



Commonwealth of Massachusetts

Executive Office for Administration & Finance

Federal Funds Office (FFO)

American Rescue Plan Act of 2021 (ARPA):

March Primer

March 2021



Overview

COVID-Related Federal Legislation		
Phase	Legislation Name	Enactment Date
1.0	Coronavirus Preparedness and Response Supplemental Appropriations Act	3/6/2020
2.0	Families First Coronavirus Response Act	3/18/2020
3.0	Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")	3/27/2020
3.5	Paycheck Protection Program and Healthcare Enhancement Act	7/4/2020
4.0	Coronavirus Response and Relief Supplemental Appropriations Act	12/27/2020
5.0	American Rescue Plan Act of 2021	3/11/2021

Massachusetts Impact

- **\$110 B** in estimated value to Massachusetts families, businesses, and governments; equivalent to about **18 percent** of the state's 2019 GDP
 - › **\$71 B** from COVID-related federal aid from previous federal legislation
 - › **\$39 B** allocated from ARPA

Federal Assistance Summary

- The federal government has authorized more than **\$5 T** in COVID-related spending, including most notably:
 - › **\$2.2 T** in the CARES Act
 - › **\$900 B** in CRRSA
 - › **\$1.9 T** in the American Rescue Plan Act (ARPA)



Overview: Types of Federal Aid

ARPA by Program Category			
Program Category	Definition	Examples	Amount
Direct Funding to Mass Businesses, Nonprofits, and Individuals	Federal assistance goes directly to Massachusetts individuals, businesses, or nonprofits; does not flow through Commonwealth	Stimulus Checks, Paycheck Protection Program	13,751.0
Direct Funding to Non-State Public Entities	Federal aid goes to non-state public entities (Cities and towns, MBTA, etc)	Direct Local Aid, Transit Assistance	6,073.8
Subtotal, Direct Funding to MA businesses, nonprofits, individuals, and non-state public entities			19,824.7
Federal Programs Administered by State	Commonwealth receives federal resources for a specific policy area with a program designed by the federal government that we deliver with little or no ability to modify	UI, ESSER, Child Nutrition	11,672.4
Fungible or semi-fungible federal support to state	Commonwealth receives federal resources for a specific policy area and with restrictions, but we may have some ability to modify the program; OR Commonwealth receives federal resources for a range of policy areas and programs that we identify and design	Direct State Aid, CDC grants for testing and tracing	7,836.1
Subtotal, Federal Programs Administered or Directed by the State			19,508.4
Total Estimated Value			39,333.2

Figures in \$ millions.

Massachusetts Impact

- Preliminary estimates suggest ARPA may direct more than **\$39 B** to Massachusetts
- **\$19.8 B** in direct funding to MA businesses, nonprofits, and individuals
- **\$19.5 B** in federal programs administered by or directed by the state



