

Allocations of American Rescue Plan Act Funds

Program Summary

Overview

The federal American Rescue Plan (ARP) Act of 2021 (P.L. 117-2) was enacted on March 11, 2021. The Executive Branch has discretion in allocating monies from several ARP funds.

[Laws 2021, Chapter 405](#), the Procedures Budget Reconciliation Bill (BRB), required that, prior to spending \$10.0 million or more from certain ARP funds, the relevant agencies must notify the President of the Senate, Speaker of the House of Representatives, Appropriations Committee chairpersons, and the Joint Legislative Budget Committee Director on the intended use of the monies. The reporting requirements are for:

- The Governor's Office on the Coronavirus State Fiscal Recovery Fund and the Coronavirus Capital Projects Fund.
- The Superintendent of Public Instruction on the Elementary and Secondary School Emergency Relief Fund.
- The Arizona Board of Regents on the Higher Education Emergency Relief Fund.

The Arizona Supreme Court recently ruled the Procedures BRB unconstitutional. The Governor's Office, however, is continuing to make legislative notifications.

This report contains information on allocations from the Coronavirus State Fiscal Recovery Fund and the Coronavirus Capital Projects Fund. This update to our program summary includes \$10.0 million for the Open for Learning Recovery Benefit.

Coronavirus State Fiscal Recovery Fund

Arizona will receive a total of \$4.2 billion from the Coronavirus State Fiscal Recovery Fund. The state has received the first tranche of \$2.1 billion. Both tranches of Coronavirus State Fiscal Recovery Fund monies are available through December 31, 2024. From notifications from the Governor's Office as required by Laws 2021, Chapter 405 as well as other sources, we are aware of \$1.6 billion in allocations. *Table 2* groups these allocations by subject area and agency. For allocations of \$10.0 million or more, the notification number is listed as well.

Broadband

Notification 1 – Broadband Infrastructure

- Arizona Department of Transportation: [\\$100.0 million](#) to expand broadband infrastructure along I-17 and I-19. The project will transition to the Coronavirus Capital Projects Fund once those monies are available; at that time, the initial \$100.0 million distribution will revert back to the Coronavirus State Fiscal Recovery Fund. We had incorrectly reported that these monies were replaced by the Notification 13 allocation from the Coronavirus Capital Projects Fund and had removed this allocation in previous versions of this document.

Criminal Justice

Victims Compensation and Assistance Fund

- Arizona Criminal Justice Commission: [\\$1.2 million](#) for financial support to victims of crime. Recipients may use funds for medical or dental needs; mental health counseling; funeral and burial costs; lost wages or loss of support; crime scene clean-up; some transportation costs; and responding to economic consequences of COVID-19. Because the allocation was below \$10.0 million, it did not generate a notification letter.

Education

Notification 5 – Education Plus-Up Program

- Office of the Governor: [\\$163.0 million](#) to Local Education Agencies (LEAs) that received less than \$1,800 in per-pupil funding from the Enrollment Stabilization Grant program and federal Elementary and Secondary School Emergency Relief Funds. To be eligible for funding, LEAs must be in compliance with all state laws, including section 12 of [Laws 2021, Chapter 404](#), which prohibits mask and vaccine mandates.

Notification 6 – COVID-19 Educational Recovery Benefits

- Office of the Governor: [\\$10.0 million](#) to provide up to \$7,000 per student for child care, transportation, tutoring, and tuition expenses. To be eligible, families must have a household income at or below 350% of the federal poverty level, and students must be attending schools that have mask mandates, require students to isolate or quarantine, or provide preferential treatment to vaccinated students.

Notification 7 – Expand Learning Initiative

- Office of the Governor: [\\$20.1 million](#) for the following programs:
 - \$12.0 million for Goodwill Excel Centers, which award industry-recognized certifications and high school diplomas to adult learners,
 - \$5.0 million for the Elevated Education Teen Victory Program, which provides academic support to teens and young adults,
 - \$1.6 million to establish the Leading Men Fellowship in partnership with the Literacy Lab to recruit and train students in minority communities to provide evidence-based early literacy and social-emotional education, and
 - \$1.5 million for evidence-based literacy coaching through a contracted vendor.

Notification 18 – Open for Learning Recovery Benefit

- Office of the Governor: [\\$10.0 million](#) to provide up to \$7,000 per student for Department of Economic Security-approved child care, transportation, tutoring, tuition, and school supplies. Students are eligible if their school or classroom was closed for in-person instruction on or after January 3, 2022.

Employment

Notification 2 – Unemployment Insurance Trust Fund

- Department of Economic Security: [\\$758.8 million](#) deposit.

Notification 3 – Return to Work Bonus Program

- Department of Economic Security: [\\$238.4 million](#) for one-time bonuses for individuals who were receiving unemployment benefits as of May 15, 2021. The bonus for full-time jobs is \$2,000, and for part-time work is \$1,000. To be eligible, individuals must make \$25 per hour or less, begin working by September 6, 2021, and complete at least 10 weeks of work.

