How Will Arizona Leaders Use American Rescue Plan funding?

An Analysis of How ARP Funds Are Being Leveraged to Reduce Health Disparities and Improve the Health of Arizona’s Communities
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EXECUTIVE SUMMARY

As the world begins to emerge from the worst of the COVID-19 pandemic, policymakers are identifying its impact on multiple sectors of life, including public health, economic development, education, and other critical infrastructure. Beyond its devastating effect on communities, the pandemic has shined a light on health and economic disparities across all sectors, particularly in communities of color and underserved populations. There is a consensus that these historic disparities must be addressed, along with other challenges present prior to the pandemic, for America’s communities to recover from the COVID-19 related impacts.

For many cities and counties, the America Rescue Plan’s (ARP) state and local funds represent the largest positive fiscal infusion in decades, and policymakers are scrambling to determine how to best deploy the monies. Decisions by Arizona leaders made in the coming weeks will have a dramatic impact on local communities.

To determine how Arizona leaders plan to deploy the funds, we surveyed five key state agencies, all fifteen counties and the 20 largest cities in Arizona. The survey produced mixed results:

1. All five state agencies, Arizona Health Care Cost Containment System (AHCCCS), Arizona Department of Economic Security (DES), Arizona Department of Health Services (DHS), Arizona Department of Housing (DOH) and Arizona Department of Education (ADE), either responded to the survey or provided information relative to their plans for using ARP funds.

2. No cities responded to the survey.

3. Six counties responded to the survey, only two of which had some detail about allocating funds to address disparities in health and wellbeing. Maricopa County had significant detail about allocations to address all key social determinants of health.

4. Communications with officials at all levels of government receiving ARP funds suggest:
   · Many local governments are still working to determine what to do, how to distribute funds to what programs and to obtain approval for any plans. For many cities and counties, the ARP funds represent an enormous fiscal jolt to their budgets and more time is needed to make decisions and take action.
· Most entities that we communicated with have opted to involve community members, non-profits and other stakeholders in their planning through surveys, focus groups, existing committees and new collaborations.

· Substantial concerns were raised about having the capacity of staffing and expertise to handle the distribution and management of ARP funds timely and effectively.

5. Most respondents to the survey were not interested in providing reports on impacts to external entities. No entities had detailed milestones/expectations on gains to be made due to ARP investments.

6. A vast majority of respondents and those providing verbal information strongly support efforts to identify and share best practices.

BACKGROUND

In March 2021, the US Department of Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established as the American Rescue Plan of 2021 (ARP), with a total of $1.9 trillion in new revenue. The ARP is designed to deliver $350 billion in funds to state, local, territorial, and tribal governments to bolster the response to the COVID-19 emergency, to address economic impacts of the pandemic and to lay the foundation for a strong recovery and healthier communities.

The ARP funds are designed to address the following areas:

- Support urgent COVID-19 response efforts to continue to decrease the spread of the virus and bring the pandemic under control;
- Replace lost public sector revenue to strengthen support for vital public services and to help retain jobs;
- Support immediate economic stabilization for households and businesses; and
- Address systemic public health and economic challenges that have contributed to the inequal impact of the pandemic on certain populations.

In March 2021, the Arizona Joint Legislative Budget Committee (JLBC) estimated that Arizona could receive about $24.5 billion of the $350 billion in ARP, with at least $12.2 billion at the state level, $2.6 billion at the local level, $1.2 billion in business aid and $8.5 billion in economic impact payments (stimulus payments).

(https://www.azleg.gov/jlbc/Americanrescueplanact031621.pdf)
The majority of entities have received the first allocation of ARP funds by August 2021. Each state, territory, metropolitan city, county, and Tribal government receiving ARP funds will be required to submit one interim report by August 31, 2021, and thereafter quarterly Project and Expenditure reports through the end of the award period on Dec. 31, 2026. Several of the entities have identified that funding timelines vary by program, with some funds required to be spent within 2 years.

The Vitalyst Health Foundation has been a key partner with public health and community-based agencies in Arizona in identifying health inequities in Arizona and has been instrumental in the development of the Elements of a Healthy Community, which serves as a framework for implementing initiatives that can decrease health disparities and improve the overall health of Arizona’s communities.

At the March meeting of the Vitalyst Board, trustees discussed the need to gather information about how the ARP federal funds coming into the state will be used by receiving agencies to reduce health disparities. The Board requested Vitalyst determine how state and local government agencies intend to use the ARP funds as well as provide data to recipients so they can consider how they might best target investments in areas that will have the greatest impact on reducing health and wellbeing disparities. The goal is to allow Vitalyst to continue to take a proactive and collaborative approach to encourage and support spending from the ARP and other CARES Act funding to reduce health disparities and maximize benefits from the ARP funds.

After reviewing the JLBC summary of ARP funds anticipated to be provided in Arizona, it is evident that the funds and the programs supported by these funds can make a substantial impact on addressing health disparities and improving the community’s health status for decades to come. The investments made by this legislation should be expected to make a difference in addressing the multiple disparities that are endemic in Arizona. Although many of the agencies that will receive ARP funds do not have health directly identified in their missions, as Vitalyst has proven through research, many initiatives to be funded through ARP can have a substantial impact on a community’s health status. Agencies should be encouraged to consider improved health outcomes as one of their goals as they begin planning what to do with ARP funds.

Vitalyst has a long history of partnering with Arizona’s public health entities to collect, aggregate and report data on health inequities and the impact of social determinants of health on Arizona’s communities. As part of the analysis of how these funds will be spent, Vitalyst focuses on five key indicators in the Elements of a
Healthy Community (Elements of a Healthy Community Wheel pdf) that could be positively impacted by ARP funds and reduce health inequities across Arizona’s communities. These five key indicators are:

- Access to Health Care
- Food Insecurity
- Housing
- Economic Development
- Education

Data on these five indicators has been gathered and presented by Vitalyst at a zip code level, thus making it easier for cities and counties to be able to identify pockets of disparities. These reports, on a platform called mySidewalk, have been created and made available for each city and county. These reports provide data on multiple indicators that reflect on the health and well-being of the community. These reports can provide the entities the ability to review plans with an equity lens that can address health disparities and other inequities in their communities. To review these data reports at the state, county and cities with population above 50,000, please see (Links to ARP Reports)

SURVEY ON INTENDED STATE, COUNTY AND CITY USES OF ARP FUNDING

While American Rescue Plan funding for Arizona is clear, and the intended uses generally delineated, it is important to understand and track the specific amounts allocated to each entity and how those funds are going to be used. The unprecedented opportunity to have an impact on health and wellbeing disparities across Arizona needs to be documented so public officials and the general public can understand what was achieved as a result of the extraordinary investment and whether future investments, once ARP funds expire, may be valuable and necessary to continue to improve the lives of many Arizonans.

To obtain information about the distribution and use of ARP funds received by counties, cities over 50,000 and key state agencies receiving the bulk of state level ARP funds, a survey was developed and issued May, 2021. Discussions were held with key officials at county, city and state levels prior to the survey to evaluate the initial thinking around the ARP funds in order to determine what the survey should include and whether a survey would be supported by the entities. Key to the acceptance and support for the survey were three elements:
• First, that Vitalyst would provide data reports that break down key indicators of health and wellbeing by zip code for each entity to be surveyed. These reports would allow each entity to understand where disparities may be more significant and thus allow planners in cities and counties to more effectively target funds to have the greatest impact on disparity reductions.
• Secondly, Vitalyst committed to include results in future reports that would help support needs for future investment.
• Last, Vitalyst would gather information to identify best practices in the planning and use of ARP funds that would be shared with other entities to help maximize the benefits of investments.

The survey was designed to provide information to help in planning and tracking where funds are going to be used so the impact on disparities could be documented. It was not designed to suggest where each entity should direct funds.

Representatives of Native American Tribes in Arizona were also contacted, but Tribes receive funds separate from those allocated to Arizona under the ARP act. Tribal representatives decided they would work within their existing Tribal structures regarding the uses of ARP funds and not participate in the survey.

The survey was sent to the fifteen counties, the twenty largest cities and five state agencies (Health Services, AHCCCS, Economic Security, Housing and Education). Each entity was asked to provide the following information:

1) How much ARP funds are expected to be received?

2) When are the funds expected to be available?

3) For each of the key indicators of disparity (unemployment and poverty rates, lack of affordable housing, access to affordable health care and health insurance, access to healthy affordable food, and 3rd grade reading proficiency), how much of the ARP funds they receive will be allocated to address that area of disparity?

4) If allocating funds to address any of the key indicators of disparity, what measures will be used to evaluate the impact the ARP funds have in reducing the disparity?

5) Are there other strategies that would promote stronger health and wellbeing other than addressing the five key disparities noted? If so, what are those and how will results from investments be tracked?
6) Is your entity (city, county, state agency) willing to provide results from ARP investments to Vitalyst so impacts in reducing disparities across Arizona can be compiled and reported?

7) Whether members of communities served by the entity’s investment of ARP funds will be consulted in planned usage and if so, how, plus will they be provided information on outcomes of the investments as the funds are expended?

8) The respondents were also asked if they would be willing to share any best practices from the use of ARP funds or would be willing to participate in workshops to learn from others accomplishing exceptional results in eliminating or reducing disparities in some areas.

