

ARPA in Rhode Island Update: Buckets and Action October 2021

The American Rescue Plan Act (ARPA) Act of 2021 provides significant funding for the state of Rhode Island, as well as for Rhode Island's cities and towns, its public and private universities, and its residents. The largest amount of funds flow to the state and require the Governor and General Assembly to appropriate the funds through the state budget process. However, substantial funds flow directly to cities and towns and to state agencies and quasi-governmental entities and *do not* require prior appropriation through the budget process, which generally requires hearings, testimony, approval by the House, Senate, and Governor, and months of time. [Click here to see EPI's ARPA flow chart](#) and [click here to see the funds the cities and town are receiving](#).

Direct Funding to Agencies: Spending outside of the State Budget Process

Usually, though not always, state agencies receiving direct federal funding need to submit a plan to the responsible federal agency before they can use the funds. Even with a federal submission requirement—and certainly without one—the funds can be used more quickly than those subjected to the state budget process. For example, The R.I. Department of Elementary and Secondary Education (RIDE) received \$415M in ARPA funds from the U.S. Department of Education after submitting [the required plan](#) and can now use those dollars, much of which flow to Local Educational Agencies.

Rhode Island Housing (RIH) is eligible to receive \$13M from the U.S. Department of Housing and Urban Development (HUD), through the HOMES program, to assist households and individuals who are homeless or at risk of homelessness, as well as other vulnerable populations. To use these funds, RIH needs to submit a plan describing how these funds will be spent. [HUD guidelines](#) were released in mid-September.

The Rhode Island Department of Human Services (DHS) received \$31M in additional funds for LIHEAP (the Low-Income Home Energy Assistance Program) through the Administration for Children and Families of the U.S. Department of Health and Human Services. It can already use these funds in accordance with its [current LIHEAP plan](#).

State Federal Recovery Funds: Spending through the State Budget Process

The largest amount of funds, \$1.13B, is appropriated by the U.S. Treasury Department to the state, with an additional \$113M for capital projects. The General Assembly and Governor determine how these Fiscal Recovery Funds (FRF) are used by appropriating the funds through the state budget. The funds must be obligated by December 31, 2024 and spent by December 31, 2026.

This means that appropriations can be made in the current state fiscal year, FY2022, which covers July 2021-June 2022. The budgets for FY2023, FY2024, FY2025, and (the first half of) FY2026 can also include appropriations of these funds. Since the FY2022 budget was already enacted in early July 2021, the General Assembly must adopt a supplemental budget bill in order to spend ARPA Fiscal Recovery Funds during FY2022.

Many community groups, providers, advocates, and others have been communicating with the Governor and General Assembly members about how the funds should be used to meet immediate needs as well for investments over the longer-term. The RI Foundation launched the “Make It Happen” initiative, bringing together a diverse steering committee to make recommendations for spending this once-in-a-generation quantity of funds. In October 2021, the initiative produced a [Report](#) and an [Executive Summary with Recommendations](#).

The Governor proposed a Supplemental Budget on October 7, and the House and Senate Finance Committees have begun holding hearings on the proposal ([HB6494](#)). You can read the [EPI summary of the supplemental budget proposal here](#). At the General Assembly website, you can view [documents posted for the House Task Force on ARPA](#), [House Finance Committee documents](#), and [Senate Finance Committee documents](#). The General Assembly has also established [a website for the public submission of spending ideas](#).

The Governor also released his “RI 2030 Plan” on October 15, setting out his vision for the state’s economic recovery and making recommendations to guide policy priorities over the next decade, including the spending of the ARPA Fiscal Recovery Funds. The Administration is hosting community input sessions and will subsequently issue a final plan. [Click here to read the preliminary plan and find information about the community input sessions](#).

Funding to Cities and Towns: Spending outside of the State Budget Process

Whether receiving ARPA funds directly or after they pass through the state, local governments can spend their Federal Recovery Funds by whatever means they employ to make allocations through their regular, annual budget appropriations process. Neither the Governor nor the state legislature has any say in how the municipal governments can spend these funds, although there could be coordination and technical assistance to ensure that state and local spending complement rather than duplicate each other. As with the normal budgeting process, residents can approach local authorities to weigh in on spending priorities and decisions. Click here to [find contact information](#) for your local elected officials.