Notification 10 – Small Business Hiring and Retention Program

- Office of the Governor: [\\$10.0 million](#) for assistance to businesses owned and operated in Arizona. Businesses must have between 5 and 25 employees that work at its physical location (those affected by wildfires or floods may have up to 50 employees). Businesses may receive up to \$10,000 for employee hiring, signing, relocation, and retention bonuses. This program received 2 allocations of \$5.0 million each, for a total of \$10.0 million. Because the [initial allocation](#) was below \$10.0 million, it did not generate a notification letter. The Governor's Office notified the Legislature of the second allocation.

Government

State Employee Premium Pay Initiative

- [\\$95.0 million](#) for FY 2022 critical services premium pay increases to select positions employed by the state. *Table 1* lists agencies with select positions that will receive premium pay. The Executive has indicated that the increases would occur starting in December 2021 and that employees at the Department of Corrections and Department of Juvenile Corrections will receive a temporary 20% pay increase, Department of Public Safety 15%, and the other listed agencies 10%.

Health

Notifications 8 and 16 – Hospital Staffing

- Department of Health Services: [\\$88.0 million](#) for staffing at health care facilities in rural and underserved areas of the state. Notification 8 allocated \$60.0 million, and Notification 16 allocated an additional \$28.0 million.

Table 1	
State Employee Premium Pay Initiative	
<u>Agency</u>	<u>Allocation</u>
Department of Child Safety	\$7,105,009
Department of Corrections	56,300,515
Department of Economic Security	5,182,183
Department of Health Services	2,750,345
Department of Juvenile Corrections	3,289,737
Department of Public Safety	18,571,940
Department of Transportation	1,023,701
Department of Veterans' Services	728,226
Total	94,951,656

Infant CPR Anytime Kits

- [\\$400,000](#) to the American Heart Association, which will collaborate with neonatal intensive care units in Maricopa County hospitals to reach 5,000 families with Infant CPR Anytime Kits. Because the allocation was below \$10.0 million, it did not generate a notification letter.

Notification 17 – COVID-19 Testing

- Department of Health Services: [\\$10.0 million](#) for COVID-19 testing in partnership with Arizona State University.

Housing

Notification 12 – Affordable Housing and Homelessness

- Department of Housing: [\\$40.7 million](#). This amount consists of:
 - \$10.0 million to the Arizona Housing Coalition to allocate to counties for services and resources for those experiencing homelessness,
 - \$7.5 million to the Arizona Coalition to End Sexual and Domestic Violence (ACESDV) to allocate to counties for services and resources to survivors of domestic violence,
 - \$7.2 million for Native American Connections to acquire a 58-bed transitional housing facility for youths experiencing homelessness,
 - \$5.0 million to Chicanos Por La Causa for personnel to assist with housing services,
 - \$4.0 million to ACESDV for domestic violence providers serving tribal communities,
 - \$2.5 million for Home Matters to Arizona to support affordable housing and transitional, homeless, and domestic abuse shelters,
 - \$1.9 million for Habitat for Humanity Tucson for job training programs and affordable housing,
 - \$0.5 million to one-n-ten to provide housing for LGBTQ+ youth facing housing insecurity,
 - \$0.4 million for Tanner Community Development Corporation to provide housing for veterans experiencing homelessness,
 - \$0.4 million to Circle the City for mental health services to those experiencing homelessness,
 - \$0.3 million for Native Americans for Community Action for services to individuals experiencing homelessness,
 - \$0.3 million for Primavera Foundation to renovate and expand affordable housing units,
 - \$0.3 million to First Place Arizona for independent living outreach, health programming, community engagement, and mental health coordination for neurodiverse individuals,
 - \$0.3 million to Southern Arizona AIDS Foundation for counseling and housing programs for those living with HIV/AIDS and LGBTQ+ youth facing housing insecurity,
 - \$0.3 million to Tohdenasshai Committee Against Family Abuse for child care and transportation services at its domestic violence shelter on the Navajo Nation,
 - \$0.1 million for Free Arts to provide art supplies to children in shelters and facilities, and
 - \$0.1 million to Streets of Joy for shelter and counseling services to those with mental illness and formerly incarcerated individuals.