9) Lastly, the survey also asked if additional information from Vitalyst would be helpful in their planning, and if so, what.

This survey was sent on May 28, 2020 with a July 1, 2021 due date requested of all respondents. An earlier due date was initially requested, but it was abundantly clear that most of the entities needed additional time to determine how best to invest such a large amount of new dollars.

STATE AGENCIES ARP FUNDING SURVEY RESULTS

ARIZONA HEALTH CARE CONTAINMENT SYSTEM (AHCCCS)

According to the JLBC Analysis of Arizona’s ARP funding, AHCCCS is estimated to receive $412.4 million in ARP funds, and enhanced federal match for several COVID-19 related programs through Medicaid and Kids Care. Funding will be distributed in the following manner:

- Community Mental Health Services Block Grant: $38 million. Must be expended by states by September 30, 2025.
- Substance Abuse Prevention Treatment Block Grant: $33 million. Must be expended by states by September 30, 2025. Executive budget includes $6 million for opioid treatment.
- Health Resources and Services Administration (HRSA) mental and behavioral health training for health care professionals, paraprofessionals, and public safety officers: $2 million, available until expended.
• Mental and behavioral health promotion among health professional workforce: $0.8 million. Available until expended. The federal government would grant these monies directly to entities providing health care.
• Local substance use disorder services: $0.6 million to be awarded to states and local governments. Available until expended.
• Local behavioral health needs: $1 million to be awarded to states and local governments. Available until expended.
• Medicaid/Kids Care enhanced match:
  o 100% federal match for Medicaid and Kids Care COVID-19 vaccines. Executive budget includes $23 million for state share of vaccine administration in FY 2021.
  o State option to provide coverage to uninsured for COVID-19 vaccines and treatment without cost sharing through the public health emergency, with vaccines matched at 100% federal match. State option to extend eligibility to women for 12 months postpartum, for 5 years.
  o Enhanced federal match at 85% for mobile crisis intervention services.
  o 100% federal match for services to beneficiaries under Urban Indian Organizations for 2 years.
  o Eliminates cap on drug rebates, beginning in CY 2024. AHCCCS estimates this would increase Prescription Drug Rebate Fund revenues by $13 million.
  o Temporary federal match increase of 10% (with COVID-19 federal match, total of 86.21%) for states to make improvements to Medicaid Home and Community Based Services for 1 year. Contains supplement, not supplant requirement.

On July 13, 2021, AHCCCS submitted its proposal to the Centers for Medicare and Medicaid (CMS) which outlined its plans for ARP funds. This plan can be reviewed at [ARP/HCBS Proposal to CMS](#). This extensive proposal provides a comprehensive description of how AHCCCS plans to leverage time-limited funding to expand and complement existing Home and Community Based Service programs while simultaneously promoting on-going access to care and paths to self-sufficiency. The proposal describes the outreach that AHCCCS conducted to ensure that input was received from stakeholders, and how the feedback from the community was incorporated in the plan. AHCCCS also provided a communication plan that will be used to inform the community of the progress towards meeting the goals. The plan also identifies multiple strategies to address workforce needs and how collaborations
with the state’s education system will be strengthened to provide the education opportunities for individuals that will be needed to support the new programs.

**ARIZONA DEPARTMENT OF HEALTH SERVICES (ADHS)**

According to the March 2021 JLBC Summary of ARP Funds, the Arizona Department of Health Services is projected to receive the following funds to address specific COVID-19 related issues:

- $150 million for vaccine grants, funded through the Centers for Disease Control and Prevention (CDC).
- $960 million for COVID-19 testing, contract tracing, and mitigation.
- $153 million to address public health workforce shortages to recruit, hire and train public health workers.

All of these funds are available until expended. ADHS reported that $360 million of the funds have already been received.

Additionally, ADHS reported that $43.5 million in public health workforce funds has been received, with a total of $153 million estimated to be available. These funds must be expended within 2 years.

**ADHS Survey Response:** ADHS reported that $360 million in ARP funding that has been received will be utilized for a variety of projects as governed by CDC, the funding agency. This includes:

- Improving communication about and access to COVID-19 vaccination for communities disproportionately affected by COVID-19, including funding to local public health departments and local vaccination partners.
- Implementing a COVID-19 pooled testing program and wrap-around services for those testing positive, specifically for those in the K-12 school environment (staff and students), to include coordination of supportive services for families in need whose family members test positive (e.g., isolation and quarantine housing, grocery services, etc).
- Improving laboratory capacity to sequence COVID-19 specimens and detect emerging pathogens.
- Augmenting the disease investigation workforce through state and local public health departments.
Establishing, expanding, training, and sustaining the state and local public health workforce to support jurisdictional COVID-19 prevention, preparedness, response, and recovery initiatives, including school-based health programs. This funding is intended to serve all of Arizona with a focus on addressing communities disproportionately affected by COVID-19. Workforce funding will augment diversity, equity, and inclusion of the public health workforce, including hiring from communities that public health serves.

Additionally, ADHS was awarded $10 million to boost the Women, Infants and Children (WIC) Food Program to temporarily boost the value of the Cash Value Voucher up to $35/month for women and children for a 4-month period.

Although the ARP funds that ADHS receives are to be used according to the CDC funding requirements, and may not be used for other health improvements, ADHS has recently released the Arizona Health Improvement Plan (AZHIP) (www.azhealth.gov/azhip/), which provides an excellent roadmap for addressing health inequities across the state. This plan was developed with input from public health professionals and community stakeholders across the state and provides detailed recommendations on improving the health of Arizona’s communities. ADHS is identifying funds to address each of the goals set in the AZHIP Plan, including utilizing funds from the state’s marijuana legalization fund.

**ARIZONA DEPARTMENT OF HOUSING (ADOH)**

According to the March 2021 JLBC Analysis of ARP Funds, the Department of Housing is estimated to receive $787 million to address the following issues:

- **Homeowner Assistance Fund:** $199 million, to remain available until September 30, 2025. Monies may be used for mortgage and utilities payment assistance.
- **Homeless Assistance and Supportive Services Program:** $100 million for tenant-based rental assistance, affordable housing development, supportive services, and non-congregate shelter units. Individuals and households qualify based on homelessness/domestic violence/veteran status. Monies remain available through September 30, 2025.
- **Emergency Housing Choice Vouchers:** $100 million for individuals or households based on homelessness/domestic violence. Formula based on public housing capacity and geographic diversity. Available until September 30, 2030.
• Housing Counseling: $2 million for Neighborhood Reinvestment Coalition (NeighborWorks) grants, to remain available until September 30, 2025.

Based on interviews with multiple housing experts in state and local governments, community-based agencies serving the homeless population and housing advocacy groups, it appears that these partners have developed strong collaborations and coalitions. They are communicating and working diligently to develop comprehensive plans to address the critical issues that need to be resolved in order to improve the state’s housing crisis. The Arizona Department of Housing, the Maricopa County Human Services, and the Maricopa County Association of Governments, along with their community partners, have recommended the following areas of focus that can be addressed with the ARP funding:

1) Increasing the supply of affordable units through:
   • Capital for acquisition of properties for development as affordable supportive housing, including non-traditional properties such as hotels and commercial buildings.
   • Funding for rehabilitation of supportive housing properties.
   • Capital for conversion of hotels/motels and other properties into affordable permanent supportive housing.
   • Capital for development of affordable housing for supportive housing workforce and service providers.
   • Capital for affordable homeownership projects.
   • Capital for land acquisition for affordable housing.
   • Establishing/funding flexible affordable housing pools
   • Establishing rental owners’ incentive programs to increase availability of units for housing vouchers and subsidy.
   • Capital for community-driven capital projects in distressed and marginalized communities.

2) Community Directed Development projects supporting housing stability and community wellness through:
   • Capital for infrastructure and technology supporting virtual delivery of services such as telehealth, virtual education, and career counseling in a supportive housing environment if funding is not available through other sources.
   • Establishing/funding flexible services funds supportive services for new supportive housing participants where service funding is not otherwise available.
   • Capacity-building needed to support families transitioning from nursing homes, prisons, and other congregate facilities into supportive housing.
   • Development and expansion of supportive services workforce
• Funding for supportive services to increase housing stability for residents in housing programs.
• Funding for legal aid to prevent eviction or homelessness.

ADOH Survey Response: According to the response to the Vitalyst Survey, ADOH plans to spend $199,000,000 on programs that are designed to reduce unemployment and poverty, and $21,000,000 to increase access to affordable housing.

Based on discussions with ADOH’s director, the agency will conduct a needs assessment prior to deploying the ARP funds through the Homeowner Assistance Fund, Housing Counseling and creating affordable housing opportunities. Income bands served and demographics will be tracked as part of the measurements to identify the benefits gained by residents from the investment of these funds.

ADOH is incorporating health considerations into all programs funded through ARP and will be promoting the message of “Housing is Healthcare” as these programs are implemented. Communication on the programs, expenditures and outcomes of these ARP investments will be published on the ADOH’s website, along with links to access all resources.

Housing is such a pivotal issue in all communities. Communication is upmost in all the agencies minds, and they are meeting regularly, especially in Maricopa County. The request to Vitalyst from the entire housing community is for assistance in educating local leaders and techniques to deal with communicating with the public in land use planning and the changes that are needed ahead of breaking ground.

