

Overview of ARPA funds

Joint Fiscal Office

1/13/2022

ARPA Capital Projects Fund

9/21/21 Update

ARPA: \$10 billion “to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease (COVID-19).”

Vermont will receive \$113 million

Capital Bill Act 50 2021

Sec. 25. FEDERAL FUNDS; CAPITAL PROJECTS

(a) Intent. It is the intent of the General Assembly, to the extent permitted by federal law and guidance, to use federal funds provided to the State by the American Rescue Plan Act of 2021, Pub. L. 117-2, in the Coronavirus Capital Projects Fund to carry out critical capital projects for the Executive, Legislative, and Judicial Branches to directly enable work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease (COVID-19).

(b) Prioritized uses. The federal funds provided to the State by the American Rescue Plan Act of 2021, Pub. L. 117-2, in the Coronavirus Capital Projects Fund shall be prioritized for critical capital projects proposed by the Executive, Legislative, and Judicial Branches in response to the COVID-19 pandemic and the entire amount provided to the State shall not be for the exclusive use of any single branch of State government.

(c) Recommendation.

(1) On or before December 15, 2021, the Commissioner of Finance and Management shall recommend a list of priority projects for the use of federal funds by the Executive Branch from the Coronavirus Capital Projects Fund for FY 2023 to the Governor for the FY 2022–2023 capital budget adjustment report. Consistent with federal guidance as it becomes available, Executive Branch recommendations may include infrastructure that provides the greatest economic benefit in and among our communities. Any recommendations shall take into consideration the capital needs of all three branches.

(2) On or before December 15, 2021, the Joint Legislative Management Committee shall recommend a list of priority projects for the use of federal funds from the Coronavirus Capital Projects Fund for capital projects in the Legislative Branch and the Court Administrator shall submit a list of priority projects for the use of federal funds from the Coronavirus Capital Projects Fund for capital projects in the Judicial Branch to the House Committee on Corrections and Institutions and the Senate Committee on Institutions for allocation in the FY 2022–2023 Capital Budget Adjustment Act. Any recommendations shall take into consideration the capital needs of all three branches.

Treasury Guidance Released 9/20/21

<https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-States-Territories-and-Freely-Associated-States.pdf>

For a Capital Project to be an eligible use of Capital Projects Fund grant funds, it must meet all of the following criteria:

1. The Capital Project invests in capital assets designed to directly enable work, education, and health monitoring.
2. The Capital Project is designed to address a critical need that resulted from or was made apparent or exacerbated by the COVID-19 public health emergency.
3. The Capital Project is designed to address a critical need of the community to be served by it.

Presumptively Eligible Projects

- Broadband Infrastructure Projects.
- Digital Connectivity Technology Projects
- Multi-Purpose Community Facility Projects.

Ineligible Projects and Projects Not Presumed to be Eligible

- General infrastructure projects, such as highways, bridges, transit systems, and ports, are ineligible under the Capital Projects Fund program. General construction and improvement of hospitals and traditional schools are not presumed to be eligible, although, there may be opportunities for such projects to receive funding under the Capital Projects Fund program if they meet the project eligibility criteria. Such projects will be reviewed on a case-by-case basis.

Case-by-Case Review

1. The Project invests in capital assets designed to directly enable work, education, and health monitoring
2. The Project will be designed to address a critical need that results from or was made apparent or exacerbated by the COVID-19 public health emergency.
3. The Project is designed to address a critical need in the community to be served by it.

All funds must be expended by December 31, 2026.

ARPA State and Local Fiscal Recovery Fund

“The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, a part of the American Rescue Plan, delivers \$350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency.” – from Treasury Department SLFRF webpage¹

The State of Vermont will receive \$1.049 billion

Big Bill Act 74 2021

Sec. G.100 MULTIYEAR FUNDING PRIORITIES FOR THE AMERICAN RESCUE PLAN ACT (ARPA) AND OTHER STATE AND FEDERAL FUNDS FOR ALL VERMONTERS: INTENT

(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

JFO worked on issue briefs over the summer/fall to provide context on the various ARPA SLFRF expenditure areas from Act 74

Broadband: <https://ljfo.vermont.gov/assets/Publications/Issue-Briefs/114fb7f0bb/Broadband-Issue-Brief-December-2021.pdf>

Clean Water: <https://ljfo.vermont.gov/assets/Publications/Issue-Briefs/a93794cd98/Clean-Water-Initiatives-Issue-Brief-December-2021.pdf>

Economic Development: <https://ljfo.vermont.gov/assets/Publications/Issue-Briefs/d874cc13e0/Economic-Development-Issue-Brief-December-2021.pdf>

Climate Change: https://ljfo.vermont.gov/assets/Publications/Issue-Briefs/df76e1fc59/Climate_Change_Issue_Brief_11-30-2021_final.pdf

Housing is still a work in progress

¹ <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

Recipients may use SLFRF funds to:

- **Replace lost public sector revenue**, using this funding to provide government services up to the amount of revenue lost due to the pandemic
- **Respond to the far-reaching public health and negative economic impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service to critical sectors
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, to support vital wastewater and stormwater infrastructure, and the expand affordable access to broadband internet

Two types of uses specifically called out by Congress in ARPA as ineligible: funds may not be used for deposit into any pension fund or, for states and territories only, to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation.

Under the SLFRF, funds must be used for costs incurred on or after March 3, 2021. Further, costs must be obligated by December 31, 2024, and expended by December 31, 2026.