

ARPA Final Rule & IIJA Summary

Kasia Hart

Metropolitan Area Planning Council

January 20, 2022



ARPA Final Rule

- ▶ On January 6, 2020, U.S. Treasury released the ARPA Final Rule.
- ▶ The Final Rule takes effect on April 1, 2022. The Interim Final Rule remains in effect until then. If a use of funds complies with the Final Rule, Treasury will not take action to enforce the Interim Final Rule, regardless of when the funds were used.
- ▶ Changes in the Final Rule reflect requests for more simplicity, clarity, and flexibility.
- ▶ 4 primary categories of eligible uses remain the same:
 - ▶ Responding to the public health crisis and its economic consequences;
 - ▶ Providing premium pay to essential workers;
 - ▶ Addressing local revenue loss, and;
 - ▶ Investing in water, sewer, and broadband infrastructure

Key Changes in the ARPA Final Rule

▶ **Responding to the public health emergency & its economic consequences**

- ▶ Treasury encourages recipients to 1) identify a public health or economic impact on a specific population, and 2) design a program that respond to that impact
- ▶ Identifies populations and households that presumed to be impacted and disproportionately impacted by the pandemic
- ▶ Expands list of example eligible projects to include affordable housing development, improvements to vacant/abandoned property, childcare and early education investments, and more.
- ▶ Can use funds for "reasonably proportional" capital expenditures (e.g., medical facilities, affordable housing), so long as they related to the impact being addressed

Key Changes in the ARPA Final Rule (cont.)

▶ **Premium pay to essential workers**

- ▶ Broadened the share of eligible workers who can receive premium pay without written justification to include workers who are not exempt from the Fair Labor Standards Act Overtime provisions

▶ **Investing in water, sewer, and broadband infrastructure**

- ▶ Expands eligible projects to include broad suite of lead remediation projects, additional stormwater projects (including culvert repair, remediation, and removal), residential wells, and certain dam/reservoir rehabilitation projects
- ▶ For broadband projects, recipients are encouraged to prioritize projects that serve locations without access to reliable wireline 100/20 Mbps broadband service
 - ▶ Service providers for these projects must also participate in the FCC's Affordable Connectivity program or another analogous broad-based low-income affordability program

Key Changes in the ARPA Final Rule (cont.)

▶ **Addressing local revenue loss**

- ▶ Can calculate revenue loss through Treasury formula, or elect standard allowance of up to \$10 million (cannot exceed award amount)
- ▶ Money can be spent on any service traditionally provided by a local government: health services, environmental remediation, general governmental administration, and more
- ▶ Most flexible SLFRF eligible use, but previous restrictions still apply
 - ▶ Cannot use funds for debt service, pension fund deposits, replenishing a rainy day fund, or court settlements

Non-Federal Match

- ▶ Funds available under the “revenue loss” eligible use category **generally may be used to meet the non-federal cost-share or matching requirements** of other federal programs
 - ▶ This does not apply to state Medicaid or CHIP programs
- ▶ Funds within other eligible use categories may not be used for non-federal cost-share or matching requirements of other federal programs, unless otherwise noted within statute
 - ▶ Example: Infrastructure Investment and Jobs Act for Bureau of Reclamation and certain broadband deployment projects