DEPARTMENT OF ECONOMIC SECURITY (DES)

According to the JLBC analysis of the American Rescue Plan, funds to be administered by the Department of Economic Security for improved human services, housing supports and intervention services for infants and toddlers with developmental delay total over $1.5 billion.

HUMAN SERVICES contains the bulk of the funds ($1.11 billion) and includes the following DES services:

Food Stamps--$23 million, including benefits be calculated at 115% of the regular level through September 30, 2021. (For example, with these additional benefits, a family of 3 would receive an $80 increase, from $536 to $616 per month until Sept. 30, 2021).
Commodity supplemental food program--$.7 million

Allows for the implementation of the Pandemic Electronic Benefit Transfer to be implemented for any school year during COVID-19 and extended through the summer. Extends earlier COVID-19 relief that provides food stamp-like benefits to children who would have received free or reduced-price school meals if not for school closures or reduced hours.

Pandemic Emergency Assistance--$16 million. Benefits may be used for non-recurrent short-term benefits in cash or other forms that do not supplant other federal or state programs. Also allows up to 15% of the funds to be used for administration.

Adult Protective Services--$6.3 million over two years ending in FY 2022.

Child Care and Development Block Grant Program--$374 million. Provides assistance to workers deemed essential during the pandemic without regard to income eligibility requirements. It is to supplement existing funding.

Child Care Stabilization Grants--$598 million. All funds other than 10% for administration must be awarded to qualified childcare providers either open or closed due to COVID-19, based on current operating expenditures. Again, funds are to supplement, not supplant existing funding. DES is required to obligate at least 50% of the funds by September, 2021, or notify the federal government if unable to do so.

Child Care Entitlement--$12 million. Suspends state match requirements for FY 21 and 22.

Family Violence Prevention and Services Act--$4 million. Provides for formula grants without requirements for matching funds.

Low Income Home Energy Assistance--$46 million.

HOUSING ASSISTANCE funding through DES totaled $386 million and includes:

Water Assistance--$10 million. Assists low income consumers in paying for drinking water and wastewater expenses.

Emergency Rental Assistance--$374 million. Payments are for households having experienced income loss.

Emergency Assistance for Rural Housing--$2 million. For payments to households have experienced income loss in rural areas.
DES EDUCATION RELATED SUPPORTS

Early Intervention for Infants and Toddlers--$5 million. The funds are to support young children with developmental delays.

**DES SURVEY RESPONSE:** Clearly, DES has a great deal of funds to allocate and effectively use to improve a variety of supports for Arizona children and families. They have been unable at this point to provide clear data about how they intend to use each of their fund allocations and how those funds are likely to impact health and wellbeing of citizens. We know from discussions that they are working toward establishing clear plans. It will be important to continue to communicate with and work with them as they clarify their future plans on ARP usage to determine in what areas of poverty and unemployment, housing, and food insecurity they may have an impact in reducing disparities.

**ARIZONA DEPARTMENT OF EDUCATION**

The ARP provides a total of nearly $122 billion to states and school districts to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on the nation’s students. In addition, the ARP includes $3 billion for special education, $850 million for the outlying areas, $2.75 billion to support non-public schools, and additional funding for homeless children and youth, Tribal educational agencies, Native Hawaiians, and Alaska Natives.

Under ARP a state must subgrant not less than 90 percent of its total education allocation to local educational agencies (LEAs) (including charter schools that are LEAs) in the State to help meet a wide range of needs arising from the coronavirus pandemic, including reopening schools safely, sustaining their safe operation, and addressing students’ social, emotional, mental health, and academic needs resulting from the pandemic. The State must allocate these funds to LEAs on the basis of their respective shares of funds received under Title I in fiscal year (FY) 2020.

The ARP includes three state-level reservations for activities and interventions that respond to students’ academic, social, and emotional needs and address the disproportionate impact of COVID-19 on underrepresented student subgroups, including each major racial and ethnic group, children from low-income families, children with disabilities, English learners, gender, migrant students, students experiencing homelessness, and children and youth in foster care:

- 5 percent of the total ARP allocation for the implementation of evidence-based interventions aimed specifically at addressing learning loss, such as summer
learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs.

- 1 percent of the total ARP allocation for evidence-based summer enrichment programs.
- 1 percent of the total ARP allocation for evidence-based comprehensive afterschool programs.

A state may use up to ½ of 1 percent of its total ARP allocation for administrative costs and emergency needs as determined by the state to address issues related to COVID-19.

According to the JLBC report, the Arizona Department of Education (ADE) is expected to receive $2.7 billion of the ARP for K-12 education. Of that amount, roughly $2.3 billion goes to local schools receiving Title 1 funds. (Schools are designated to be eligible for Title 1 funds if not less than 40% of the children enrolled in the school are from low-income families). ADE receives the remainder of K-12 allocations, the majority of which is directed for specific purposes:

- $129 million to address learning loss;
- $26 million for summer enrichment programs;
- $26 million for after school programs for disadvantaged/fostered/homeless children;
- $13 million for administrative costs; and
- $65 million at the Superintendent’s discretion.

Under the ARP, a more rigorous process for stakeholder engagement and planning is required compared to prior federal programs to address the effects of the pandemic. The process requires ADE to describe and share data for Arizona regarding the following:

1) Describing the State’s current status and needs;

2) Safely reopening schools and sustaining their safe operations;

3) Planning for the use and coordination of ARP funds;

4) Maximizing state-level funds to support students;

5) Supporting local schools in planning for and meeting students’ needs;

6) Supporting the educator workforce; and,
7) Monitoring and measuring progress resulting from the use of ARP funds.

ADE and local schools are also required to engage in consultation with stakeholders and the public in developing plans for ARP funds usage. As a result, ADE has convened an Equitable and Effective Schools Taskforce to advise ADE on ways to use its nearly $200 million in discretionary funds to address the disproportionate impact the pandemic has had on underserved students. This Taskforce will also assist in developing plans for use of the summer enrichment program and afterschool program funds.

ADE has received federal approval to submit its plans July 2021 as the Taskforce needs time to fully consult with stakeholders and complete its significant planning for such a large amount of funds. The plans will be made public and available to help track improvements in student outcomes in the future. More information will be available on the ADE website https://www.azed.gov

It should also be noted that local schools receiving ARP funds are required to submit their plans in late August, 2021.

ARIZONA CITIES ARP FUNDING SURVEY RESULTS

Cities in Arizona are due to receive a total of $1.233 billion through December 31, 2024, as a result of the ARP funding formula. The majority of those funds, $975 million, go to cities with a population of 50,000 or more, while $258 million is expected to be distributed to cities and towns of less than 50,000 residents. These ARP funds are sent to the state to be redistributed based on the population of each city and town. The amount allocated to small cities and towns was limited to not more than 75% of that city or town budget as of January 27, 2020.

ARP provides cities and towns with the resources to stabilize their operating budgets. Many local governments were severely impacted financially due to the pandemic. The ARP funds allow cities to address these financial struggles plus also invest in programs and infrastructure to support workers and small businesses. Under ARP these investments can include:

- Support for the public health response to the coronavirus pandemic;
- Addressing the negative economic effects caused by COVID-19 by providing assistance to workers and families, small businesses, nonprofits or industries such as tourism and travel that were hit particularly hard by the pandemic;
- Replacing lost public sector revenue;
• Providing premium pay for workers performing essential work during the pandemic. Premium pay is defined as an additional amount up to $13 per hour, with a cap of $25,000 for any individual eligible worker. It can be retroactive;
• Investing in water and sewer infrastructure;
• Investing in broadband infrastructure.

It appears many cities and towns may not be at a point that allows them to clearly demonstrate how their ARP allocation will be expended and to what effect those decisions will have on health and wellbeing disparities. Surveys were sent to the twenty largest cities, none of whom responded by the extended due date. Brief conversations with a few city representatives indicate work is left to be done to even determine how much money is to be received in some cases, and the planning and approvals process is still in development. Even communication and education of city leadership is incomplete as demonstrated by conversations with a member of a city council. The magnitude of funds, the short time in which officials have had an opportunity to gather stakeholders to collaborate around initial uses and plans, and lack of sufficient numbers of staff and expertise around planning, procurement and performance management are likely hindering a more timely rollout.

This does not mean that city officials and staff are doing nothing. It is clear that much work is being done that has not been made public at this point. For example, in July 2021, the City of Mesa issued a Request for Proposals (RFP) to address homelessness, workforce development and housing needs using ARP funds. During the next two years, the City of Mesa will receive approximately $105 million from ARP. Funding is anticipated to be received in two equal distributions, 12 months apart. Mesa received the first allocation of approximately $52.5 million in May 2021.

The Mesa RFP was sent to nonprofits providing sheltering, bridge and supportive housing and/or human services for Mesa’s homeless or housing vulnerable residents. The City of Mesa is seeking proposals that focus on homeless prevention, diversion, and response for unsheltered populations as well as workforce development in Mesa. Providers responding to the RFP must directly address families or individuals who can demonstrate household financial or other difficulties related to the pandemic. Priority funding is expected to be provided for needs of residents located within a low-moderate qualified census track, though the Mesa City Council will ultimately decide how the funds will be allocated.

On May 18, 2021, the Phoenix City Council received a report from city staff on the plans for the funds expected from the ARP. The City Council was also provided a summary of the plans for expenditures of the first allocation of funds ($198 million).
that will be used to cover costs that are necessary expenditures caused by COVID-19 incurred between March 3, 2021, and Dec. 31, 2024.