ARPA: \$19.5 B Federal Aid Flowing Through the Commonwealth

Labor & Workforce Development

\$8.0 B

Largest Source:
Unemployment Insurance Benefits = \$8 B

Administration & Finance

\$4.7 B

Largest Source:
Coronavirus State Fiscal Recovery Fund = \$4.5 B

Education

\$2.5 B

Largest Source: ESSER Fund = \$1.8 B

Health & Human Services

\$2.0 B

Largest Source: ELC Testing and Tracing = \$1.0 B

Housing & Economic Development

\$1.2 B

Largest Source: Emergency Rental Assistance = \$362 M

All Other

\$1.1 B

Sources include: FEMA Public Assistance, EPA Grants, NEA



Commonwealth's Goals

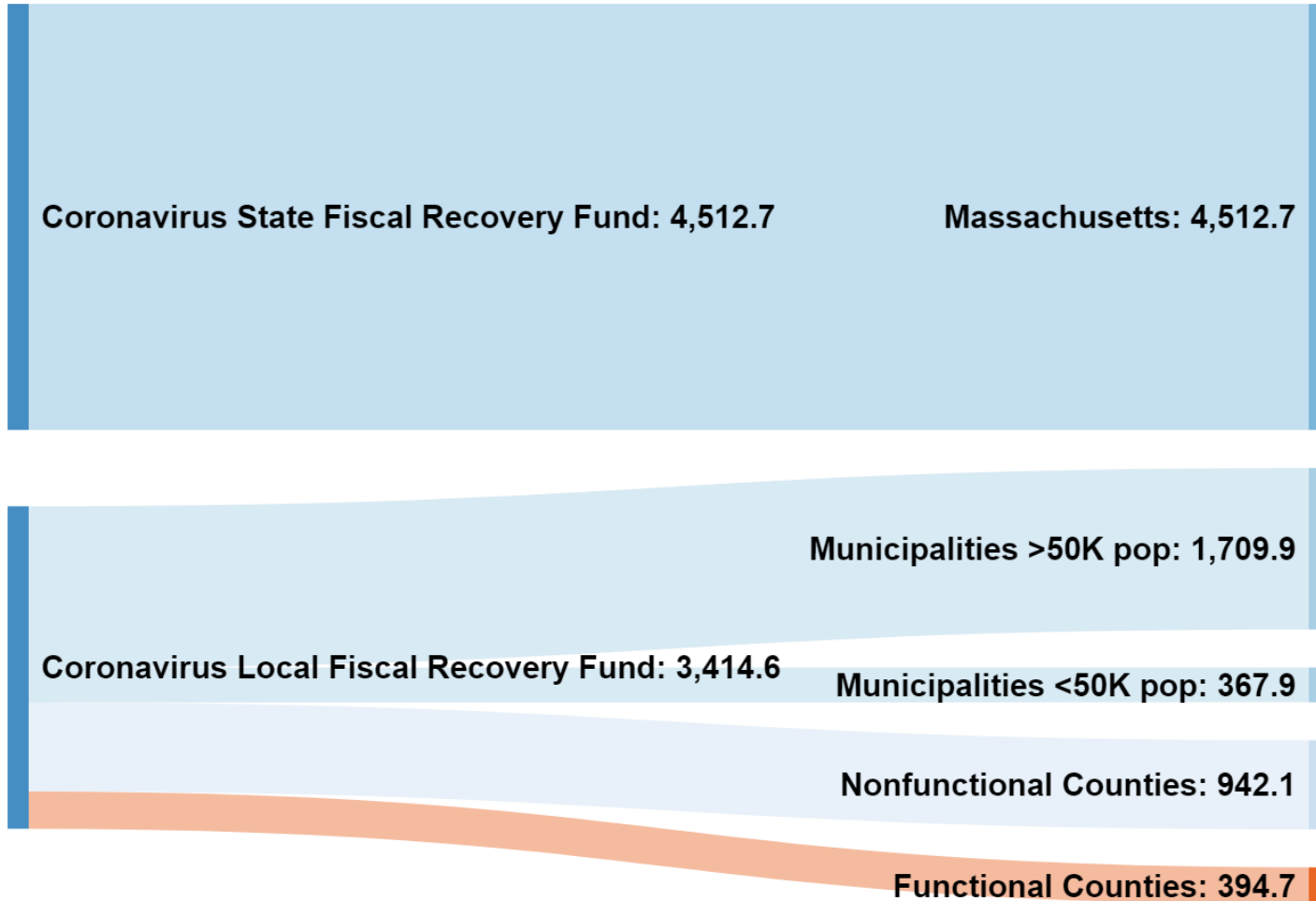
- **Maximize federal revenue** available to respond to the COVID-19 pandemic
- **Minimize compliance risks** associated with applying federal resources to state or local uses

Key Considerations

- *Eligible uses*
- *Covered period*
- *Resource availability*
- *Reporting requirements*
- *Documentation*
- *Subrecipient management and monitoring responsibilities*



ARPA: Direct State and Local Aid



Coronavirus State and Local Fiscal Recovery Funds

- **\$4.5 B** to the Commonwealth
- **\$3.4 B** to local governments
 - › **\$1.7 B** for municipalities larger than 50k people
 - › **\$368 M** for municipalities smaller than 50k people;
 - › **\$1.4 B** for counties
 - » **\$942 M** for nonfunctional counties
 - » **\$395 M** for functional counties

Flow of Direct State and Local Aid Funding
Figures in \$ billions



ARPA: Eligible Uses

Covered Period

- Covered period **begins March 3, 2021 and ends December 31, 2024**

Prohibited Uses

- Use of funds to support *state pension funds* is prohibited
- Use of funds to *offset tax reductions* is prohibited

Coronavirus State and Local Fiscal Recovery Funds

1. *Respond to the public health emergency* with respect to COVID-19 or its negative economic consequences
2. Provide *premium pay to public employees* providing essential work during the COVID-19 pandemic
 - › Defined as additional pay **up to \$13/hour** as designated by Governor or chief executive
3. Provide government services to the extent of the *reduction in revenue* due to COVID-19
4. Invest in *water, sewer, or broadband infrastructure*



Outstanding Issues

Next Steps

- *Receive **program guidance** related to state and local aid from the US Dept of Treasury*
- ***Determine the scope** of new potential uses*
- *Evaluate current uses in the context of **both existing and new sources** of revenue*
- ***Refine** compliance strategy based on new rules and regulations*

ARPA Changes Everything

- Significant new funds will be available to support **an array of policy areas** (childcare, transportation, housing, etc)
 - › *Integrating these new sources into our strategic efforts will take time*
- Municipalities and school districts will receive **significant new assistance** from the federal government
- **Compliance** remains critical



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