

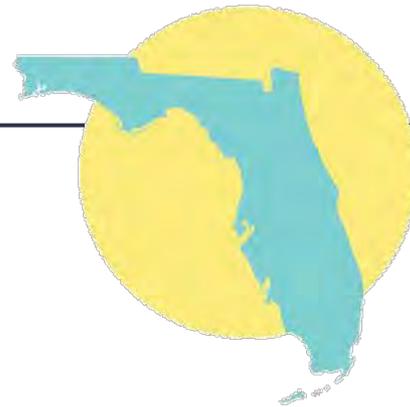
Overview of American Rescue Plan Act Funds

October, 2021

ABOUT US

- ▶ **Florida Policy Institute** is committed to advancing state policies and budgets that improve the economic mobility and quality of life for all Floridians.
- ▶ Analyze state budget and revenue trends, propose common-sense policy options with the aim of encouraging broad public education, discussion and informed action.

ABOUT US



Shaping policy to
build a brighter
future for all
Floridians



Roadmap to Shared Prosperity

www.floridapolicy.org/roadmap



Healthy Communities:

Foster Community Well-being by Investing in Education & Health



A Thriving & Resilient Economy:

Spur Sustainable Growth by Promoting Equitable Development, Investing in Smart Infrastructure, & Improving Climate Resilience



Shared Prosperity:

Advance Shared Prosperity by Nurturing Inclusive Communities and Building a Strong Safety Net



An Equitable Tax Code:

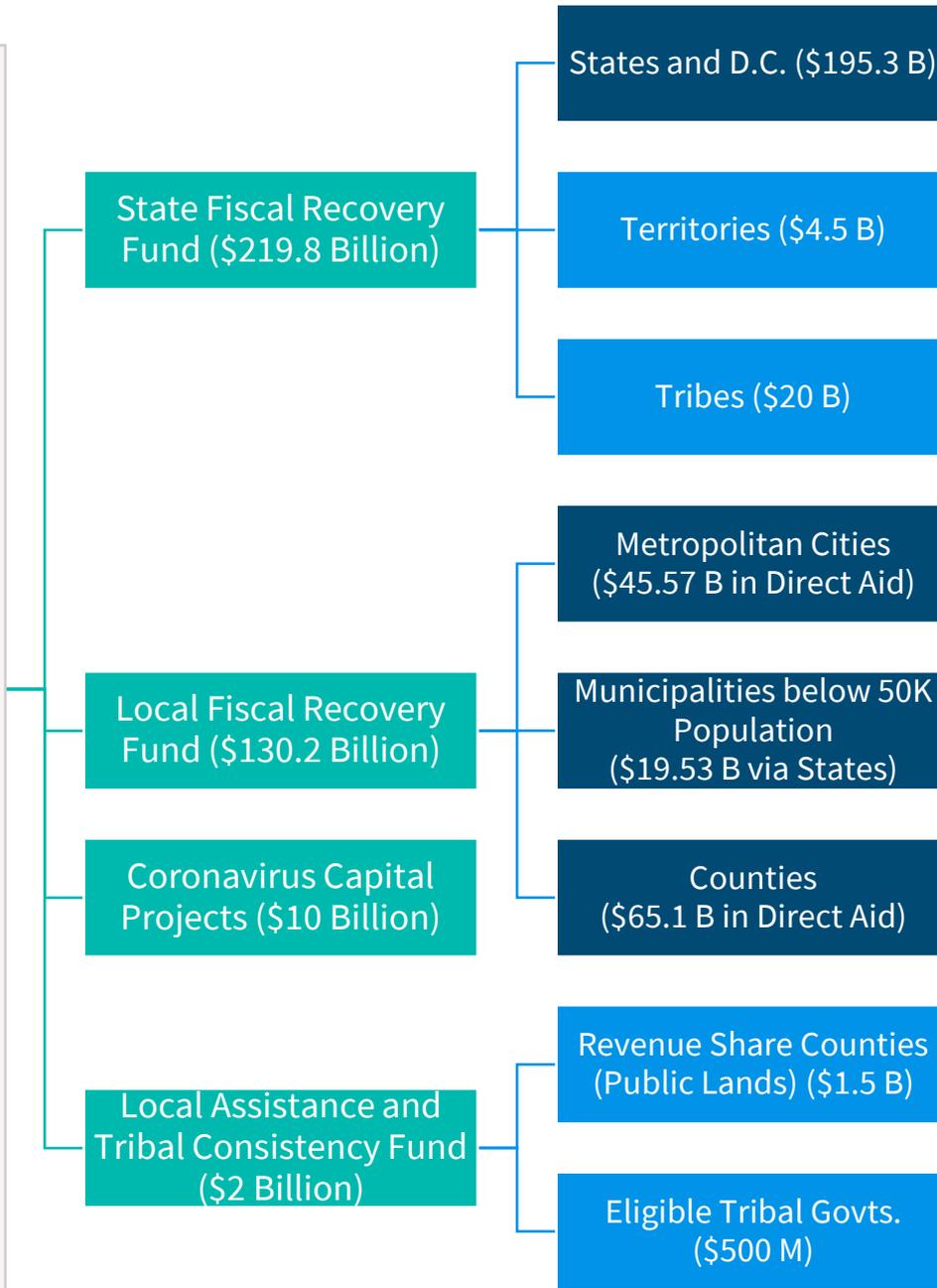
Clean Up and Modernize the Tax Code for a Stronger Future