Some of the proposals to be implemented with Allocation 1 are continuations of programs that were successfully implemented under the $293 million Coronavirus Relief Fund (CRF) Strategic Plan and others are new initiatives which will require additional time and resources to fully develop and deploy. Like the CRF strategic plan, this proposed strategic plan includes three areas of emphasis:

- **Community Investment ($118 million)**
  The community investment category, the largest proposed allocation in this plan, is strategically focused on providing assistance to vulnerable populations, businesses and those hardest hit by the COVID-19 pandemic. This portion of the plan includes six distinct focus areas consisting of multiple programs, including:
  - Phoenix Arts, Business and Employee Assistance
  - Mitigation and Care Vulnerable Populations
  - Household and Residential Assistance
  - Youth Sports, Recreation, Education and After School Programs
  - Phoenix Resilient Food Systems
  - Better Health and Community Outcomes

- **City Operations ($70 million)**
  The city operations category, the second largest of the three plan areas is strategically focused on General Fund (GF) resiliency and capitalizing on the one-time nature of this funding source to address issues that will free up future GF resources and support transformational investments. This area includes the following areas of focus:
  - Infrastructure, Technology and Capital Needs
  - Contingency for Future Operational Needs
  - Revenue Replacement

- **Contingency Fund for Future Operational Needs ($10 million)**

This report can be reviewed in full at: [https://www.phoenix.gov/cityclerksite/City%20Council%20Meeting%20Files/5-18-21%20Policy%20Agenda%20-%20Final.pdf](https://www.phoenix.gov/cityclerksite/City%20Council%20Meeting%20Files/5-18-21%20Policy%20Agenda%20-%20Final.pdf)

Other cities are likely having similar internal discussions and planning, but apparently either not ready to report any allocation of funds to address specific areas of disparity or too busy to respond to the survey. Continuing to be in contact with and monitoring cities response to the ARP funds will be necessary to understand how disparities are being addressed.
ARIZONA COUNTIES ARP FUNDING SURVEY RESULTS

Arizona counties are in a similar position as cities. They are to be allocated $1.4 billion of ARP through December 31, 2024, based on county population. The funds are sent to the State and will be redistributed to each county. The uses of funds are the same as shown for cities above.

Meetings were held with county managers and county health officers prior to the survey being issued. Only five of the fifteen counties submitted responses to the survey by the extended due date: Santa Cruz, Cochise, Yavapai, Navajo and Coconino counties. Maricopa County later submitted a response. One county initially responded that it was still not aware of how much money was to be received and was therefore, unable to answer any other questions in the survey. The others were able to provide the expected total ARP funds to be received and either had received the first portion of funds or were expected to receive the first allocation by July 1st of this year.

Three counties were able to indicate in what areas of disparity they would be allocating dollars.

Navajo County reported they would direct about half of their total funds to reduce unemployment and poverty. They had not identified, however, specific uses nor how they would evaluate benefits or changes in disparities that would result from their investment in this area. In addition, their response to the question “to identify any other strategies to promote stronger health and wellbeing” reported they intend to also invest in local public health infrastructure to allow space to house grant funded programs that provide services, plus implement strategies and initiatives that address disparities in poverty, access to care, race, literacy, language and educational levels. No specifics nor any allocation of funds were identified for these investments.

Coconino County responded with the intent to specifically address some disparities. They were unable to provide any specific dollar amounts, but indicated they intend to address all the key determinants of health and wellbeing…unemployment and poverty, access to affordable housing, ensuring access to health care and affordable health insurance, ensuring residents can access healthy affordable food and ensuring 3rd graders are reading proficiently. Coconino’s response also reported they are in the process of establishing the internal processes and structures to invest the ARP funds and to develop mechanisms to track changes in disparities that result. In addition, their response indicates they are looking at other funding sources to leverage with the ARP funds, including collaborating with cities and towns within the County receiving ARP money and any other entities across Arizona that can be accessed. It may be a good
idea as a best practice to learn more about how Coconino staff coordinate with other county, city and state representatives to present their approach and begin to identify where more collaboration might be found to maximize ARP fund benefits. Their approach may be of help to others wanting to leverage their ARP funds more effectively. Lastly, the Coconino response suggests they intend to continue to explore other areas where additional opportunities to support health and wellbeing may be needed. This included emphasis on social determinants of health using the domains of:

- Economic stability; Education access and quality;
- Health care access and quality; Neighborhood and built environment; and
- Social and community context.

Coconino County also reported intending to target disproportionately impacted groups using the CDC’s Social Vulnerability Index. This data may be reviewed at: https://www.atsdr.cdc.gov/placeandhealth/svi/

Lastly, they identified a shortage of mental health providers and high suicide rate as an area of additional priority to address with ARP funds.

Maricopa County’s survey response was quite detailed as to how much funding was to be received, where it was going to be allocated and also provided some indications of milestones that would be used to show what benefits under each disparity area would likely be achieved. Maricopa expects to receive a little more than $871 million, half of which has already been made available.

Maricopa County is planning to use funds as follows:

1. $25 million for reducing unemployment and poverty. Benefits determined by looking at numbers transitioning from unemployment insurance to self-support, justice involvement, comprehensive support services, on-the-job (OJT) programs and healthcare worker training.

2. $60 million for greater access to affordable housing. Benefits identified by looking at affordable housing development and assistance, emergency repairs and HVAC, landlord engagement, payments to landlords, navigation and application assistance, legal aid, long-term case management and self-support, and mortgage assistance.

3. $136.5 million to improve access to health care and affordable health insurance.

4. $10 million to address access to healthy, affordable food. Benefits criteria includes community food bank support and increased availability.
5. $1 million to increase 3rd grade reading proficiency. Criteria for success is based on extended hours and support for early education and childcare centers and providing temporary services until clients receive DES services.

In addition, Maricopa plans to use ARP funds to implement strategies to improve health and wellbeing for:

- Seniors and persons with disabilities through internal case management, senior housing and senior centers;
- Domestic violence victims through plugging some funding gaps, legal and counseling services, community-based services, financial assistance;
- Behavioral health and addiction recovery;
- Technology investments for next generation networks and digital workflow.
- Criminal case backlog reduction;
- Burial assistance for low-income families;
- Homelessness with shelter services, rapid rehousing services and flexible funding pool for providers.

Pima County provided preliminary information on their plans for ARP funds on August 2, 2021. These plans are contingent on approval of the Pima County Board of Supervisors. Plans include providing funds in the following areas:

- Public Health: $125,210,131 (61.5% of ARP funds)
  Recommended expenditures for Public Health include:
  - Payroll and covered benefit expenses for Health Department staff responding to COVID-19 public health emergency;
  - Health Department supplies to mitigate and contain COVID-19, including costs incurred for mitigation and case investigation among the asylum seeker population;
  - Communication activities to address the public health emergency (e.g., vaccination hesitancy; boosters; pediatric vaccinations);
  - Behavioral Health Supplies, services, and capital investments to address primary and secondary effects of the pandemic including domestic violence response;
  - Capital investment to meet pandemic operational needs, including (but not limited to):
    - Repair and modify temporary shelter in Ajo for asylum seekers in compliance with local and federal COVID-19 mitigation tactics;
    - Expand public health and employment services in an adversely impacted neighborhood/Qualified Census Track through the development of the Northwest Service Center on Miracle Mile;
- Outfit a new Office of the Medical Examiner with appropriate furniture, fixtures, and equipment in recognition of the expanded need to respond to the increase in deaths from the pandemic and the increased number of services provided for the indigent.
  - Provide funding to Fire Districts, especially those serving rural areas, for supplies and services for the prevention, mitigation, and treatment of COVID-19.
- Responding to Negative Economic Impacts of COVID-19: $73,752,679 (37% of total)
  Recommended expenditures include:
  - Assistance to households and disproportionately impacted populations and communities that address housing insecurity, lack of affordable housing or homelessness;
  - Investment in Early Childhood Education;
  - Investment in job training programs for displaced workers, unemployed and low income individuals;
  - Investment in IT infrastructure to support enhanced public health data capacity, cybersecurity, etc.;
  - Investment in Court IT infrastructure to further support remote-enabled court, furthering ability to protect public and employees during court proceedings; and
  - Expansion of grants management staff to support tripling of grant revenue and assure ability of staff to meet programmatic and fiscal requirements.
- Investments in Attractions and Tourism
- Investment in Stadium District
- Revenue Replacement: $3,066,128 (1.5% of Total)
  As part of determining the allowability of revenue replacement opportunities, Pima County is reviewing the ARP guidelines to determine if revenue losses for the Kino Stadium District, estimated at $1.7 million, can be replaced with ARP funds as the first measurement of revenue loss.

Final determination of plans and expenditures will be completed following Board of Supervisor approval, with first review on August 10, 2021.

Maricopa, Coconino and Navajo Counties’ responses all suggested they would be willing to share best practices and strategies and/or participate in workshops regarding efforts that result in reductions of disparities. The other counties responding did not provide a response to this question. Coconino expressed a willingness to provide data, with Navajo and Maricopa indicating they did not desire to do so. All three counties
reported that community members are/would be engaged in planning for the use of ARP funds through efforts such as surveys, focus groups, town halls and meetings with tribal chapter houses and nonprofits. Only Coconino indicated any desire for additional support, and that was in the form of gathering information about best practices and sharing that with them and others.

