

## Nearly 20 Percent of State's New Flexible Federal Funds Have Been Appropriated

New Hampshire's Joint Legislative Fiscal Committee has approved State agency deployment of nearly one out of every five dollars in new flexible funds allocated to it by the federal [American Rescue Plan Act \(ARPA\)](#). During a series of four meetings in June and August, the Fiscal Committee heard and voted to approve \$193.7 million worth of proposals from State agencies, which the current structure for appropriating these funds rely upon for developing policies and plans for expenditures. Thus far, the uses of this flexible aid have focused on capital projects, including water and wastewater infrastructure and upgrades to State buildings. The federal government provided these ARPA funds to New Hampshire to help Granite Staters recover from the health and economic impacts of the pandemic, and the State must use these funds before the end of 2026 or return them to the federal government.

### CORONAVIRUS STATE FISCAL RECOVERY FUNDS

The ARPA flexible funds provided to the State are named Coronavirus State Fiscal Recovery Funds (CSFRF), and while they are quite flexible compared to most other funds deployed to governments by the ARPA, the federal government has provided [initial guidance and placed limitations](#) on the use of these resources.

The U.S. Treasury Department identified four core [funding objectives](#) for the CSFRF:

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

The [interim guidance](#) provided by the U.S. Treasury Department gives recipients of these funds, including the State of New Hampshire, a substantial range of eligible uses to support families, businesses, and communities that were the most negatively impacted by the COVID-19 public health emergency. Recipients also have broad latitude, although not complete freedom, to use these funds to address the negative economic impacts associated with the pandemic as well.

The guidance also suggests certain uses, providing detailed examples of permissible deployment of these funds and encouraging recipients to undertake certain activities. Addressing both the direct and certain indirect health impacts of the pandemic is expressly permitted, including COVID-19 testing, vaccination programs, and behavioral health needs exacerbated by the pandemic, such as substance

misuse and mental health treatment. Economic assistance could come in the form of direct assistance to households and families, small businesses, nonprofits, and impacted industries. Assistance to households could include, but is not limited to, cash or food assistance, housing and utility payment assistance, legal aid to prevent eviction or homelessness, emergency assistance for home repairs or weatherization, internet access assistance, or job training.

The U.S. Treasury Department did limit the use of funds for certain general infrastructure projects, but recipients can expressly use these funds for a relatively wide array of water and sewer infrastructure projects, as well as broadband internet upgrades meeting certain specifications and targeted at underserved communities.

The federal guidance also expressly permitted the use of CSFRF to help [connect people with public services](#) and fund public benefit navigators. These navigators could help community members access available federal, state, or local benefits, many of which are new, expanded, or temporary due to [pandemic-related legislation](#), which may make applying for these benefits complex and a new experience for many eligible residents. Many of these programs, including food assistance, unemployment compensation, the Child Tax Credit, and the Earned Income Tax Credit, help residents in need while also [boosting local economies](#). CSFRF dollars can also be used to help people access physical and behavioral primary health care and preventative medicine.

Relative to the decision processes for determining the uses of these funds, the U.S. Treasury Department [urges](#) governments to engage their constituents and communities in developing the plans for the use of these funds.

The U.S. Treasury Department also [specifically notes](#) that the CSFRF can help address “the systemic public health and economic challenges that may have contributed to more severe impacts of the pandemic among low-income communities and people of color.” The Department “[encourages](#) recipients to consider funding uses that foster a strong, inclusive, and equitable recovery, especially uses with long-term benefits for health and economic outcomes.”

## NEW HAMPSHIRE FUNDING ALLOCATION PROCESS

With the expiration of [New Hampshire’s State of Emergency](#) in June 2021, the process for dedicating federal pandemic-related relief shifted from being at the discretion of the Executive Branch to involving the Legislature’s [Joint Legislative Fiscal Committee](#) for most expenditures. The Fiscal Committee is [required](#) to approve any expenditure in excess of \$100,000 that also requires the approval of the Governor and Executive Council, including federal aid, before those funds can be spent by State agencies. The Fiscal Committee does not need to approve expenditures authorized separately in State statute, such as by the State Budget or individual appropriations bills, but approval of the Fiscal Committee is required for modifications to the State Budget not made through separate pieces of legislation. The Executive Council’s approval is [required](#) for receipt, expenditure, and budgetary transfers of State and federal funds and all contracts with a value of \$10,000 or greater.