AMERICAN RESCUE PLAN ACT

- ▶ On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law.
- ▶ The \$1.9 trillion package is intended to combat the COVID-19 pandemic.

CATEGORY	FLORIDA AMOUNT
State Fiscal Aid	\$8.82 billion
Aid to Counties	\$4.17 billion
Aid to Metro Cities	\$1.52 billion
Aid to Other Local Governments	\$1.42 billion
State Capital Projects	\$364 million
Medicaid Expansion	\$3.5 billion
Child Care	\$2.48 billion
K-12 Education	\$7.04 billion
Higher Education	\$2.24 billion

STATE AND LOCAL FISCAL RECOVERY FUNDS (\$362 BILLION)



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DISTRIBUTION AND SCHEDULE OF ARPA FUNDS

- ▶ **Provides approximately \$15.93 billion to help the state of Florida, cities, and counties** cover increased expenditures, replenish lost revenue, and mitigate economic harm from the COVID-19 pandemic.
- ▶ **Counties:** \$4.17 billion in direct federal aid based on the county share of the U.S. population.
- ▶ **Cities and other non-county municipalities:** \$2.94 billion in federal aid. Units of government with populations of at least 50,000 receive *direct* federal aid; with populations below 50,000, aid is distributed through the states.
- ▶ **Distribution of Funds Schedule:** Local governments should expect to receive funds in two tranches, with 50 percent provided beginning in May 2021 and the balance delivered 12 months later.
- ▶ **Use of Funds Schedule:** All funds must be obligated (i.e., “costs incurred”) between March 3, 2021, and December 31, 2024, and expended to cover such obligations by December 31, 2026.

ALLOWABLE USES FOR RECOVERY FUNDS

- 1. Respond to or mitigate the public health emergency with respect to the COVID-19 emergency or its negative economic impacts:**
 - **Deliver assistance to workers and families**, including support for unemployed workers, aid to households, and survivors' benefits for families of COVID-19 victims
 - **Support small businesses** with loans, grants, in-kind assistance, and counseling programs
 - **Speed up the recovery of impacted industries**, including the tourism, travel, and hospitality sectors
 - **Rebuild public sector capacity** by rehiring staff, replenishing state unemployment insurance funds, and implementing economic relief programs

ALLOWABLE USES FOR RECOVERY FUNDS

2. Support Public Health Response

- **Services to contain and mitigate the spread of COVID-19**, including vaccination, medical expenses, testing, contact tracing, quarantine costs, capacity enhancements, and many related activities
- **Behavioral healthcare services**, including mental health or substance misuse treatment, crisis intervention, and related services
- **Payroll and covered benefits** for public health, healthcare, human services, and public safety staff to the extent that they work on the COVID-19 response

ALLOWABLE USES FOR RECOVERY FUNDS

3. Provide Premium pay for essential workers:

- **Offer premium pay to essential workers**, both directly and through grants to third-party employers
- **Prioritize low- and moderate-income workers**, who face the greatest mismatch between employment-related health risks and compensation
- **Key sectors include** healthcare, grocery and food services, education, childcare, sanitation, and transit
- **Must be fully additive** to a worker's wages

