



Commonwealth of Massachusetts

Executive Office for Administration & Finance

Federal Funds Office (FFO)

COVID-Related Federal Aid in Massachusetts

March 2022



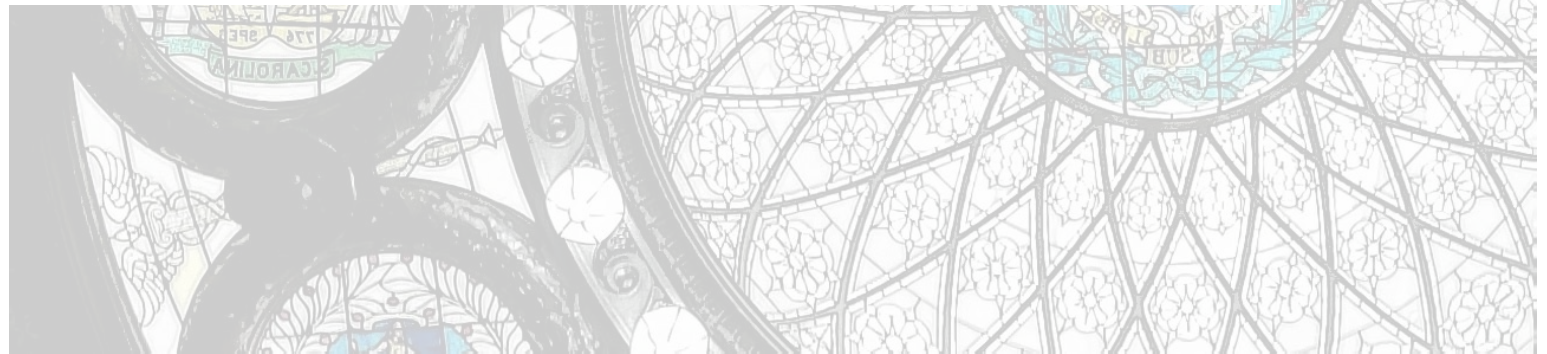
About this Presentation

The Commonwealth of Massachusetts has been significantly impacted by the public health emergency caused by the Coronavirus Disease 2019 (COVID-19).

Federal funds provided to Massachusetts in response to COVID-19 are monitored by the Executive Office for Administration & Finance (ANF) Federal Funds Office (FFO). FFO also serves as the administrator for some COVID-related federal grants.

This presentation describes the current status of funds provided to state and local governments through the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) as of the date reflected in the presentation.

The descriptions provided in this document are not comprehensive and should not be considered legal advice.





There is Approximately \$8.7 B of “ARPA Money” Available in Massachusetts

Overview

The American Rescue Plan Act of 2021, Pub. L. 117-2 (March 11, 2021) (ARPA) provided **\$350 B** in direct aid to state and local governments through the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). CSLFRF is administered by the US Department of the Treasury. These funds are often described as “ARPA money”.

The Commonwealth received **\$5.3 B** through the Coronavirus State Fiscal Recovery Fund (CSFRF).

Counties, cities, and towns in Massachusetts will receive approximately **\$3.4 B** through the Coronavirus Local Fiscal Recovery Fund (CLFRF) in two tranches (half in summer 2021, half in summer 2022).

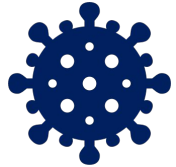
Timeline

- May 19, 2021 - Received **\$5.3 B**
- June 2021 – CLFRF resources started to flow to counties, cities, and towns
- June 28, 2021 – **\$4.9 B** made subject to appropriation
- June 28, 2021 - Governor proposed **\$2.9 B** in appropriations
- August 2021 – County reallocations distributed to municipalities
- December 13, 2021 - Governor signed law appropriating **\$2.55 B**



Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) Are Focused on Recovery

CSLFRF Eligible Uses



1. Respond to 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

Timing

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

Revenue Replacement

- Most flexible use of FRF
- MA calculated \$3.9 billion (74%) in revenue loss for CY2020



A&F Mission & Goals

Maximize Revenue	Minimize Risk
<ul style="list-style-type: none"> ☐ Match the most restrictive source to specific uses, leaving more flexible sources for unaddressed needs 	<ul style="list-style-type: none"> ☐ Avoid federal clawbacks by adhering to all applicable rules and regulations
<ul style="list-style-type: none"> ☐ Spend the source with the closest deadline first 	<ul style="list-style-type: none"> ☐ Comply with grant-specific rules including but not limited to eligible uses, covered period, documentation, and reporting requirements
<ul style="list-style-type: none"> ☐ Use federal dollars in lieu of non-federal dollars, or as a supplement or complement to non-federal dollars 	<ul style="list-style-type: none"> ☐ Comply with the federal rules and regulations that apply to all federal grants, such as procurement and equal opportunity rules
<p style="text-align: center;">Maximizing revenue is really optimizing revenue</p>	<p style="text-align: center;">Minimizing compliance risk is a form of revenue maximization</p>