Tourism

Notification 4 – Visit Arizona Initiative

- Exposition and State Fair Board – State Fair Reopening: [\\$2.0 million](#) for infrastructure improvements, security, and other expenses.
- Office of the Governor – County Fair Promotion: [\\$2.3 million](#) to the County Fairs Livestock and Agriculture Promotion Fund.
- State Parks Board – Parks and Trails Improvements: [\\$25.0 million](#). Of this amount, \$20.0 million is allocated for capital improvements to parks and trails, and \$5.0 million is appropriated to the State Parks Heritage Fund for open space development, restoration or renovation, historic preservation, and outdoor education. An additional \$15.9 million was allocated in Notification 14 (see further discussion under "Water" below).
- Office of Tourism – Visit Arizona Initiative: [\\$71.8 million](#). This amount consists of:
 - \$25.0 million to attract and sponsor conferences, expositions, festivals, and other events that support the travel and hospitality sectors,
 - \$20.0 million for Destination Marketing Organizations,
 - \$8.0 million for improvements to major outdoor attractions,
 - \$8.0 million for improving water conservation at older golf courses,
 - \$5.8 million to expand existing Office of Tourism programs, including Rediscover Arizona Marketing; AZ Meetings Mean Business Campaign; the Arizona Lodging and Tourism Association's job fairs, continuing education programs, and talent pipeline development; and Local First Arizona's Rural Destination Development Program,
 - \$2.5 million to attract new international flight routes, and
 - \$2.5 million for domestic travel destination marketing.

Water

Notification 9 – Water Infrastructure Grants

- Department of Water Resources: [\\$20.0 million](#) for the rehabilitation and construction of wells and water-related infrastructure to provide groundwater to irrigation districts.

Notification 11 – Colorado River Water Conservation Project

- Department of Water Resources: [\\$30.0 million](#) for water conservation payments to users that forgo water deliveries from the Colorado River and Lake Mead.

Notification 14 – Wastewater Infrastructure in State Parks

- Department of Administration: [\\$15.9 million](#) for wastewater infrastructure projects. These monies are in addition to the \$25.0 million allocated to the State Parks Board in Notification 4, for a total of \$40.9 million. ADOA will receive \$30.9 million of the \$40.9 million to administer the wastewater infrastructure projects on behalf of the State Parks Board.

Coronavirus Capital Projects Fund

Arizona will receive \$190 million from the Coronavirus Capital Projects Fund. These monies are available until expended. From notifications from the Governor's Office as required by Laws 2021, Chapter 405 as well as other sources, we are aware of \$100 million in allocations. *Table 3* lists these allocations, along with the notification number.

Broadband

Notification 13 – Arizona Broadband Development Grants

- Arizona Commerce Authority: [\\$100.0 million](#), consisting of \$75.0 million for rural projects and \$25.0 million for urban projects. In previous versions of this document, we had incorrectly reported that these monies replaced the Notification 1 allocation from the Coronavirus State Fiscal Recovery Fund.

Table 2

**Allocations of American Rescue Plan Act Funds
Coronavirus State Fiscal Recovery Fund**

	<u>Amount</u>	<u>Notification</u>
<u>Broadband</u>		
Department of Transportation	\$100,000,000	1
<u>Criminal Justice</u>		
Arizona Criminal Justice Commission – Victim Compensation and Assistance Fund	1,200,000	N/A
<u>Education</u>		
Office of the Governor		
Education Plus-Up Program	163,000,000	5
COVID-19 Educational Recovery Benefits	10,000,000	6
Expand Learning Initiative	20,100,000	7
Open for Learning Recovery Benefit	10,000,000	18
<u>Employment</u>		
Department of Economic Security		
Unemployment Insurance Trust Fund	758,826,752	2
Return to Work Bonus Program	238,400,000	3
Office of the Governor – Small Business Hiring and Retention Program	10,000,000	10
<u>Government</u>		
State Employee Premium Pay Initiative	94,951,656	15
<u>Health</u>		
Department of Health Services		
Hospital Staffing	88,000,000	8, 16
COVID-19 Testing	10,000,000	17
Infant CPR Anytime Kits	400,000	N/A
<u>Housing</u>		
Department of Housing – Housing Services	40,700,000	12
<u>Tourism</u>		
Exposition and State Fair Board – State Fair Reopening	2,000,000	4
Office of the Governor – County Fair Promotion	2,300,000	4
State Parks Board – Parks and Trails Improvements	25,000,000	4
Office of Tourism – Visit Arizona Initiative	71,750,000	4
<u>Water</u>		
Department of Administration – Wastewater Infrastructure in State Parks	15,850,000	14
Department of Water Resources		
Water Infrastructure Grants	20,000,000	9
Colorado River Water Conservation Project	30,000,000	11
Total Allocated	1,712,478,408	
Total Unallocated	2,470,349,084	

N/A = Only allocations of \$10.0 million or more require formal notifications pursuant to Laws 2021, Chapter 405. The Office of the Governor publicly announced these allocations but not through the notification process.

Table 3

**Allocations of American Rescue Plan Act Funds
Coronavirus Capital Projects Fund**

	<u>Amount</u>	<u>Notification</u>
<u>Broadband</u>		
Arizona Commerce Authority – Arizona Broadband Development Grant	\$100,000,000	13
Total Allocated	100,000,000	
Total Unallocated	90,220,002	

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