ALLOWABLE USES FOR RECOVERY FUNDS

4. Replace Public Sector Revenue Loss, including:

- **Ensure continuity of vital government services** by filling budget shortfalls
- **Revenue loss is calculated** relative to the expected trend, beginning with the last full fiscal year pre-pandemic and adjusted annual for growth
- **Recipients may re-calculate revenue loss** at multiple points during the program, supporting those entities that experience revenue loss with a lag

ALLOWABLE USES FOR RECOVERY FUNDS

5. Invest in water, sewer, and broadband infrastructure:

- **Includes improvements to water and sewer infrastructure**, such as building or upgrading facilities and transmission, distribution, and storage systems
- **Eligible uses aligned to Environmental Protection Agency project categories** for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund
- **Focus on household and businesses** without access to broadband and those with connections that do not provide minimally acceptable speeds
- **Fund projects that deliver reliable broadband services**
- **Complement broadband investments** made through the Capital Projects Fund

INELIGIBLE USES

- ▶ **Changes that reduce net tax revenue** must not be offset with American Rescue Plan Act Funds
- ▶ **Extraordinary payments into a pension fund** are a prohibited use of this funding
- ▶ **Transferring recovery funds into a budget stabilization fund (BSF), rainy day fund, or similar reserves** would not address the needs or respond to the COVID-19 public health emergency. Instead, this would count as savings for future spending needs. Therefore, this is prohibited.

POLK COUNTY FISCAL RECOVERY FUNDS

- ▶ **Polk County** is set to receive **\$140,779,436**
- ▶ “In contrast, 2020 Federal requirements to get the county’s Coronavirus Aid, Relief, and Economic Security (CARES) Act funding into the economy quickly, fully implementing ARPA funds will be a marathon, not a sprint, with expenditures completed by 2026. Polk County is receiving approximately \$140.8 million, in two annual payments through the ARPA, and another \$39 million in rental and utility assistance funds” ([FY 2021/2022 Budget](#))
- ▶ **Polk County** plans to use \$31.7 million for **revenue loss**
- ▶ **Polk County** accepted applications from organizations to allocate \$10 million ([direct relief](#))
- ▶ Anywhere between 80 to 100 million leftover

LAKELAND FISCAL RECOVERY FUNDS

- ▶ **The City of Lakeland** is set to receive \$22,726,368
- ▶ **The City of Lakeland** plans to use \$17.8 million to address the sewage and wastewater needs (see [workshop, July 13, 2021](#)). Also:
 - \$500,000 to the Chamber of Commerce for BIPOC, women, and veteran small businesses (econ. Impact/support)
 - plus an additional \$500,000 for any other measures needed as it relates to helping small businesses
 - \$640,000 towards the improvement of the city's walkability (econ. Impact)
 - \$250,000 for the arts + nonprofits (business support/econ. Impact)
 - \$100,000 for neighborhood programming or community involvement in neighborhoods (econ. Impact)
 - \$60,000 for software for emergency operations management (infra.)
- ▶ **This leaves approximately \$1.85 million to be designated prior to Dec. 31, 2024.**

WINTER HAVEN FISCAL RECOVERY FUNDS

- ▶ **The City of Winter Haven** is set to receive \$7,776,962
- ▶ **The City of Winter Haven** plans to use \$1.5 million to affordable housing
- ▶ **This leaves approximately \$5.95 million to be designated prior to Dec. 31, 2024.**

ARPA & FLORIDA'S BUDGET: STATE FISCAL AID

**81% OF \$5.3 BILLION ARPA STATE FISCAL AID FUNDS INCLUDED IN THE BUDGET
WOULD GO TO THREE STATE DEPARTMENTS (post-veto)**

Total ARPA Allocation, in millions



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ARPA & FLORIDA'S BUDGET: STATE FISCAL AID

▶ \$4 billion across the top 4 ARPA budget proposals

\$2 billion

\$1.8 billion must be used on State Highway System projects, and the department shall place a priority on restoring funding for such projects in the Work Program that were deferred or deleted due to COVID. The remaining \$250 million must be allocated for grants for operations to Florida ports.

