

ARPA Overview

Senate Appropriations Committee
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American Rescue Plan Act

Also known as ARPA



American Rescue Plan Act (2021)

- Economic stimulus bill passed in the wake of the COVID-19 pandemic
- The act allocated \$350 billion to state and local governments, referred to as State and Local Fiscal Recovery Funds (SLFRF)
- Vermont received \$1.05 billion



Allowable Uses of SLFRF

- While this provided a significant amount of money to states there are specific allowable uses of the funds:
 - *Replace lost public sector revenue*
 - *Respond to the far-reaching public health and negative economic impacts of the pandemic*
 - *Provide premium pay for essential workers*
 - *Invest in water, sewer, and broadband infrastructure*
 - *Provide emergency relief from natural disasters or their negative economic impacts*
 - *Support surface transportation projects*
 - *Support Title 1 projects that are eligible activities under the Community Development Block Grant*

Source: U.S. Treasury Website: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>



State Appropriations

The General Assembly appropriated the \$1.05 billion in ARPA funds across several different acts throughout the 2021 and 2022 legislative sessions:

2021

- [Act 9](#): An act relating to COVID-19 Relief
- **[Act 74](#): An act relating to making appropriations for the support of government (fiscal year 2022 budget)**

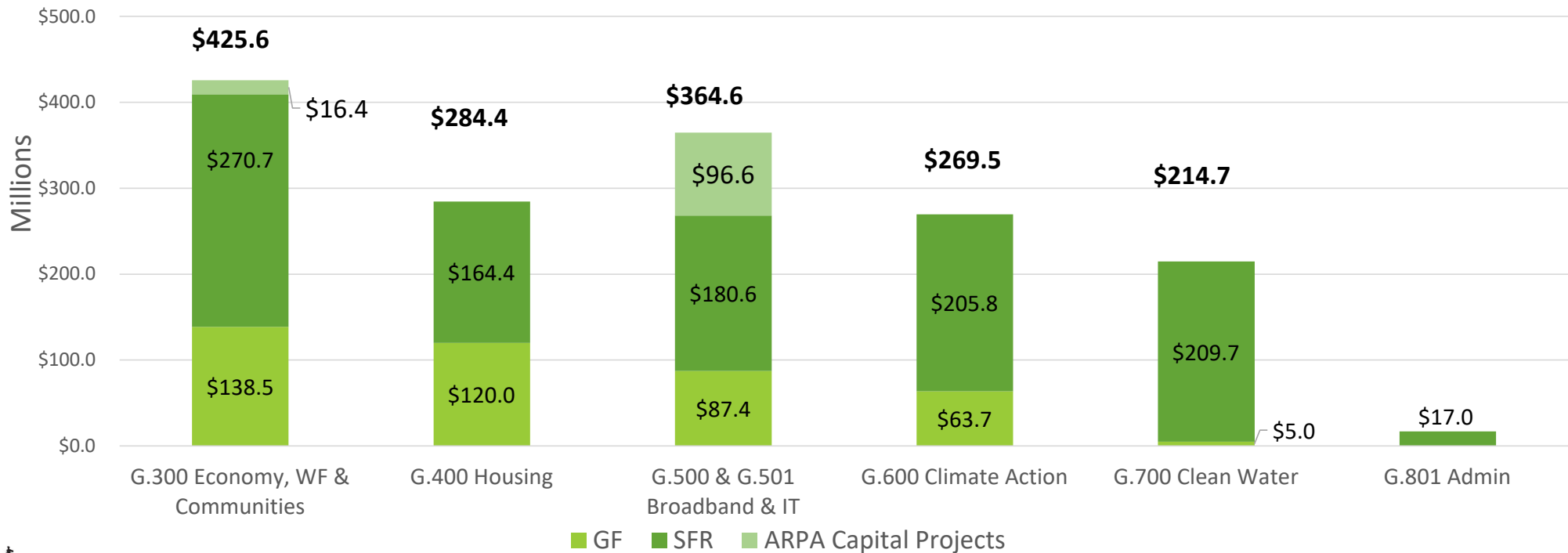
2022

- [Act 83](#): An act relating to fiscal year 2022 budget adjustments
- [Act 172](#): An act relating to municipal energy resilience
- [Act 181](#): An act relating to rental housing health and safety and affordable housing
- [Act 182](#): An act relating to expanding access to safe and affordable housing
- [Act 183](#): An act relating to economic and workforce development
- **[Act 185](#): An act relating to making appropriations for the support of government (fiscal year 2023 budget)**



How One-time Funds Were Appropriated in Act 74 (2021) and Act 185 (2022)

(\$1 Billion ARPA-SLFRF, \$113 Million CAP, \$415 Million GF)



Guidelines for ARPA Funds

- ARPA funds had to be **obligated** by 12/31/2024
 - **Obligated** means that the funds are committed to a grant or contract, a service is purchased, or an order is placed
 - **Obligated** does not mean appropriated
- ARPA funds must be **expended** by 12/31/2026
 - **Expended** means that an invoice has been paid per the terms of a grant or contract for activities eligible under the U.S. Treasury final rule and performed during the period of performance (3/3/2021 through 12/31/2026)
- Currently all ARPA funds awarded to Vermont, \$1.05 billion, have been **appropriated** and **obligated**, but they have not all been **expended**
- The U.S. Treasury is required **to recapture** ARPA funds **not obligated** by 12/31/2024



ARPA Reversions

- In the fiscal year 2025 budget, the General Assembly adopted language ([Sec. E.106\(b\) Act 113 \(2024\)](#)) allowing the Administration to revert any appropriations that wouldn't be obligated by 12/31/2024 or unlikely to be spent by 12/31/2026
- The fiscal year 2025 budget directed any ARPA reversions to be utilized in the following order:
 - \$36 million for FEMA match or to support hazard mitigation
 - \$4 million for SLFRF audit needs
 - \$30 million to VHCB
 - \$25 million to VHFA
- After reviewing ARPA appropriations and the likelihood of liquidating the appropriations by 12/31/2026, the Administration reverted \$26.4 million



Curing in Action

- The federal government allowed states to utilize ARPA funds to pay for certain base government programs that had to continue during the pandemic
 - Such as payroll costs at the Department of Corrections and the Department of Health, and higher education expenses
 - In Sec. E.106(a) of Act 113 (2024) the General Assembly allowed the Administration to “...revert any unexpended and unencumbered spending authority and establish new spending authority across governmental units in an overall net-neutral manner...”
- Using this authority, the Administration “cured” ARPA appropriations and converted SLFRF appropriations into General Fund appropriations to provide some flexibility on project timelines and to ensure compliance with the federal guidance



“Curing” ARPA funds – An Example