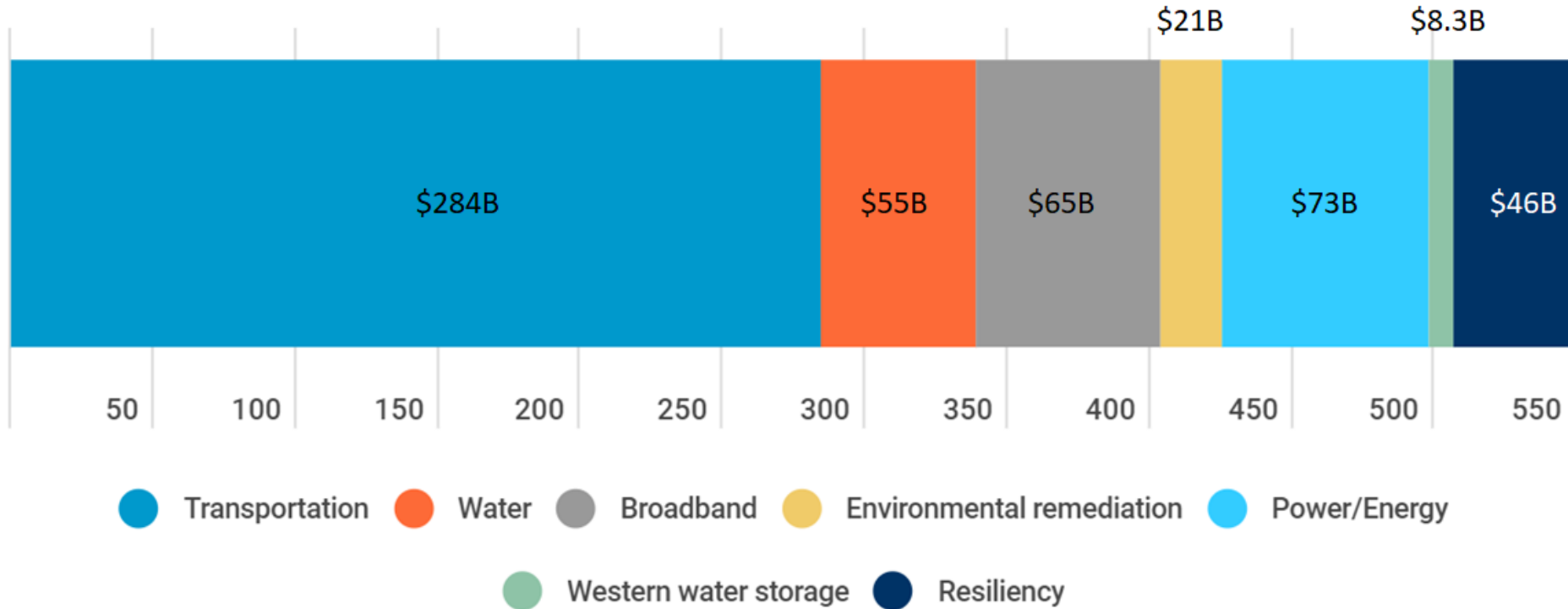
Infrastructure Investment and Jobs Act

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the page, creating a modern, layered effect. The rest of the page is plain white.

