ARPA and IIJA: Governor’s Budget Recommendation

Alex J. Adams
DFM Administrator
Outline

- Federal COVID-19 Relief Funds Overview

- American Rescue Plan Act (ARPA)
  - ARPA State Fiscal Recovery Fund
  - ARPA Capital Projects Fund

- Infrastructure Investment and Jobs Act (IIJA)
Distribution of Federal Funding from COVID-19 Programs by State

IDAHO

TOTAL (MILLIONS)  $18,570

- ECONOMIC IMPACT PAYMENTS  $4,778
- UNEMPLOYMENT  $957
- SMALL BUSINESS SUPPORT  $4,688
- PUBLIC HEALTH AID  $1,924
- DIRECT AID TO STATES  $2,923
- OTHER  $2,166
- EDUCATIONAL SUPPORT  $1,133

District of Columbia

Total Funding Per Capita

$8,873 - $21,723
American Rescue Plan Act (ARPA)

Discretionary Funds to State and Local Governments ($1.89B)
- Limited discretion to use funds for allowable expenses (e.g., COVID response, water/broadband infrastructure, etc.)
- State Action Needed
  Funds through December 2024

Direct Funds to State Agencies
- Funds provided exclusively for a specific purpose (e.g., public school support, rental assistance, substance use block grants, etc.)
- State Action Needed
  Fund Deadlines Vary by Program

Direct Support to Businesses and Individuals
- Economic support (e.g., $1,400 stimulus checks, child tax credits, PPP loans, etc.)
- No State Action Needed
Discretionary Funds to State and Local Governments

State Government

COVID State Fiscal Recovery Fund ($1.1B)
1. Respond to COVID
2. Provide premium pay
3. Cover reduction in revenue (except tax cuts)
4. Invest in water, sewer, or broadband infrastructure

COVID Capital Projects Fund ($128M)
“...to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency”

Local Government

County Fiscal Recovery Fund ($347M)
No State Action Needed

Metro City Fiscal Recovery Fund ($125M)
No State Action Needed
(Boise, Caldwell, CDA, Idaho Falls, Lewiston, Meridian, Nampa, Pocatello, Twin Falls)

Non-Entitlement City Fiscal Recovery Fund ($108M)
To be sent by State within 30 days
Distribution based on population
Capped amount at 75% of most recent budget
Sent in two tranches 12 months apart

Funds through December 31, 2024
How Other States are Using ARPA SFRF

American Rescue Plan gave states $197.8 billion for COVID-19 relief

So far, 41 states* have appropriated...

...$105 billion, or 53% of total
How Other States are Using ARPA State Fiscal Recovery Fund

Note: The American Rescue Plan gave states $197.8 billion in Fiscal Recovery Funds to combat the effects of the COVID-19 pandemic.

Source: CRPD analysis.
Idaho Approach to Use of Funds (S 1204)

• ARPA funds are borrowed from our grandchildren. To the extent allowable under law, the state should make long-range investments that will benefit our grandchildren.

• State agencies receiving ARPA funds shall plan for the reduction of these federal funds to avoid creating ongoing obligations that are shifted to the general fund after the federal funds are depleted.

• The use of ARPA funds should not impede or inhibit the state’s constitutional mandate to provide for a balanced budget.
Idaho Approach to Use of Funds (S 1204)

• ARPA funds should also be used to lower the state’s capital costs and deferred maintenance costs in the years ahead to the extent permissible.

• ARPA funds should not duplicate other federal programs.

• Local dollars are the dollars of first resort for local needs.
Practical Considerations

• Funds must be spent in accordance with Treasury guidance
  • Final rule came out on January 6th
  • Must be clear about source of ARPA funds when appropriating so State Fiscal Recovery Fund can be properly tracked over 6 fiscal years

• Funds must be obligated by December 31, 2024; projects must be completed by December 31, 2026.
  • For large scale infrastructure investments, if we don’t obligate funds now, they are unlikely to be completed by 2026 given the labor and material shortages
Education

• FY 22 Teacher Bonuses: $17,760,600
• FY 23 Career Ladder Acceleration: $36,473,700
• Empowering Parents Grants: $50,000,000
• Head Start: $3,000,000
• Remote Worker Training: $1,270,200
• Workforce Development Training: $50,000,000
Natural Resources

- Recharge and Water Storage: $250,000,000
- Water Quality and Remediation Projects: $70,000,000
- Local Drinking and Wastewater Projects: $300,000,000*
- Outdoor Recreation: $45,000,000
Health and Human Services

• Behavioral Health Council:
  • Mental Health Crisis Line Conversion: $4,400,000
  • Grants for Community Behavioral Health Clinics: $12,000,000
  • Recovery Center Operations: $1,800,000

• Home Visiting: $3,000,000

• Veterans Home COVID-19 Expenses: $1,000,000

• Food Bank Support: $1,000,000
Economic Development

• Workforce Housing Gap Closing Financing: $50,000,000

• Childcare Infrastructure: $50,000,000
Public Safety

• Improvements to IDOC Lagoon: $10,000,000

• IDOC COVID-19 Expenses: $1,000,000

• Extradition Transportation Costs: $100,000

• Domestic Violence Bridge Funding: $6,000,000
General Government

- Audit Support: $5,421,300
- State Health Insurance Offset: $25,000,000
- IT Replacement Items: $23,156,000
- SCO Cybersecurity Request: $950,000
- Judicial Branch Request: $19,990,500
ARPA Capital Projects Fund

• Broadband: $125,000,000

• Community Telehealth: $3,500,000
IIJA Practical Considerations

• Direct funds for **specific** programs
  • Military, OEMR, OSC, Soil Commission, Commerce, DHW, ITD, Lands, Libraries

• State match requirements
  • Approximately $50 million over 5 years for stimulus allotments for Clean Water and Drinking Water State Revolving Fund