Overall, it appears that many of the counties are in the same position as the cities. Not enough time, a great deal of new money to be allocated and, perhaps, a lack of capacity to handle ARP and other duties quickly and effectively.

FINDINGS

During the survey and interview process, several key strengths and challenges were identified across all sectors that could have significant impact on the utilization of ARP funds. These include:

1. **Existing Collaborations and Coalitions**
   **Strength:** There are strong collaborative relationships between state, county and local government agencies, community-based agencies, and the communities they serve. These coalitions have spent many years developing evidence-based plans to address health inequities in their communities. The ARP funding provides a once in a generation opportunity to achieve many of the outcomes that need to be achieved to reduce health disparities and improve the health of our communities. These multi-agency coalitions should be supported to continue their work and to expand the collaborations to include new partners that will be working on similar goals.

   **Challenge:** Many agencies identified that there needs to be creation of interdepartmental teams to break up silos within entities to maximize the APR funds and outcomes.

   **Challenge:** Many entities identified that the lack of formal data sharing agreements among partner agencies hinder the ability to share important program and client data, which contributes to a lack of communication and an inability to coordinate important program information.

2. **Infrastructure:**
   **Challenge:** State agencies, cities and counties infrastructure is likely insufficient to timely manage the influx of large amounts of funds that has already been and will continue to be provided under ARP and additional
federal funding expected over the next several years. State government, for example, has reduced staff by 12.5% from 2008-2018 (https://hr.az.gov/content/2018-workforce-report-0), while Arizona’s population increased by 9.2% during the same timeframe. Agency backbone services, which are required to support direct services, do not in many instances have the people power they once had to do contracting quickly and effectively as required by law. (Direct quote from interviews.)

Critical staff needs include, but are not limited to, procurement officers, grants managers, epidemiologists, laboratory scientists, school nurses, social workers, mental health specialists, data analysts, information technologists, strategic planners and other public health specialists to support the new programs that will be developed with these funds.

**Strength:** There is funding through ARP for public health workforce development, and there is additional funding to address workforce shortages anticipated to be awarded in 2021. Several of the government entities are working with the state’s universities, community colleges, vocational education systems to build capacity within these systems to provide the necessary training that will be needed build the public health workforce. Much of this funding must be spent over the next two years, which requires creative design that can provide programs that address the multiple technical and professional skills needed to manage the increased workload that will be required to maximize the use of ARP funds.

If governments have the time and can quickly get staff hired and trained, ARP monies should be released to do so. If unable to do in-house hiring quickly, it is recommended governmental entities engage a firm(s) with experienced government contractor specialists. Any firm hired should still have government staff oversee what they are doing while determining whether it would be more cost effective to get more skilled people prepared internally to minimize future taxpayer costs.

3. **Communication:**

**Challenge:** An important lesson from last year’s CARES Act is that moving resources very quickly through existing systems can exacerbate economic, health and racial disparities. Each major state agency and local entity should have an effective public communications strategy that ensures policy makers, stakeholders and the community are educated on the ways that ARP funds can be used to build support for programs that are designed to decrease health equities and improve the health of Arizona’s communities.
**Challenge:** There is a strong need for communication to the neighborhoods that will be affected and enhanced by the large amounts of ARP funds that will be dedicated to creating new solutions for safe and affordable housing across the state. For example, transitional housing units are planned to be constructed in neighborhoods and strong communication will be needed to the community about the land use planning that will occur to prevent the “Not in My Backyard” syndrome.

**Strength:** Several of the agencies have begun strengthening both internal and external communication strategies designed to regularly report on the utilization of ARP funds and the outcomes that are being achieved.

If entities do not have a strong communication team, our further recommendation is to hire a highly respected public relations firm to communicate what is happening from the very start. It is important to have the public understand and to build support for the investments that address disparities in vital services.

4. **Establishing and Monitoring Milestones**

**Challenge:** Many jurisdictions do not have a clear strategy for establishing milestones that will demonstrate the expected outcomes of the ARP funding, nor to monitor and track progress in reducing disparities. This is vital to being able to monitor and track the progress in reducing disparities and improving community health in order to effectively communicate to elected officials and the public what benefits were obtained from the large expenditures of public funds under ARP. Agencies must be prepared to adjust strategies as necessary to achieve positive outcomes.

**BEST PRACTICES**

Arizona state and local agencies are too new into the planning, implementation and use of ARPA funds to be able to identify any best practices specifically attributable to those monies. We did find that the state and local entities receiving ARPA funds are thinking slowly and methodically how those funds are to be used for the benefit of their communities. What is clear is that many of the agencies are:

1. Getting the public involved and thinking through clearly what the community wants to focus this money on.

2. Writing a strategic plan.
3. Getting as much information as possible to the planning and decision-making process, including understanding data, such as the Vitalyst cross walk, that will help direct where the best uses of funds can be made. (1)

4. Explicitly dealing with racial inequities, including tracking disaggregated data to ensure accountability to equity goals.

5. Ensuring elected officials take the rein and show leadership in this endeavor. (4)

6. Forming or utilizing existing public/private partnerships.

7. Planning to document work and reexamine on a quarterly basis with the community members brought to the decision table how the money is being expended and what impact the ARPA funds are making.

It will be important to continue to monitor governmental entities ARPA expenditures to be able to identify best practices that are successful and sustainable within the state and to share those with others across Arizona.

While we are unable to provide practices related directly to ARPA implementation, a report from the National Council of Nonprofits on the use of CARES Act funds during the last many months provides some indications of the potential creativity and innovation that can be implemented to address community needs. While the exact uses of CARES Act funds may not be transferable, it is hoped the strategies will provide food for thought as to how ARPA funds might be effectively used to address problems communities currently face, particularly those relate to elimination of health and wellbeing disparities. A summation of the Council’s report is a supplement to this report for the edification of leaders determining the use of ARPA funds.
CONCLUSIONS

Vitalyst can and should continue to play a critical role in ensuring quality uses of ARP funds to address health and wellbeing disparities as well as track changes in health and wellbeing disparities across Arizona to see what impact ARP and other changes have produced. The report, How Governments can Leverage Federal Funds to Partner With Local Nonprofits, Kate Elizabeth Queram, Route Fifty, July 2, 2021, includes exceptional information that can be shared for best practices assistance to cities and counties in forming alliances with non-profits, and also best practices in use of ARP funds. The attached Appendix provides information from this report regarding CARES fund uses many entities across the country have implemented. These are presented as examples of the innovative ways ARP funds might be used. It should be noted there is more flexibility in ARP fund utilization than was provided for CARES monies.

RESOURCES

1. American Rescue Plan- Vitalyst Foundation Project overview PPT American Rescue Plan-Vitalyst Foundation Project Slide Pres. 5.10.21 FINAL.pptx
2. The MA Food System Collaborative website can be found here - https://mafoodsystem.org/news/localfoodsysarp/
3. And their specific toolkit can be found here - https://mafoodsystem.org/media/resources/pdfs/arpformunis.pdf
4. link to Arizona Housing Coalition’s COVID-19 relief funding tracker: https://docs.google.com/spreadsheets/d/1coI5D6FT-8n_pV7HTWMWCJfwf8lqDAj1jWHK0if7yCs/edit#gid=1873795459. Joanna Carr, the coalition’s Director of Policy and Research, maintains and updates it. The third tab has breakdowns for housing and homelessness funding from ARPA for the state.
8. Impact maker- letter to Doug Ducey
letter_to_governor_ducey_impact_maker_4.16.2021_FINAL.docx
10. 05-18-21 City Council Policy Session
12. North Carolina Association of County Commissioner- Resilience Initiative
https://www.ncacc.org/about/presidential-initiatives/2020-21-resilience-initiative-counties-strengthening-ncs-food-ecosystem/
13. Philanthropy in communities https://www.gih.org/from-the-president/how-philanthropy-can-help-communities-benefit-from-the-american-rescue-plan-act/?_cldee=c3BmaXN0ZXJJAdml0YWx5c3RoZWFsdGgub3Jn&recipientid=contact-6f5ea0824505e71180eefc15b428deec-60b5d2c489214ee095adc19f4e1489c2&esid=bef6f7f7-479d-eb11-b1ac-000d3a105545
15. American Rescue Plan Act information
https://dochub.com/delilar22/YpDBonNVrbW40XGVMX93r7/arizona-rescue-plan-summary-key-housing-provisions-pdf
16. Childcare funding- Arizona announces $9 million for child care providers
https://azgovernor.gov/governor/news/2021/05/arizona-announces-9-million-childcare-providers
17. The 10 priorities for Advancing Racial Equity through the American Rescue Plan
https://dochub.com/delilar22/qA8ldYxVE4DpWQ8K6MJrpP/recoveryguide-lj-2021-050621c-pdf
18. Executive Allocation of Discretionary COVID Funding program summary
19. AzPHA member public health policy update May 16, 2021
20. FACT SHEET: The Coronavirus State and Local Fiscal Recovery Funds Will Deliver $350 Billion for State, Local, Territorial, Tribal Governments to respond to the COVID-19 Emergency and Bring Back Jobs. [Link](https://dochub.com/delilar22/0YkWQ4BwYW29m7PKpl7A8q/slfrp-fact-sheet-final1-508a-pdf)

