



# Commonwealth of Massachusetts

Executive Office for Administration & Finance

Federal Funds Office (FFO)

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**American Rescue Plan Act of 2021 (ARPA):**

**Guidance Briefing**

*May 2021*



## ARPA Guidance

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### Context

- US Treasury released materials associated with the launch of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) on May 10, 2021
  - › Updated state and local allocation amounts
  - › Guidance in the form of an “Interim Final Rule” providing further definitions, restrictions, and reporting requirements on the funds
  - › FAQ document



## ARPA Guidance

### Updated Allocations

- The Commonwealth now slated to receive **\$5.3 B**, an increase of approximately \$774 M versus the preliminary estimate of \$4.5 B
  - › Calculated based on more recent unemployment data relative to the rest of the country
- Local governments in Massachusetts to get **\$3.4 B**, similar to the preliminary estimate but with slightly different distribution among cities and towns
- In total, **\$8.7 B** for the state, counties, and municipalities in Massachusetts

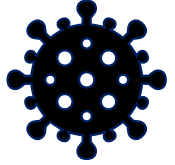
### Note

- *Treasury is expected to release more information on local allocations in the coming days*



## ARPA Guidance

### Eligible Uses for the State and Local Aid



1. Respond to the public health emergency with respect to COVID-19 or its negative economic impacts



2. Provide *premium pay* to employees providing essential work during the COVID-19 public health emergency



3. Provide government services to the extent of the *reduction in revenue* due to COVID-19



4. Invest in *water, sewer, or broadband* infrastructure



## ARPA Guidance

*Respond to the public health emergency with respect to COVID-19 or its negative economic impacts*

### **Potential Eligible Uses Include:**

- Direct COVID-related costs (testing, contact tracing, etc.)
- Public health and safety staff
- Hiring state and local government staff up to the number of employees to pre-pandemic levels
- Assistance to unemployed workers, including job training
- Contributions to UI systems
- Small business assistance
- Nonprofit assistance
- Assistance to households
- Aid to impacted industries
- Expenses to improve efficacy of public health or economic relief programs
- Survivor's benefits
- Aid to disproportionately impacted populations or communities (see next slide)