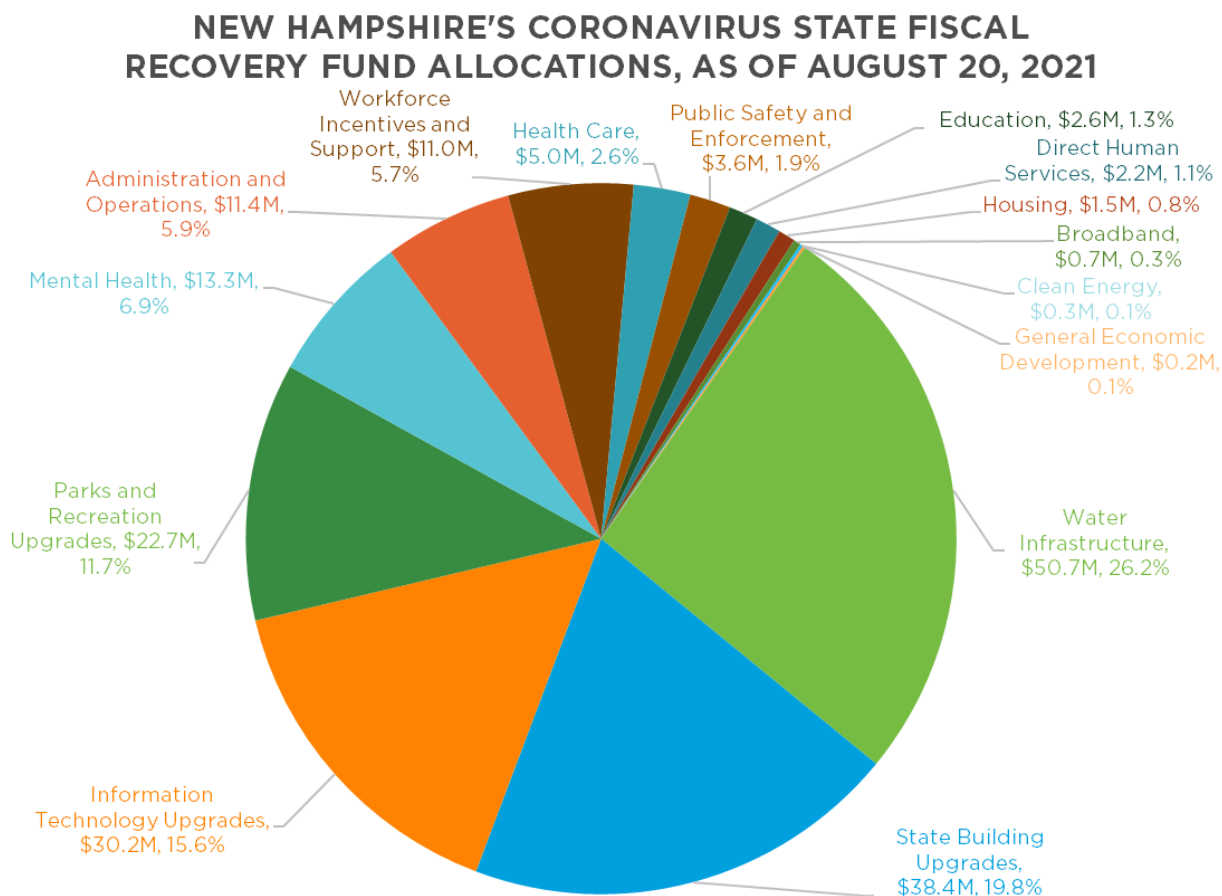
State agencies regularly present requests to the Fiscal Committee for approval of modifications to their budgets and permission to undertake new expenditures, including the acceptance of federal grants to fund programs. The process for deploying CSFRF has been similar thus far. State agencies have identified needs within their operations or proposed the creation of programs to use CSFRF dollars, and the Fiscal Committee has been vetting and approving proposals above the \$100,000 threshold since meeting in early June 2021. State agencies have been crafting, proposing, and implementing the

plans that have been funded through this mechanism as of late August 2021. No separate legislation has been passed to specifically direct CSFRF dollars.

## ALLOCATIONS THROUGH AUGUST 2021

The CSFRF [expenditures approved](#) by the Fiscal Committee, allocated in meetings from June 8 to August 20, 2021, total about \$193.7 million. This amount equals approximately 19.5 percent of the [\\$994.56 million](#) appropriated to New Hampshire by the American Rescue Plan Act. Under the U.S. Treasury Department's current guidance, all funds must be obligated by December 31, 2024 and spent or returned to the federal government by December 31, 2026. The funds arrive in two tranches, with the first half of the \$994.56 million reaching the State in May 2021 and the second half arriving next year.

The plurality of the appropriations approved by the Fiscal Committee have been to water infrastructure projects. Water and certain broadband infrastructure projects are expressly permitted under ARPA. The Department of Environmental Services will use a [\\$50.0 million](#) appropriation to finance drinking water and wastewater infrastructure projects under existing programs, with additional staff funded to help process the expansion of duties associated with more infrastructure projects. The Fish and Game Department also received more funding to help process applications, including both a backlog and new evaluations expected to result from the expanded funding to the Department of Environmental Services.