21. Improving Access to Care [Link](http://healthaffairs.activehosted.com/index.php?action=social&chash=56db57b4db0a6fcb7f9e0c0b504f6472.4220&s=1d46492f98a6e11822bbc7b58bac1526)


24. The Gallup Arizona Project [Link](https://www.arizonafuture.org/the-arizona-we-want/the-gallup-arizona-project/)

25. Policy Alert - Treasury Department Releases Funding Details for the American Rescue Plan’s State and Local Relief Funds [Link](https://federalpolicy.cmail19.com/t/ViewEmail/r/3BE44AC4D72E465F2540EF23F30FEDED/8FA22CB7612250452438807772DD75D1)

26. Final Draft SLFRF advocacy letter draft [Link](https://drive.google.com/file/d/1QnMOcmxzJy-Wc_Etx2wCH2N7K64sz7HP/view?usp=sharing)

27. Arizona Health Improvement Plan [Link](https://docs.google.com/document/d/1redAvoSL8MaUMJDZCA00aV_2wW7x9MTolvER)

APPENDIX 1

BEST PRACTICES EXAMPLES
How Governments can Leverage Federal Funds to Partner With Local Nonprofits,
Kate Elizabeth Queram, Route Fifty, July 2, 2021

While it is still early in the distribution and use of ARP funds to identify best practices from those allocations and uses, there is much to be learned from actions taken during the last many months with federal funds provided through the CARES Act to state and local governments to address the impacts of the pandemic. Nothing in the ARP Act prevents state and local governments from using federal coronavirus relief funds to partner with nonprofit organizations in their communities, aiding local recovery efforts by expanding existing programs or creating new ones. Nonprofits and governments are natural partners, serving the same constituents in the same communities. Partnerships between the sectors allow for leveraging of resources, relationships, and strengths to serve those communities even better. The National Council of Nonprofits (NCN) has provided a report on many of the best practices combining government and nonprofits using CARES Act funds that provides a foundation for those planning the use of ARP Act funds. The following information is taken from the NCN report.

In 2020, more than half the states and the District of Columbia created more than 50 relief funds and grant programs for small businesses and nonprofits using CARES Act Coronavirus Relief Fund monies. While the situations may differ at this point, there is much to learn from the strategies implemented with CARES Act funds. The experiences in those programs helped shape principles and recommendations that serve as successful models for relief programs. The $350 billion in the ARP Act allows even more flexibility than the CARES Act did. This flexibility gives governments and nonprofit partnerships the opportunity for more creativity for greater impact in their communities. The following examples are a sampling of different models of programs that state, local, Tribal, and territorial governments can create to ensure that nonprofits – and the people they serve -- are able to participate in programs funded by the ARPA funding. The models are organized by:

(1) Lifting unemployment insurance burdens off employers

(2) Creating relief and recovery funds and grants for nonprofits to use in their communities

(3) Streamlining government grants and contracts for nonprofits
(4) Expanding and replicating innovative nonprofit programs to help communities respond, adapt, and recover

1. Lifting Unemployment Burdens Off Employers

Economic recovery from the pandemic requires that employers bring people back to work. Removing the heavy burden of outstanding and/or looming unemployment costs off the necks of employers of all types must be a priority of governments if local economies are going to recover and expand. Employers across the country are facing exorbitant unemployment costs caused by the pandemic. The CARES Act’s Coronavirus Relief Fund was more restricted than the ARPA.

Recognizing the strains on states and employers alike, Congress expressly authorized governments to use their allocations of the ARPA relief funds to bring unemployment systems back to pre-pandemic levels. States may do so by depositing ARPA funds into their state’s unemployment trust funds or paying off unemployment insurance loans from the U.S. Department of Labor. Restoring the trust funds to pre-pandemic levels would avert tax hikes on contributing employers in the states. The result would be that contributing employers, relieved of this daunting financial burden, would be able to invest funds they would have used to pay unemployment taxes to instead rehire people or even expand employment and operations at a time when the economy needs help recovering. Those solutions would hold contributing employers harmless for the unemployment costs of the pandemic – that is, those employers will not suffer any negative financial consequences in the unemployment system due to pandemic-related layoffs. But what about reimbursing employers that have never received the same absolute relief from federal legislation and only partial relief from some states? Contributing employers and reimbursing employers suffered from the exact same health and economic crisis. Last year, several states answered that question by saying it absolutely would be unfair for governments to protect one set of employers (contributing employers) from dramatic cost hikes while leaving the other set of employers (nonprofits and local and Tribal governments) financially liable for essentially the same unemployment burdens. To correct that unfairness, about a dozen states provided needed relief to reimbursing employers. However, that relief has largely expired or must be revised to hold these innocent employers harmless from these pandemic-caused costs from which their contributing counterparts have been protected. We strongly recommend that states provide the same level of protection granted to contributing employers – zero costs from the outset of the pandemic – to all. The Treasury Department has made clear that using the ARPA relief funds to avoid unemployment insurance tax rate increases is permissible and does not run afoul of the ARPA provision preventing usage of these funds to provide tax cuts or delay
tax hikes. This equal treatment can be achieved by states and localities by: (i) cancelling all unemployment bills for COVID-related layoffs; and (ii) repaying these employers for the amounts paid on unemployment costs charged to them since the declaration of the national emergency on March 13, 2020.

The following are examples of actions taken by states that can serve as models of the three forms of relief that are needed to make all employers whole for costs incurred or threatened due to layoffs caused by the pandemic.

**Shore Up UI Trust Funds for Contributing Employers**

- In 2020, lawmakers in several states (Louisiana, Maine, Minnesota, and Pennsylvania) provided immediate relief for contributing employers, including for-profit and some nonprofit employers, by using Coronavirus Relief Fund monies to cover the losses of those tax revenues resulting from cancellation or delay of unemployment insurance tax rate increases during the pandemic.

- South Carolina: Lawmakers authorized use of up to $500 million of CARES Act funds to reimburse the state Unemployment Insurance Trust Fund.

**Pay Off Unemployment Loans from the Federal Government**

- Hawaii: Lawmakers appropriated $700 million from CARES Act money to repay the federal government for the unemployment insurance loan taken by the state.

**Provide 100% Retroactive Relief for Reimbursing Employers**

- Delaware: The state permitted nonprofits with a balance of reimbursable unemployment claims related to COVID-19 to self-certify and request that CARES Act funding be allocated to their accounts, resulting in the cancelation of unemployment costs charged to them in 2020.

- Kentucky: The Governor directed $51.5 million in federal CARES Act funding to be used for unemployment insurance relief for reimbursing employers in the state. The announcement clarified that the Governor was applying CARES Act funds to “eliminate the other 50 percent owed to the state Unemployment Insurance Trust Fund by [reimbursing] employers.” The relief helped nearly 1,000 nonprofits in the Commonwealth so they could keep advancing their missions for people in local communities, according to the Kentucky Nonprofit Network.

- North Carolina: Legislators acted at the start of their 2021 legislative session to extend the noncharging period for COVID-related unemployment claims for reimbursing employers through the end of 2021, building on previously enacted
legislation. The action resulted in the state not charging reimbursing employers the remaining costs not covered federally under the ARPA.

2. Creating Relief and Recovery Funds and Grants for Nonprofits to Use in Their Communities.

The most common form of relief that state and local governments provided nonprofits last year was economic support though relief funds and grant programs for nonprofits and small businesses. The most successful relief funds and grant programs provided set asides and easy access for nonprofits during the height of the pandemic and allowed for strong partnerships between governments and nonprofits. Keys to successful implementation included quick processing, nonprofit-experienced administration, minimal paperwork for applications and back-end reporting, and large funding set asides to avoid unnecessary competition between smaller nonprofits and other entities.

The following examples show different ways that governments can structure these programs using ARPA funds.

• New Hampshire Nonprofit Emergency Relief Fund: New Hampshire was the first state in 2020 to set aside Coronavirus Relief Fund monies ($60 million) for nonprofits. It was overseen by the Governor’s Office for Emergency Relief and Recovery Stakeholder Advisory Board. All New Hampshire-based 501(c)(3) nonprofits not assisted through other funding opportunities (e.g., hospitals, colleges, and universities) that were experiencing necessary expenditures and/or losses due to the COVID-19 public health emergency were eligible for funding under the program. Awards were based on actual expenses, net actual losses of revenue, projected expenses, or net projected losses of revenue due to COVID-19. The fund was administered through a true government-nonprofit partnership between the New Hampshire Center for Nonprofits, the New Hampshire Charitable Foundation, and the state’s Community Development Finance Authority. Executive Branch Grant Program

• Montana Coronavirus Relief Grants: A special Coronavirus Relief Fund Advisory Council made recommendations for how the state could best use the state’s allocation of CARES Act funding. The Montana Department of Commerce then created, approved, and administered various grant opportunities based on 30 distinct program areas for nonprofit organizations and for-profit businesses in the state. The program areas ranged from agriculture to business adaptation, innovation, and stabilization to childcare, food banks and food pantries, the arts, private and public schools, and loan deferment. The Department awarded more than $786 million at levels ranging from
less than $30 to more than $800,000. Legislative Branch created the Nonprofit Relief Fund.