\$1 billion

\$1 billion must be deposited into the Emergency Preparedness and Response Fund. The money is available as the primary funding source for the Governor to prepare or respond to a disaster during a declared state of emergency. (VETOED)

\$500 million

\$500 million must be deposited into the Resilient Florida Trust Fund. The money is available to provide grants to state agencies and local governments to combat the impacts of climate change.

\$500 million

\$500 million must be deposited into the Water Protection and Sustainability Program Trust Fund. Water Protection and Sustainability Program monies are meant to: encourage cooperation in the development of water supplies and provide for alternative water supply development.

ARPA & FLORIDA'S BUDGET

► Other ARPA initiatives in the Budget

\$208 million

\$208 million are to be distributed as a one-time bonus payment of \$1,000 to each essential first responder, including: police officers, EMTs, firefighters, paramedics, Institutional Security Officers, Chief, Specialist, or Supervisor of DCF or the Agency for Persons with Disabilities, DOC's certified correctional officer, certified correctional probation officer, or IG inspector.

\$125 million

\$125 million to implement the New Worlds Reading Initiative, which would deliver free books to elementary-school students who read below grade level.

\$56 million

\$56 million for the modernization of the Reemployment Assistance system.

\$30 million

\$30 million to conduct expedited, supplemental grant funding process for capital projects at facilities in Florida that highlight the contributions, culture, or history of African Americans.

ARPA & FLORIDA'S BUDGET

- ▶ **The state budget leaves nearly \$3.5 billion from ARPA state funds unallocated.**

There are other possibilities, such as:

- Establishing a temporary **Working Floridians Tax Rebate program** to grant individuals and households ARP funds if they received a tax credit under the federal Earned Income Tax Credit program
- Establishing a temporary **relief program to help small businesses** meet their rental obligations
- Providing relief for **families at-risk of or experiencing utilities shut-offs**



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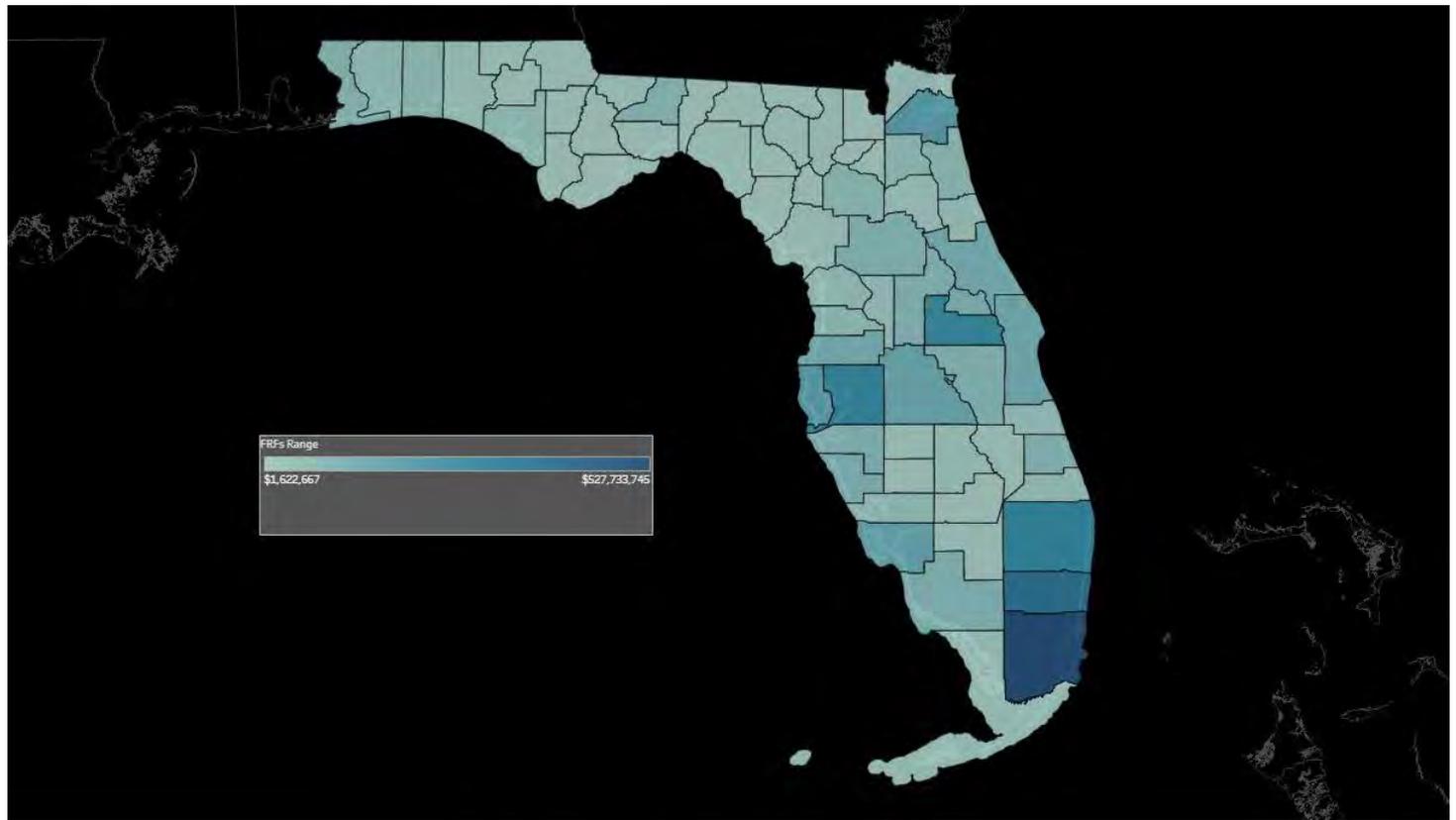
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County Fiscal Recovery Funds



