



Overview of Maryland's American Rescue Plan Act (ARPA) Funding

Presented by the
Maryland Department of Budget &
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American Rescue Plan Act (ARPA)

Maryland state and local governments are expected to receive \$11.9 billion in grant funding as follows:

– State Fiscal Relief	\$3.7 B
– Local Fiscal Relief	\$2.3 B
– Elementary & Secondary School Relief	\$2.0 B
– Transit funding	\$0.9 B
– Rental & Homeowner Assistance	\$0.6 B
– Higher Education Relief	\$0.6 B
– Child Care funding	\$0.5 B
– Capital Projects Fund	\$0.2 B
– School Testing	\$0.2 B
– Small Business Credit Initiative	\$0.2 B
– Everything else	\$0.7 B

American Rescue Plan Act

- The most important resource - \$3.7 billion - within the ARPA is the State Fiscal Relief Fund (SFRF). Allowable uses are as follows:
 - To respond to the COVID-19 public health emergency or negative economic impacts
 - Premium Pay for eligible workers
 - Provision of government services related to the reduction of revenue
 - Investments in water, sewer, wastewater or broadband infrastructure
- The Governor and Legislature reached an agreement on how to spend the \$3.7 billion
- Supplemental Budget #5 included much of the funding



SFRF Spend Plan

- \$1.1 billion - Shore up the state's UI Trust Fund
- \$800 million - Support existing pandemic relief
 - Recovery Now program spending
 - Economic Impact payments
 - Business support programs (funded from the Rainy Day Fund)
- \$600 million - Support the safe reopening of schools
- \$500 million - Improve transportation services and infrastructure
- \$300 million - Support broadband infrastructure investments and services



SFRF Spend Plan, cont.

- \$300+ million - Support critical lifelines for Marylanders in need, including:
 - \$140 million - Support higher than estimated caseload cost in the Temporary Cash Assistance (TCA) program
 - \$103 million - Support utility bill arrearage assistance
 - \$54 million - Continue enhanced monthly benefits for Marylanders receiving TCA and Temporary Disability Assistance through 2021
 - \$26 million - Provide a temporary 2% rate increase in FY 22 for nursing homes
- \$100 million - Continue response pay for state employees providing essential services
- \$75 million - Expand apprenticeship and employment training programs



SFRF Updates

- State received \$178 million less than originally estimated
- State will not be subject to tax cut penalty provision
- Revised guidance from the Treasury has further clarified how funding can be spent.
- DBM letter to the budget committees dated August 19th identified several issues and solutions with the original spend plan. Specifically, some expenses were ineligible because of the timing of the spending, including:
 - Maryland Strong: Economic Recovery Initiative
 - Economic Impact Payments
 - Education Trust Fund shortfall
- DBM to honor the intent of the original plan through the submission of adjustments in the budget submitted in January

ARPA Spending Summary

Original ARP estimate	\$3.895 billion
Less Tax Loss	<u>-\$0.133 billion</u>
Total Session Spend Plan	\$3.762 billion
Actual Allocation	\$3.717 billion
Spend Plan over-committed	\$45 million
Economic Impact Payments (unspent)	\$177.8 million
Remaining Balance	\$132.8 million



Additional ARPA Spending

- COVID-19 Health reserve \$50 million
- Project Restore \$25 million
- Administrative Support \$15 million
- ACES – GOCPYVS \$5 million
- VaxU Spending \$1 million
- \$100 Vaccine Bonus \$0.2 million
- UI Payment True-up \$0.2 million



ARPA Spending To-date

\$610 million

- Negative Economic Impacts \$356 M
 - Business & non-profit assistance \$109 M
 - Utility assistance \$93 M
 - TCA caseload \$50 M
 - UI suspense payments \$40 M
 - Enhanced TDAP benefit \$22 M
 - Job Training assistance \$17 M
 - Emergency Housing grants \$15 M
 - Foodbank assistance \$10 M

ARPA Spending To-date

cont.

• Premium Pay		\$98 M
• Healthcare provider support		\$52 M
• K-12 Education		\$46 M
– Learning Loss	\$25 M	
– Behavioral Health	\$10 M	
– Safe School Re-opening	\$10 M	
– DJS education	\$1 M	
• Broadband infrastructure		\$32 M
• Transportation funding		\$20 M
• Aid to County Governments		\$5 M



Revenue Loss

- In the ARPA, states can offset lost revenue for general government expenditures
- This provides states a great deal of flexibility
- Using revenue loss, states may use federal funding to supplant government spending
- The Bureau of Revenue Estimates has calculated FY 20 revenue loss at approximately \$1.6 billion
 - The calculation must be done annually in December



NEU Spending

- The State is required to distribute federal funding to Maryland's 148 non-entitlement units (NEU) of government
- Maryland's NEUs are eligible to receive a maximum of \$529 million over two payments
- Current payment summary:
 - 124 NEUs have received \$224.7 million in first tranche payments
 - 15 NEUs should receive first payment within a week
 - 3 municipalities have elected not to receive funding totaling \$1.5 million
 - The State is working with the final 6 NEUs to resolve payment issues
- The State is providing technical assistance to municipalities to ensure they understand and meet federal guidelines



Capital Project Fund Allocation

- Maryland is expected to receive \$171 million
- Preliminary guidance suggests funding must be used for broadband
 - The Governor recently announced an additional \$100 million (federal) allocation for broadband
- DBM will continue to monitor guidance for this fund to understand how to best allocate spending between the SFRRF and this fund



ARPA Reporting

- Performance Report
 - The State submitted a comprehensive performance report on August 31
 - The report can be found on the DBM website
 - This is an annual report the State will need to complete
- Interim Report
 - Included a preliminary spending summary, documentation about the revenue loss calculation, and an NEU spending summary
 - Submitted on August 31
- Project Expenditure Report
 - Starting on October 31st and each quarter thereafter, the State will need to submit a project expenditure report to the federal government.
 - Reports need to detail payments above \$50,000



Next Steps

- DBM is working with state agencies on identifying performance measures and monitoring spending
- The Hogan Administration continues to implement the agreed upon spending plan
- The Administration will continue to share information and updates as it learns more through federal guidance
- DBM is prepared to answer any questions