

STATE LEVEL FUNDING OVERVIEW:

# American Rescue Plan Act

How to use available recovery funds from the \$1.9 trillion American Rescue Plan Act to strategically address gaps and priorities in COVID response as well as short and long-term recovery initiatives.



## WHO IS HAGERTY?

Hagerty Consulting, Inc. (Hagerty) is an emergency management consulting firm that helps clients prepare for, respond to, and recover from disasters.

A full-service firm, Hagerty can offer surge support for response operations, provide strategic support and guidance during recovery, and help your community map out a course toward a holistic financial recovery from the COVID-19 public health emergency.

*“While every disaster, including this COVID-19 pandemic, causes both short and long-term negative impacts, only those recoveries that are proactively and strategically managed can lift a community to rebuild bigger, better, stronger, and smarter.”*

– Mark O’Mara, Director of Recovery Operations

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## State-Level Funding Overview

The American Rescue Plan Act (ARPA) (Pub. L. 117-2) was signed into law by President Biden on March 11, 2021. Here is what you need to know.

### \$195 BILLION OF FISCAL RECOVERY FUNDS AVAILABLE TO STATES MUST BE USED TO:

- Respond to the COVID-19 public health emergency or its negative economic impacts including (but not limited to) assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- Provide premium pay to eligible State workers performing essential work during the COVID-19 public health emergency or by providing grants to eligible employers that have eligible workers who perform essential work;
- Provide government services to compensate for the reduction in revenue in the community due to the pandemic; or
- Make necessary investments in water, sewer, or broadband infrastructure.

### FUNDS CANNOT BE USED TO:

- Directly or indirectly offset a reduction in the net tax revenue of a State resulting from a change in law, regulation, or administrative interpretation that reduces any tax (by providing for a reduction in a rate, a rebate, a deduction, a credit, or otherwise) or delays the imposition of any tax or tax increase. Covered period begin March 3, 2021 and runs through end of fiscal year in which State fully expends or returns its allocation.
- Make a deposit into any pension fund.

## Make a Plan

The identification, management, and optimization of federal funding associated with the COVID-19 pandemic is complex. It is critical that every state develop a proactive and strategic approach to leveraging ARPA, CARES, FEMA, etc. funds in an informed and compliant manner, especially given the prolonged timeline of this incident.

This approach framework is outlined in the pages below.

To learn more about the innovative and customized solutions Hagerty can provide to your organization, contact:



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## TIMING

Costs must be incurred between March 1, 2020 and December 31, 2024.

States will receive initial payments by May 10, 2021 (60 days post-enactment).

**States are first required to provide Treasury with a certification**, signed by an authorized State officer, indicating the State requires the payment or transfer of funds.

\*Treasury can hold back up to 50 percent of any State's allocation for a period of up to 12 months from the date of the State's certification, based on the unemployment rate in the State.

## FUNDING BY LEGISLATIVE ACTS

**\$1.9 Trillion**

**The American Rescue Plan Act of 2021**  
Became Public Law: March 11, 2021

**\$900 Billion**

**Consolidated Appropriations Act**  
Became Public Law: December 27, 2020

**\$2.1 Trillion**

**Coronavirus Aid, Relief, and Economic Security (CARES) Act**  
Became Public Law: March 27, 2020

**\$483 Billion**

**Paycheck Protection Program and Health Care Enhancement Act**  
Became Public Law: April 24, 2020

**\$15.4 Billion**

**Families First Coronavirus Response Act**  
Became Public Law: March 18, 2020

**\$7.8 Billion**

**Coronavirus Preparedness and Response Supplemental Appropriations Act**  
Became Public Law: March 6, 2020

# Strategic Opportunities for ARPA Funding

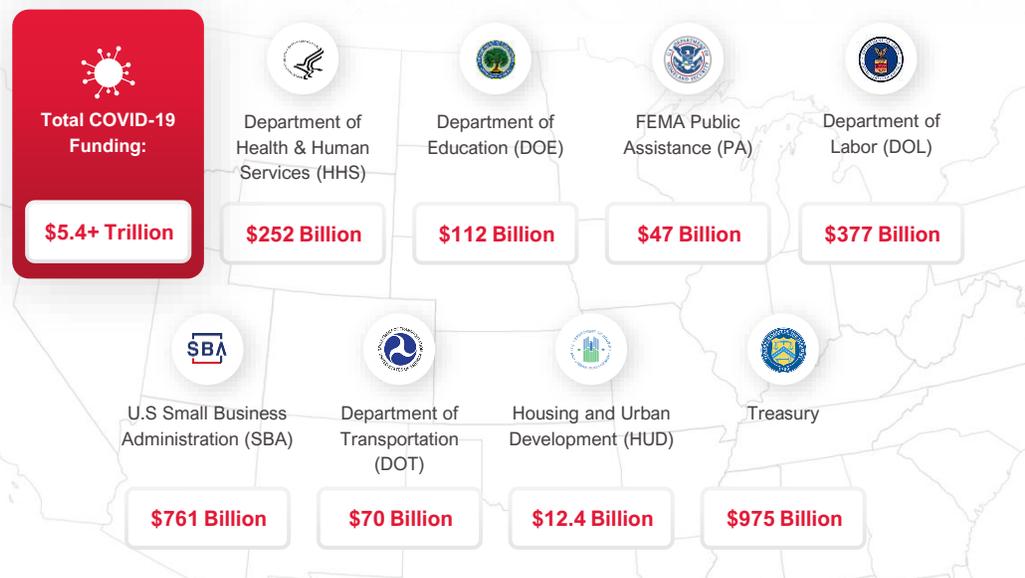
## A. ADDRESSING BUDGET SHORTFALLS & SUPPORT NEEDS

