation is \$113M
- Timeline:
 - States must submit a grant plan by September 24, 2022, requires approval
 - VT did submit plan
 - All funds must be expended by December 31, 2026



ARPA Capital Projects Fund- Eligibility

- Presumptively Eligible:
 - Broadband Infrastructure
 - Digital Connectivity Technology
 - Multi-purpose Community Facilities – **“jointly and directly enable work, education, and health monitoring”**
 - Examples include:
 - Full-service community Schools
 - Libraries
 - Community Health Centers
- Case-by-Case Review – must be designed to directly enable work, education, and health monitoring