- **South Carolina Nonprofit Relief Grant Program:** At the end of their 2020 legislative session, South Carolina legislators established a nonprofit-entity reimbursement grant program under the SC Grant Management Program. Lawmakers appropriated $25 million for grants of up to $50,000 to qualifying nonprofit entities to cover two-month’s payroll expenses. Together SC, the state association of nonprofits in South Carolina, advocated for the program to ensure as many nonprofits in the state as possible were eligible to apply. Nonprofit Administered Grant Program.

- **Minnesota Small Business Relief Grant:** Lawmakers in Minnesota approved $60.3 million for grants of up to $10,000 for small businesses and nonprofits that could “demonstrate financial hardship as a result of the COVID-19 outbreak.” The program was unique in that it selected awardees through a “computer-generated, randomized selection process.” The randomized process included prioritization of targeted groups (veteran, woman, or minority-owned businesses, and microbusinesses with fewer than six full-time employees), as well as geography. While the Minnesota Department of Employment and Economic Development oversaw the program, “awards were disbursed and administered by qualified local and regionally based nonprofit organizations.”

- **Tennessee Community CARES Program:** The largest nonprofit-specific grant program in 2020 was for $150 million in Tennessee. The program tapped four United Ways, the Women’s Foundation for a Greater Memphis, and the Second Harvest Food Bank of Middle Tennessee as grant-administrators, which “helped decentralize the work” and to “ensure the basic eligibility standards and screening was applied.” Nonprofit grant-administrators recognized nonprofit specific needs for applications, monitoring and oversight, and back-end reporting. The Department of Human Services and the nonprofit grant-administrators received 1,350 applications seeking $435 million in proposed expenses to support diverse populations and communities across the state.


The Treasury Department advised governments receiving Coronavirus State and Local Fiscal Recovery Fund monies that most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to these funds, including the Cost Principles and Single Audit Act requirements. The important point from the nonprofit perspective is that governments must reimburse nonprofits for the indirect costs they incur while performing services on behalf of the governments. Thus, the federal government
continues to insist that when its funds are used to pay nonprofits, the nonprofits must be reimbursed fairly for the costs they incur when serving the public.

• New York City: Prior to the pandemic, nonprofits in New York City partnered with the Mayor and City Council to establish the Indirect Cost Rate Funding Initiative to correct systemic underfunding of nonprofit organizations on which the City relied. The pandemic, however, imposed significant stress on City finances, leading to budget proposals that would have restricted indirect cost reimbursements to just 70 percent of true costs. The relief under the ARPA has allowed City leaders to reverse course and ensure that nonprofit human services providers receive 100 percent of funding for their approved indirect costs this year.

• Other Examples: In January, the District of Columbia enacted the Nonprofit Reimbursement Fairness Act to ensure that government grantees receive payment of their indirect costs as required under the Uniform Guidance (see above). Similar legislation is pending in Massachusetts with the goal of “enhancing the effectiveness of nonprofits’ core mission work through full cost funding.”

Make Prompt and Full Payments for Services Rendered

• New York: Several governments, including New York State, shifted their financial burdens onto nonprofits during the pandemic by suspending prompt payment laws and reducing how much they reimburse nonprofits for services previously rendered. New York’s Governor issued an executive order suspending prompt payment laws and authorized government agencies to withhold up to 20 percent from amounts owed to nonprofit service providers, essentially requiring nonprofits to underwrite the state’s financial obligations for the duration of the pandemic. In a letter to the Governor, a coalition of nonprofit organizations stated, “The sector cannot provide the necessary services and jobs New York needs to recover if the State is unwilling to honor its financial commitments to pay for the services it has contracted nonprofits to provide, while also asking nonprofits to continue to provide those services at great financial risk.” It is essential that governments use their share of the ARPA funds to pay their bills for services already rendered on their behalf – not as a benefit to nonprofits, but as acts of fiscal and moral responsibility.

Relieve Contractual Performance Obligations During Times of Crisis

• Failure to Perform Waivers: The Office of Management and Budget, in Memorandum 20-17 issued on March 19, 2020, encouraged federal agencies to relax administrative and performance requirements during the public emergency, recognizing that many governmental grantees and contractors would not be able to
fully perform due to shutdown orders and public safety requirements. Examples of this flexibility at the state level include New Jersey, which enacted a penalties waiver law, and California, where pending legislation would allow nonprofits with state contracts for "non-essential" services to continue to receive payments during emergencies despite changes to contract performance due to the emergency.

- Recognize and Overcome Nonprofit Challenges: Policymakers in numerous jurisdictions are taking action to address challenges nonprofits have faced for years, but that the pandemic has exacerbated. For example, a new law in Colorado permits a state agency to pay up to 25 percent of the total value of payments to the grantee immediately upon execution or renewal of the contract, thereby preventing late payment and underpayment challenges confronting nonprofits. A bill in California would require each state agency doing significant business with or has policies that affect nonprofits to designate a nonprofit liaison to address nonprofit complaints, provide technical assistance on agency policy compliance, develop innovative contracting policies, and report nonprofit concerns to agency leadership.

4. Expanding and Replicating Innovative Nonprofit Programs to Help Communities Respond, Adapt, and Recover

Charitable nonprofits are often the first to respond when crises erupt, and this was no different with the COVID-19 pandemic. Nonprofits developed innovative programs and services to meet the changing needs within their communities. This final portion of the Special Report offers inspiring examples of successful programs that government-nonprofit partnerships can replicate, adapt, and expand to benefit people and help communities recover.

Job Retention, Creation, and Workforce Development

- Expanding the Pool of Qualified Employees: The pandemic hit frontline human service and behavioral health providers particularly hard. Job recruiting and retention remains the number one issue in many locations, so Ascentria Care Alliance and a coalition of human service and behavioral health providers in Massachusetts focused on reducing the drastic shortage of direct care workers. They have applied for a federal earmark to create an Augmented Support Employee Program to attempt to expand the pool of potential hires. The program would address skills-based and “life challenges” impediments to employment opportunities, particularly for women and people of color. The program supplements training with additional wraparound services, delivered via coaches, such as language and cultural training, transportation, legal services, and childcare to help attract and retain employees.
• Goodwill Industries®: Partnerships with other nonprofits allowed local Goodwill® organizations across the country to offer job training and workforce development opportunities for young persons and people who experienced job loss during the pandemic. In California, Goodwill of Silicon Valley, as a city contractor, provided case management for San Jose CARES WEX, a CARES Act-funded work experience program for individuals who suffered job loss or other impacts due to the coronavirus. In Texas, Goodwill San Antonio and Project Quest provided financial assistance of up to $450 per week to 75 people in vocational training who became unemployed because of COVID-19. Other CARES Act dollars are being used by local Goodwills in South Carolina and Washington State to offer “career navigator” services to assist people searching for jobs and create paid internship positions, respectively.

Childcare to Support Essential Workers

• Community Action Partnership: The majority of Head Start programs in Washington, DC were closed at the start of the pandemic. The local government turned to the United Planning Organization to transform the programs to provide childcare for essential workers. Once schools went completely online, the organization then worked to provide 300 laptops, 600 gift cards for food, and 800 supply bags with formula and diapers for local families. On the other side of the country, the Opportunity Council in Washington State worked with the Bellingham Regional Chamber of Commerce to combat a childcare desert and provided grants totaling more than $600,000 using CARES Act funding for licensed family childcare homes and facilities owned and operated by people of color, especially those caring for children of essential workers.

Education

• Remote Learning Site Grant: In 2020, North Carolina lawmakers appropriated $19.85 million for community-based organizations for a “grant program to facilitate remote learning opportunities during the COVID-19 pandemic.” The YMCA acted as the fiscal agent and all North Carolina YMCAs, YWCAs, Boys and Girls Clubs, county and municipal parks and recreation departments, and community-based organizations were eligible for grants up to $100,000. The NC Alliance of YMCAs announced that 116 organizations statewide with 287 remote learning sites were approved, serving approximately 14,000 students. All eligible applications were approved.

• Expanded Education Access: When the pandemic forced the Louisiana Children’s Museum in New Orleans to close its doors to the public, the Museum invited a school to use the space as a satellite site for learning. It partnered with the Langston Hughes
Academy, which has a student population of 98 percent Black and 74 percent eligible for free lunch. The school’s pre-kindergarten and kindergarten classes enjoyed exclusive access to space designed for 4- to 8- year-olds, through the end of the year. A local foundation provided $25,000 for janitorial, facility, exhibit maintenance, and educational support costs.

- Education Supply Distribution: The Wenatchee Valley Museum & Cultural Center in Washington State, despite closing its facility’s doors during the pandemic, continued its mission and dedication to students in the area by providing art supplies and science exploration kits to local children. To support parents who suddenly found themselves teaching and keeping kids at home when schools closed in March 2020, the Museum utilized the public school lunch distribution sites for instructional art and STEM videos to keep kids active and engaged from home. The Museum continued this program even after schools reopened, offering free STEM, history, art programs virtually for teachers and parents.

- Ready Together Oklahoma: In May 2021, the Oklahoma State Superintendent of Public Instruction launched the Ready Together Oklahoma action plan along with education stakeholders to “bolster accelerated learning, strengthen instruction, and address socioemotional issues due to the pandemic.” Under the plan, Oklahoma City Public Schools are working with community partners to provide summer enrichment and learning loss programs to support student success. Local YMCAs and Boys & Girls Clubs are to receive $2.7 million from the ARPA education funding as part of the action plan.