Many State governments continue to face significant budget shortfalls because of COVID-19. State executive leadership teams are facing challenging financial decisions daily as they administer robust response efforts with limited resources. To offset budget shortfalls, many States have implemented hiring freezes, furloughs or lay offs, reduced general fund allocations to state agencies, delayed capital projects, and withdrew funds from reserves.

Here are a few immediate opportunities for State governments to consider:

- 1 Identify ways to apply funding towards revenue shortfalls and increased operating costs to respond to the COVID-19 public health emergency that are not otherwise allowable under FEMA Public Assistance or alternative funding options.
- 2 Outsource administrative support, where possible, to allow State resources to begin to shift their focus from the continued response to short- and long-term recovery. Possible solutions include:
  - Deploy emergency medical staff for testing and vaccination sites;
  - Stage resources to offer targeted outreach and guidance to local communities in need of additional support utilizing State and Federal funding; or
  - Deploy a coordinated behavioral health and human services group that serves as a one-stop-shop for full wraparound services for individuals and households.
  - Deploy Emergency Operations Center (EOC) resource support
- 3 Establish an interagency recovery coordination team to ensure efforts are consistent among agencies and leverage federal resources where possible among recovery programs.

## FUNDING SOURCE BY FEDERAL AGENCY



## COMPREHENSIVE STATE RECOVERY APPROACH

### Phase 1: Secure Surge Support for Ongoing COVID-19 Response and Recovery Operations

- As emergency operations extend over the 365-day milestone, identify surge staffing resources to augment existing response operations.
- Identify financial staff augmentation and subject matter expertise familiar with federal funding cost recovery operations.
- Leverage federal support.
- Identify and utilize federal funding programs to reimburse the costs of these operations.

### Phase 2: Analyze Unmet Needs / Priorities and Develop Long-Term Cost Recovery Strategy

- Conduct a comprehensive assessment of community needs and priorities.
- Form or support an executive-level, cross-sector oversight committee focused on long-term recovery.
- Engage your community.
- Assess and catalog funding streams to maximize all resources.
- Identify revenue replacement opportunities and assign remaining available balance to fund response and recovery programs.

### Phase 3: Design and Implement Programs

- See Sections A-C. These should be customized and tailored to your state-specific needs, timelines, and overall goals and priorities.

### Phase 4: Management, Reconciliation, and Audit

- Identify resources to provide ongoing eligibility reviews of program costs.
- Provide infrastructure to support documentation management.
- Document the use of funds and critical decisions in anticipation of the eventual OIG audit(s).
- Stage resources to report costs each quarter to the US Treasury.
- Perform closeout and reconciliation of all costs incurred.

## Strategic Opportunities for ARPA Funding

### B. ECONOMIC RECOVERY



Local governments have endured the combined economic shocks of industry-wide layoffs and company closures. Vulnerability of low-income job loss, leaps forward in both automation and work from home technology, as well as changing consumer habits due to COVID-19, suggest many of these jobs are unlikely to return. Here are a few ways you can invest in your business communities statewide:

- 1 Re-imagine workforce operations to account for business disruption and adapt to a virtual environment.
- 2 Implement comprehensive workforce training solutions, connecting underemployed with statewide growing industries and diversify remote work employment options.
- 3 Offer small business working capital grants to re-establish operations or grants to expand digital business capacity.
- 4 Direct funding to support statewide tourism and travel marketing.

### C. INFRASTRUCTURE



The COVID-19 pandemic has revealed vulnerabilities in our local utility infrastructures and created inequitable barriers for millions without access to reliable internet, often needed to work remotely and access financial and government services. Here are some ways to strengthen infrastructure in your state:

- 1 Support local initiatives to expand broadband access to rural and underserved communities through capital infrastructure projects and increase free Wi-Fi public facilities through the state.
- 2 Invest in updating critical information technology systems that support COVID-19 relief programs to ensure reliable data and reporting, documentation collection, and communication with residents.
- 3 Bolster local food processing and delivery systems statewide to support.
- 4 Expand permanent or temporary statewide public health facilities supporting COVID-19 response efforts.