Metro-politan Cities FRFs



ALLOWABLE USES FOR RECOVERY FUNDS

1. Respond to the public health emergency

- **COVID-19 mitigation and prevention:** e.g., vaccination programs, medical care, testing, contact tracing, support for isolation or quarantine.
- **Medical expenses:** funds may be used to continue to provide care and services to address near- and long-term needs resulting from COVID-19.
- **Behavioral health care:** these services include mental health treatment, substance misuse treatment, other behavioral health services (including access to services for victims of domestic violence, hotlines or warmlines, crisis intervention, overdose intervention, infectious disease prevention, and services or outreach to promote access to physical or behavioral health).

ALLOWABLE USES FOR RECOVERY FUNDS

1. Respond to the public health emergency

- **Public health and safety staff:** funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees (COVID-19 related work).
- **Expenses to improve the design and execution of health and public health programs:** funds may be used to engage in planning and analysis to improve programs addressing the COVID-19 pandemic.

ALLOWABLE USES FOR RECOVERY FUNDS

2. Address negative economic impacts caused by the public health emergency (households)

- **Assistance to unemployed workers, including services like job training:** These services may extend to workers unemployed due to the pandemic or the resulting recession, or who were already unemployed when the pandemic began and remain so due to the negative economic impacts of the pandemic.
- **Assistance to households:** (a) food assistance, (b) rent, mortgage, or utility assistance, (c) counseling and legal aid to prevent eviction or homelessness, (d) cash assistance, (e) emergency assistance for burials, home repairs, or other needs, (f) internet access or digital literacy assistance, (g) job training to address negative economic or public health impacts, (h) providing survivor's benefits to family of COVID-19 victims.

ALLOWABLE USES FOR RECOVERY FUNDS

2. Address negative economic impacts caused by the public health emergency (small businesses)

Support small businesses and non-profits:

- Loan or grants to mitigate financial hardship such as declines in revenue or impacts of periods of business closure.
- Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigate tactics.
- Technical assistance, counseling, or other services to assist with business planning needs.
- Loan, grant, in-kind assistance, and counseling programs to enable small businesses to rebound from the downturn.

ALLOWABLE USES FOR RECOVERY FUNDS

2. Address negative economic impacts caused by the public health emergency (impacted industries)

Support the recovery of the tourism, travel, and hospitality sectors:

- Assistance to implement COVID-19 mitigation and infection prevention measures to enable safe resumption of tourism, travel, and hospitality services.
- Improvements to ventilation, physical barriers or partitions, and other environmental/physical improvements.
- Aid to support safe reopening of businesses in the tourism, travel, and hospitality industries and to business districts that were closed during COVID-19.