- Houses of Worship: Churches in Washington, DC and elsewhere across the country volunteered as vaccination clinics to build trust with their communities. The District’s pilot program was started in response to vaccine hesitancy and to improve access within neighborhoods disproportionately affected by the pandemic. Places of worship served as an easily accessible location for community members and allowed people to be amongst family and friends while receiving the vaccine.

- Museums: In New York City, the American Museum of Natural History “whale-comed” people to get vaccinations under its massive blue whale, providing an entertaining and educational environment that allowed for social distancing and other health and safety measures. The location placed a “particular focus on public housing residents, museum staff, and cultural workers.”

- Community Action Agencies: In a typical year, more than 300 Community Action Agencies provide health services to their communities, serving more than 600,000 people. During the COVID-19 vaccine rollout, hundreds of additional Community
Action Agencies located all across the country responded to the “need for equitable access to vaccinations” by creating and implementing plans for appointments, transportation, and providing vaccinations for underserved populations using CARES Act funds. For instance, the Community Action Corporation of South Texas distributed 10,000 vaccinations in two months, despite a historic snowstorm that caused power outages and disrupted travel. In New Jersey, Greater Bergen Community Action worked with Bergen New Bridge Medical Center, County of Bergen, and Bergen Coalition of Black Clergy to make vaccine appointments for people of color in the county.

- Connecticut: As a part of the Connecticut Governor’s proposal to use the state’s ARPA funding for direct state fiscal relief, $50 million would go to nonprofit social service agencies for COVID-19 testing, psychiatric care, mental health and addiction problems, and childcare.

- Connecticut: Governor Lamont proposed in late April that the state use its ARPA dollars to provide free access to participating museums in the state for children 18 and under plus one accompanying adult this summer. The Governor proposed providing $15 million in total to the participating museums, administered by the state Department of Economic and Community Development’s Office of the Arts, to cover the loss in revenue and promote sustainability. Children would receive educational and cultural enrichment while addressing some of the physical and social impacts of the pandemic.

Food Access

- Meals Delivery Programs: Some nonprofits serve people who cannot be reached through vaccine outreach activities due to geographical, physical, technological, or other barriers. This is the case for 23 homebound Suffolk Meals on Wheels clients in Virginia who receive regular meals through the program. Recognizing the opportunity to provide greater access to public health, the nonprofit partnered with Suffolk Fire and Rescue and the Bayview Physicians Group to provide doses of the COVID-19 vaccine to the seniors, a partnership that provided the added benefit of building relationships and trust between the residents and outside providers. In Maine, Spectrum Generations Meals not only doubled its meal production and packing operations during the pandemic, it also procured and delivered Personal Protective Equipment along with its personal support services and community case management services. Working with a coalition, they now also help run vaccination clinics and transportation services for inhome vaccination appointments. Sustaining Nonprofit Operations
• Expanded Food Access: Museums across the country expanded their programming and services to act as food hubs and distribution centers during the pandemic. In Iowa, for example, Brucemore partnered with Feed Iowa First to give fresh produce from its garden as part of providing 48,6000 pounds of fresh produce to over 5,500 households in the state. George Washington’s Mount Vernon in Virginia donated hundreds of pounds of vegetables, grown in the estate’s gardens, to area foodbanks. The Howell Living History Farm in New Jersey shifted its crop production to food that could be distributed by local food banks, helping over 12,000 people in its community.

• Expanded Reach: Meals on Wheels PLUS of Manatee County, Florida opened food distribution centers near Title I schools to expand their reach during the pandemic. The nonprofit provided fresh fruits and vegetables, a luxury when people could not travel to grocery stores, to local students and their families in response to the “exponential increase” in need. It distributed more than a half million meals to over 15,500 families between March and September 2020.

• Community Action Partnership: The Hawkeye Area Community Action Program in Iowa reported a 540 percent increase of food purchased and distributed from 2019 to 2020, including more than 12 million pounds of food, and served more than double the number of households through mobile food pantries. In Vermont, Southeastern Vermont Community Action worked with local restaurant owners and food producers to provide more than 530,000 meals across the state by paying participating local restaurants $10 per meal and requiring that 10 percent of the food be sourced from Vermont suppliers and farmers. The program acted as “lifeline for those growing and providing the food, as well as those serving the meals” and the recipients.

• Keystone Community Services: The capacity for food assistance and access in St. Paul, Minnesota will soon be expanded due to a newly purchased 20,000 square foot building by Keystone Community Services. The large project is part of a four-year strategic plan that was accelerated due to the pandemic. It will allow the organization, which saw a 93 percent increase in demand for services from 2019 to 2020, to increase efficiency and serve more people in the area. More than 50,000 people are expected to benefit from the new space by the end of 2022. The organization will continue to maintain operations for its three other locations in the city.

Housing

• Cost of Home: Habitat for Humanity’s Cost of Home initiative is a long-term, ongoing advocacy campaign to address housing affordability and stability. At the start
of the pandemic, Habitat for Humanity “quickly expanded … existing advocacy efforts to help millions of individuals … struggling with housing insecurity as a result of the economic impacts of COVID-19.” Affiliates across the country successfully secured record investments in housing, emergency funding supplies, improved living conditions, rental and mortgage assistance, eviction, and foreclosure protections. Plus, they advocated and advanced policy priorities and trained new advocates. Each action was necessary to respond to the increased demand for housing stability caused by the pandemic.

• Combatting Homelessness: Goodwills in Maine and Oklahoma utilized CARES Act money for homeless programs. The Maine Bureau of Veteran’s Services partnered with Goodwill Northern New England and other nonprofits to reduce homelessness in their community. Goodwill Industries of Central Oklahoma received an $830,000 grant to help homeless veterans and their families with employment consulting, housing, and legal assistance.

• Homeless Shelters: People in Maryland, Missouri, and Vermont benefited when local Community Action Agencies provided homeless shelters throughout the pandemic. The Human Services Program of Carroll County in Maryland was the only shelter system in the state to continue to take new people during the pandemic. In Missouri, the Community Action Partnership of Greater St. Joseph operated a low-barrier shelter, open 24 hours a day, seven days a week. CAPSTONE Vermont relocated residents from a local emergency shelter to area motels to allow for COVID safe distancing, and it partnered with local faith groups and the Salvation Army to prepare three daily meals for the guests.

• Rental Assistance: Many Community Action Agencies and/or state associations served as the administrator for rental relief programs to provide funding for eligible households. For example, in Maine, the state association provided $24 million for thousands of households in 2020 and more than $9 million to nearly 10,000 households thus far in 2021. Community Action Agencies in Ohio administered more than $47 million of Coronavirus Relief Fund monies to assist 18,000 households in less than three months. The Governor and legislators subsequently appropriated an additional $670 million for rental and utility assistance.

• Utilities Assistance: From the onset of the pandemic, Community Action Agencies in several states have worked with families to quickly access available state and local funding to cover water and utilities bills. In Maryland, the Harford Community Action Agency worked with Harford County to determine that more than 5,000 households were behind on water and sewage bills, resulting in the allocation of more than a
million dollars in CARES Act funding to cover those costs. The 23 Community Action Agencies in Kentucky worked together with the Kentucky Public Services Commission, Kentucky Cabinet for Health and Family Services, and Governor’s Office to provide $14 million to help families get ahead of water and utility debt. In Tennessee, the Knoxville-Knox County Community Action Committee received funding from the state utility board, U.S. Department of Health and Human Services, Project HELP, and CARES Act funds, administered by the United Way, to help nearly 8,000 households avoid utility shutoffs.

Connectivity

• Technological Assistance: The Metropolitan Alliance of Connected Communities (MACC) in Minnesota supports 38 human service nonprofits with their client data system, data strategy, and capacity building. Beginning in March 2020, MACC received increased requests for remote service-delivery, distance interactions, and privacy and security in digital engagement because of public health concerns resulting from the pandemic. The organization was able to utilize onetime funds to help food shelves and other services to be more responsive and increase access to services through secure data systems and remote interaction technology.

• Digital Equity Fund: The Mayor of Boston reopened the Digital Equity Fund to award $250,000 in grants to local nonprofits working to increase digital equity. The grants, ranging from $5,000 to $35,000, are funded in partnership with the City of Boston’s Age Strong Commission and the Department of Innovation and Technology. Nonprofits serving neighborhoods disproportionately impacted by the pandemic were prioritized and other nonprofits serving older adults, persons with disabilities, non-English speakers, public housing residents, and unemployed persons were strongly encouraged to apply. The Mayor’s emergency relief plan using the City’s ARPA dollars includes $2.4 million allocated for expanding digital equity and access.

• Telehealth Services: During the COVID-19 pandemic, Jewish Federations of North America worked with many Jewish family service agencies, nursing homes, and hospitals to provide a wide variety of vital health, behavioral health, and long-term care services through telehealth. In particular, audio-only (telephone) telehealth options have allowed partner agencies to meet patients and clients wherever they are according to individual needs. Many of the older adults served were unable to access broadband, could not afford or use a smartphone, struggled with digital literacy, or suffered from cognitive, visual, or other physical impairments that inhibit their ability
to utilize video-enabled technology. The ability to connect this aging population with health care providers was literally a lifesaver.