Coronavirus State Fiscal Recovery Fund Programs Are Underway Across Multiple Policy Areas

CSFRF Uses

- **\$119 M** allocated prior to funds subject to appropriation
 - › Aid to hardest hit communities, VaxMillions
- **\$150 M** for paid leave for vaccinations program
- **\$200 M** allocated by Executive action
- **\$2.55 B** allocated through ARPA 1.0
 - › Funding allocated for UI Trust transfer, premium pay, health & human services, housing, water and sewer, broadband, and workforce needs
 - › ARPA 1.0 also appropriated \$1.45 B in state funds
- In total, about **\$2.3 B** remains to be spent

Coronavirus State Fiscal Recovery Fund Spending by Policy Area					
Funding Source	Federal Funds			State Funds	Total
	ARPA 0.0	ARPA 1.0	Subtotal	ARPA 1.0	
Category					
Health and Human Services	55.0	721.6	776.6	372.0	1,148.6
Administration and Finance	287.8	462.0	749.8	70.6	820.4
Education	70.0	10.0	80.0	337.0	417.0
Energy and Environmental Affairs	0.0	86.9	86.9	335.5	422.4
Housing	0.0	580.0	580.0	43.7	623.7
Labor and Workforce Development	50.0	589.5	639.5	75.0	714.5
Economic Development	0.0	100.0	100.0	184.9	284.9
Public Safety	0.0	0.0	0.0	20.5	20.5
Other	0.0	0.0	0.0	9.5	9.5
Total	462.8	2,550.0	3,012.8	1,448.7	4,461.6

Figures in \$ millions.



CSFRF Programs In Action

Recent Activity:

- **\$500 M** transfer to the Unemployment Insurance Trust Fund made March 29, 2022
- **\$50 M** HireNow hiring incentive program through Executive Office of Labor and Workforce Development announced March 23, 2022
- **\$240 M** Essential worker payments of \$500 mailed via the Department of Revenue on March 22, 2022; second tranche of \$220 M to be distributed in the fall
- **\$250 M** in payments to hospitals whose finances were strained by the pandemic distributed week of March 21, 2022
- At least **\$100 M** in Temporary Emergency Paid Sick Leave for people to get vaccinated or provide COVID-related care ended March 15, 2022
- **\$80 M** in payments to special education schools announced in December 2021 (\$70 M CSFRF, \$10 M General Fund)

Upcoming Initiatives

- Local and Regional Public Health Systems
- Local Public Housing
- Broadband connectivity
- Additional subsidies for State Revolving Fund projects (Clean Water and Drinking Water Trusts) to become available



Municipalities Have Received First Tranche of CLFRF

Coronavirus Local Fiscal Recovery Fund (\$3.4 B)

- **\$1.7 B** for “metropolitan cities” (usually larger than 50k people)
- **\$385 M** for all other municipalities (“non-entitlement units”);
- **\$1.3 B** for counties
 - › **\$946 M** for nonfunctional counties (flows to municipalities)
 - › **\$393 M** for functional counties
- CLFRF fund distributed in **two tranches**
 - › First tranche distributed in Summer 2021
 - » County reallocation payments in August 2021
 - › Second tranche required to go out not less than 12 months after first tranche
- The Commonwealth has no legal role in directing, administering, or monitoring the use of the CLFRF

Receiving Funds

- *Metropolitan cities applied directly to Treasury for funds*
- *Non-entitlement unit funds flowed through the Commonwealth, but the Commonwealth cannot place additional restrictions on funding*
- *Each local government is the “prime recipient” of funds from the federal government and has all the related responsibilities*



What is Next for CSLFRF in Massachusetts?

Next Steps for the Commonwealth

- Execute on programs funded through “ARPA 1.0”
- Federal reports! Next quarterly expenditure report due April 30, 2022; and next annual recovery plan performance report due July 31, 2022
- ARPA 2.0 bill to appropriate remaining \$2.3 B allocation – **timing to be determined**

Next Steps for Municipalities

- Second tranche coming in Summer 2022
- Continue to allocate CLFRF funds to eligible projects
- Review U.S. Treasury’s Compliance and Reporting Guidance to ensure meeting all compliance and reporting requirements – Final Rule effective April 1, 2022
- Prepare for quarterly expenditure report due April 30, 2022 – if applicable