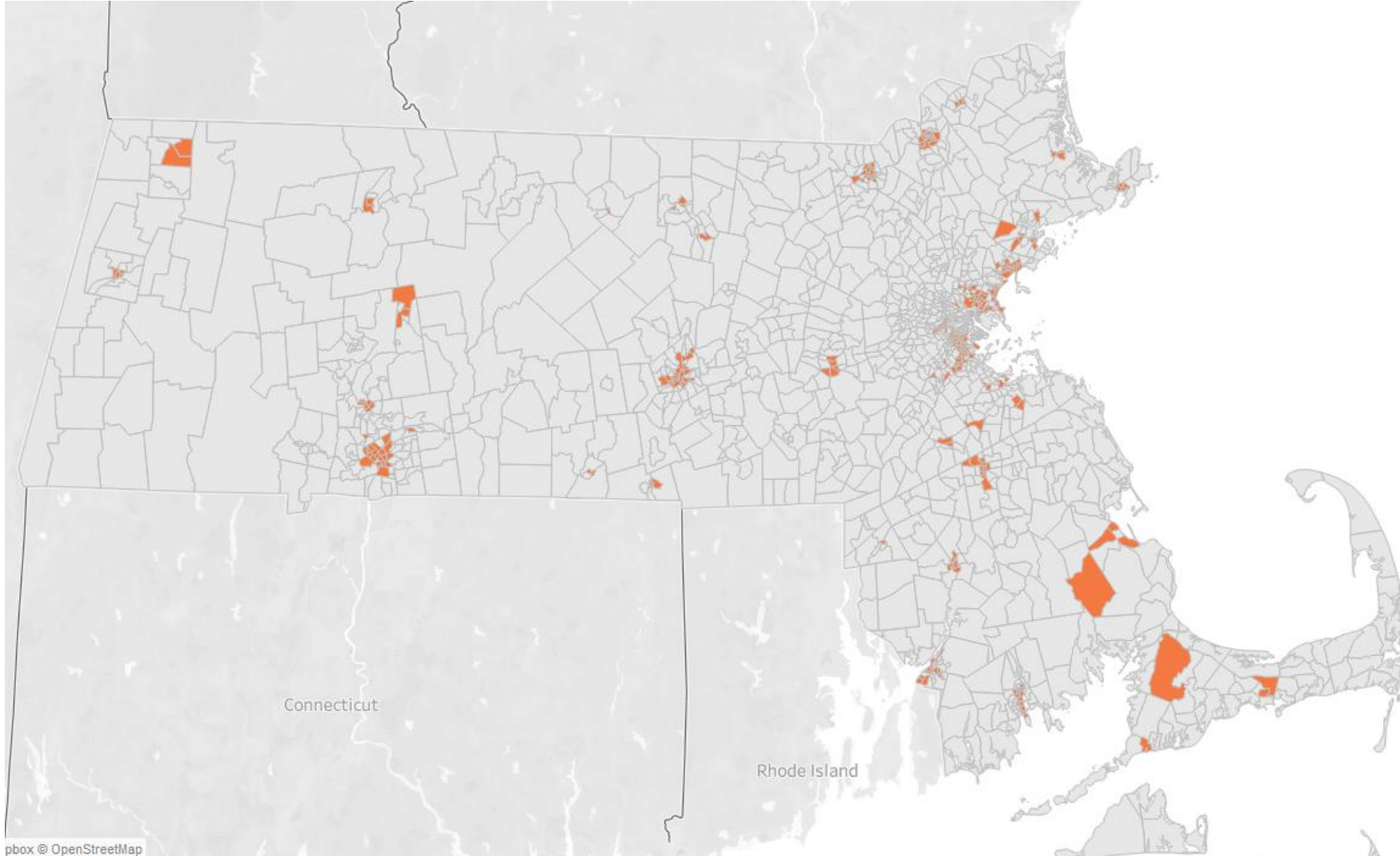
## ARPA Guidance

### Aid to Disproportionately Impacted Populations or Communities:

- › Two ways to define these populations or communities:
  - » Generate our own definition of disproportionately impacted populations or communities
  - » Qualified Census Tracts (QCTs) identified by HUD
    - There are 312 QCTs in Massachusetts located within 49 municipalities
    - The QCTs represent approximately 1.3 M people



## ARPA Guidance



### **Stats on QCTs**

- 312 QCTs in Massachusetts
- Represents approximately 19% of the population



## ARPA Guidance

### **Aid to Disproportionately Impacted Populations or Communities:**

- › Potential eligible uses for disproportionately impacted populations or communities:
  - » Programs that facilitate access to health and social services
  - » Programs that address housing insecurity, lack of affordable housing, or homelessness
  - » Programs that mitigate the impacts of COVID on education; and
  - » Programs that mitigate the impacts of COVID on childhood health or welfare





## ARPA Guidance

### Premium Pay

- Provide premium pay to eligible workers performing essential work during COVID-19
  - › Eligible workers designated by chief executive
  - › Up to \$13/hr, capped at \$25 K per worker
  - › Can be for public, private, or non-profit workers
- Essential work defined as work involving regular in-person interactions or regular physical handling of items that were also handled by others
- Must prioritize lower income eligible workers
- Must provide written justification if premium pay increases the recipient's wages to more than 150% of the state's average annual wage for all occupations

### Potential Eligible Workers

- *Staff at nursing homes, hospitals, and home care settings*
- *Workers at farms, food production facilities, grocery stores, and restaurants*
- *Janitors and sanitation workers*
- *Truck drivers, transit staff, warehouse workers*
- *Public health and safety*
- *Childcare workers*
- *Social service staff*



## ARPA Guidance

### Revenue replacement

- Helpful definition of revenue replacement:
  - › Create a counterfactual revenue collection scenario based on a set of assumptions described by Treasury
  - › Compare actual experience to counterfactual
- Funds used for revenue replacement have broad ability to spend, but cannot be deposited in Stabilization Fund or use to support debt service costs

### *Covered Period*

- *Expenses must be obligated by December 31, 2024, but actual payments can lag to December 31, 2026*



## ARPA Guidance

### Water, Sewer, and Broadband Infrastructure

- › Wide discretion for projects eligible for Clean Water Trust programs
- › Dams and culverts are not explicitly prohibited, but do not seem to align with the guidance

### Compliance and Reporting Obligations

- › Need to carefully document and describe the eligibility of each expenditure, with caveats noted above
- › Extensive list of reporting requirements
  - » Also requires the development of a Key Performance Indicators framework (further guidance forthcoming)
- › These obligations will last until calendar year 2027



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