ALLOWABLE USES FOR RECOVERY FUNDS

2. Address negative economic impacts caused by the public health emergency (hardest hit communities)

Address the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households:

- Addressing health disparities and the social determinants of health: e.g., **funding community health workers** to help community members access health services; **housing services to support healthy living environments and neighborhoods** conducive to mental and physical wellness; **remediation of lead paint or other lead hazards** to reduce risk of elevated blood lead levels among children; **evidence-based community violence intervention programs** to prevent violence and mitigate the increase in violence during the pandemic.

ALLOWABLE USES FOR RECOVERY FUNDS

2. Address negative economic impacts caused by the public health emergency (hardest hit communities)

Address the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households:

- Investments in housing and neighborhoods: **Services to address homelessness** such as supportive housing, and to improve access to stable, affordable housing among unhoused individuals; **Affordable housing development** to increase supply of affordable and high-quality living units; **housing vouchers, residential counseling, or housing navigation** assistance to facilitate household moves to neighborhoods with high levels of economic opportunity, to help residents increase their economic opportunity and reduce concentrated disadvantage.

ALLOWABLE USES FOR RECOVERY FUNDS

2. Address negative economic impacts caused by the public health emergency (hardest hit communities)

- **Addressing educational disparities:**
 - New, expanded or enhanced early learning services, including pre-kindergarten, Head Start, or partnerships between pre-kindergarten programs and local education authorities, or administration of those services.
 - Assistance to high-poverty school districts to advance equitable funding across districts and geographies.
 - Evidence-based educational services and practices to address the academic needs of students.
 - Evidence-based practices to address the social, emotional, and mental health needs of students.

ALLOWABLE USES FOR RECOVERY FUNDS

2. Address negative economic impacts caused by the public health emergency (hardest hit communities)

- **Promoting healthy childhood environments:**
 - New or expanded high-quality childcare to provide safe and supportive care for children.
 - Home visiting programs to provide structured visits from healthcare, parent educators, and social service professionals to pregnant women or families with young children to offer education and assistance navigating resources for economic support, health needs, or child development.
 - Enhanced services for child welfare-involved families and foster youth.

ALLOWABLE USES FOR RECOVERY FUNDS

2. Address negative economic impacts caused by the public health emergency (Households)

- **Assistance to unemployed workers, including services like job training:** These services may extend to workers unemployed due to the pandemic or the resulting recession, or who were already unemployed when the pandemic began and remain so due to the negative economic impacts of the pandemic.
- **Assistance to households:** (a) food assistance, (b) rent, mortgage, or utility assistance, (c) counseling and legal aid to prevent eviction or homelessness, (d) cash assistance, (e) emergency assistance for burials, home repairs, or other needs, (f) internet access or digital literacy assistance, (g) job training to address negative economic or public health impacts, (h) providing survivor's benefits to family of COVID-19 victims.

ALLOWABLE USES FOR RECOVERY FUNDS

3. Replace lost public sector revenue

- Public sector “general revenue” may be replaced with Fiscal Recovery Funds to provide government services. This amount is limited to the amount of revenue lost as a result of the pandemic.

ALLOWABLE USES FOR RECOVERY FUNDS

4. Provide premium pay for essential workers

- These are workers who have been and continue to be relied on to maintain continuity of operations of essential critical infrastructure sectors, including those who are critical to protecting the health and wellbeing of their communities
 - 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, and warehouse workers
 - Public health and safety staff
 - Childcare workers, educators, and other school staff
 - Social service and human services staff

ALLOWABLE USES FOR RECOVERY FUNDS

5. Invest in water, sewer, and broadband infrastructure

- Recipients may use the Fiscal Recovery Funds to make necessary investments in water and sewer infrastructure. The Interim Final Rule explains that “[b]y permitting funds to be used for water and sewer infrastructure needs, Congress recognized the critical role that clean drinking water and services for the collection and treatment of wastewater and stormwater play in protecting public health.”
- Recognizing the acute need in certain communities, Treasury’s Interim Final Rule provides that investments in broadband be made in areas that are currently unserved or underserved—in other words, lacking a wireline connection that reliably delivers minimum speeds of 25 Mbps download and 3 Mbps upload.