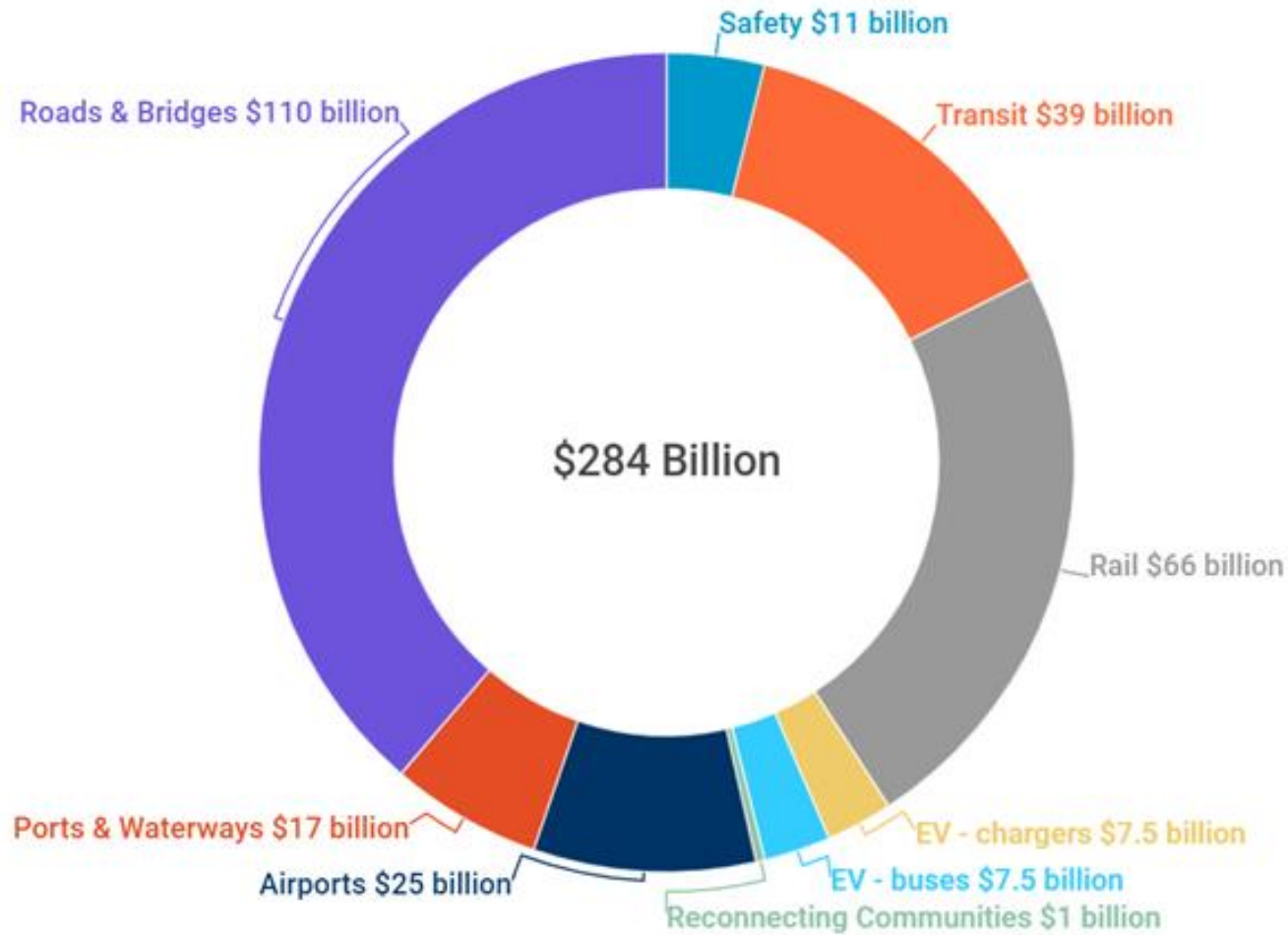
IIJA Overview

- ▶ \$1.2T five-year law includes reauthorization of surface transportation and drinking/wastewater legislation, as well as new money for transportation, clean energy, broadband, climate resiliency, and more.
 - ▶ New funding available totals at approximately \$550B
- ▶ Funding is generally available through new and existing formula and competitive grant programs

The \$550B in new investments include:



The \$284B in new transportation funding includes:



Opportunities for Massachusetts

- ▶ Estimated formula funds to Massachusetts over five years include:
 - ▶ \$5.3B in Federal highway formula funding for highways and bridges
 - ▶ \$2.8B to improve public transit options
 - ▶ \$1.1B for water infrastructure improvements
 - ▶ \$244M for airport infrastructure
 - ▶ \$107M for transportation resiliency improvements
 - ▶ \$94M to reduce transportation emissions
 - ▶ \$63M to expand EV charging infrastructure
- ▶ Additional expected funding allocations include:
 - ▶ \$100M to expand broadband access
 - ▶ \$15.7M for cyber attack protection
 - ▶ \$5.8M for wildfire protection
- ▶ This does not include opportunities available through new and existing competitive grant programs

Select New Grant Opportunities

- ▶ **Transportation:**
 - ▶ Safe Streets for All: \$6B
 - ▶ Reconnecting Communities Pilot Program: \$1B
 - ▶ FTA All Station Accessibility Program: \$1.75B
 - ▶ Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program: \$500M
- ▶ **Climate Mitigation & Resiliency**
 - ▶ Enhancing resiliency of the electricity grid: \$5B
 - ▶ Modernizing electricity infrastructure: \$3B
 - ▶ Charging and fueling infrastructure discretionary grants: \$2.5B
 - ▶ Culvert removal, replacement, and restoration: \$5B
- ▶ **Broadband and Cybersecurity**
 - ▶ Middle mile broadband infrastructure program: \$1B
 - ▶ State and local cybersecurity: \$1.25B

Role of MPOs

- ▶ Metropolitan Planning Organizations: federally designated entities that carry out transportation planning for a specific metropolitan area. There are ten MPOs in Massachusetts and three Rural Transportation Organizations that function similarly.
- ▶ All federal transportation funding is programmed by MPOs for specific projects, both formula funds and competitive grants.
- ▶ MassDOT, MBTA, and RTAs identify the majority of projects for funding that the MPOs review for approval. The MPOs also reserve a subset of funding each year for municipal priorities that cities and towns compete for.
- ▶ Since the IIJA contains the Surface Transportation Reauthorization Act, federal transportation funds will continue to be allocated based on this process.
- ▶ The greatest opportunity for "additional" funding through the IIJA are the new discretionary grant programs that municipalities, regions, and states will compete for.

Additional Resources

- ▶ Several federal agencies have created webpages specifically for IIJA updates
 - ▶ <https://www.fhwa.dot.gov/bipartisan-infrastructure-law/>
 - ▶ <https://www.transit.dot.gov/BIIL>
 - ▶ <https://www.epa.gov/infrastructure>
 - ▶ <https://www.energy.gov/bipartisan-infrastructure-law>
- ▶ MAPC is compiling IIJA summaries and resources on our website here:
<https://www.mapc.org/resource-library/iija/>
 - ▶ On this page is a survey for municipalities to share more about interests in accessing infrastructure funds and questions about IIJA

Thank you!

Kasia Hart, Policy Analyst
khart@mapc.org | 617-933-0745