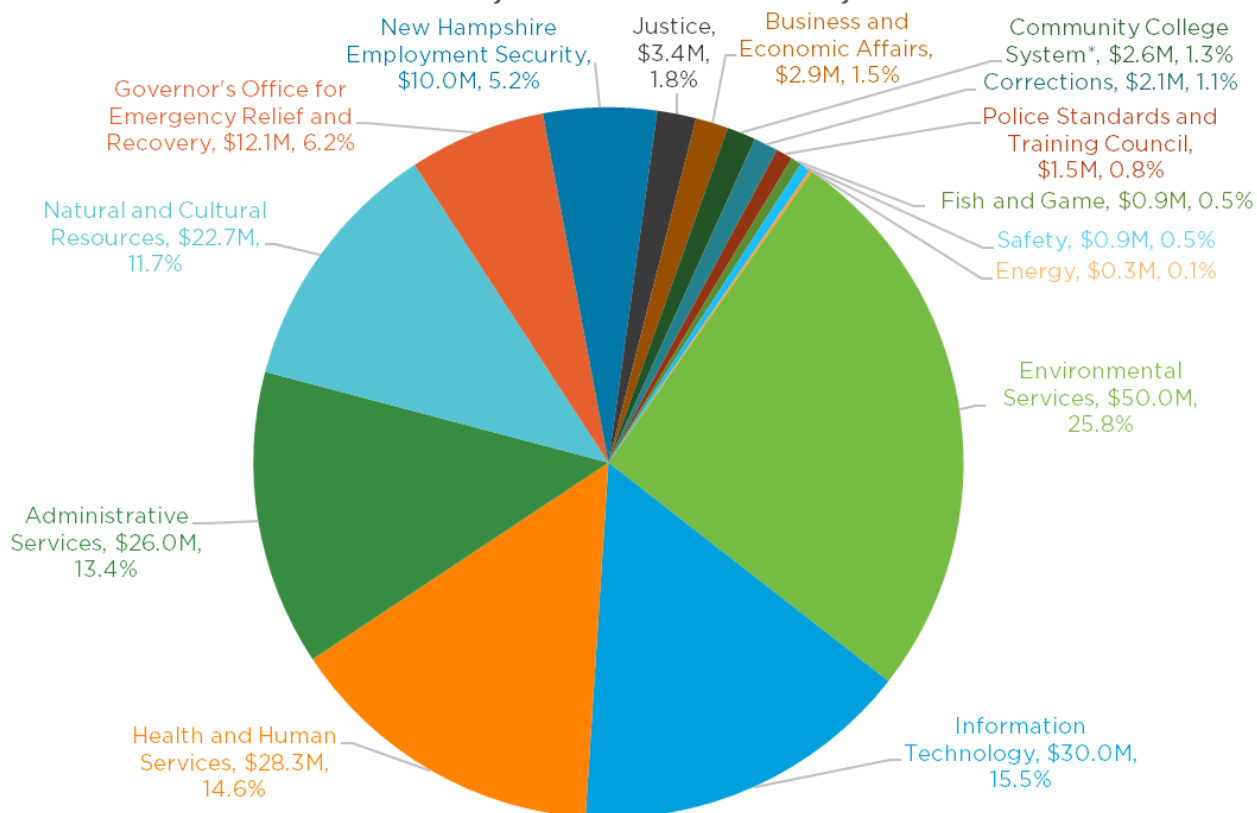
Source: NHFPI analysis of Joint Legislative Fiscal Committee and Executive Council approvals, May 2021-August 2021

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The next largest group of expenditures approved were focused on upgrades to State buildings, including appropriations to the Department of Administrative Services, the Department of Health and Human Services, the Department of Corrections, the Police Standards and Training Council, and the Department of Safety. The Department of Administrative Services has a backlog of heating, ventilation, and air conditioning system work on State buildings to be funded with a [\\$24.8 million](#) appropriation, supported by another [\\$1.2 million](#) expenditure to hire temporary personnel for the upgrade work; the Department identifies this work as related to COVID-19 because it will increase the amount of fresh air in public buildings, helping reduce the spread of the COVID-19 virus among State employees and the public. The Department of Health and Human Services has nearly [\\$8.0 million](#) approved for facility upgrades to enhance care at the New Hampshire Hospital and to replace the roof at the State's nursing home at Glencliff. The Department of Corrections received a [\\$2.1 million](#) allocation for improved ventilation at the State Prison for Men in Concord. The Police Standards and Training Council also requested and received funding to improve ventilation, filtration, and air conditioning at its facility, and the Department of Safety received funds to upgrade audio-visual equipment and workstations at the State Emergency Operations Center.

The Department of Information Technology requested and received a [\\$30.0 million](#) appropriation for a wide variety of information technology initiatives and upgrades in State operations. These include monitoring and tracking the flow of personal data to ensure privacy protections, upgrade cloud-based services for better management of remote work, replacing all end-of-life equipment, automatic backups and continuity of operations planning, and upgrading centralized storage.

### NEW HAMPSHIRE'S CORONAVIRUS STATE FISCAL RECOVERY FUND ALLOCATIONS BY STATE DEPARTMENT OR AGENCY, AS OF AUGUST 20, 2021



\*Note: Grant provided through the Governor's Office for Emergency Relief and Recovery.

Source: NHFPI analysis of Joint Legislative Fiscal Committee and Executive Council approvals, May 2021-August 2021

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The Fiscal Committee also approved a request from the Department of Natural and Cultural Resources for nearly [\\$22.7 million](#) for infrastructure upgrades at State Parks and other public lands; the Department noted these upgrades, which include enhancements and renovations for buildings, wastewater systems, and campgrounds, are in part in response to increased demand for parks areas, aiding the impacted hospitality industry and helping support outdoor activities during the pandemic. Requests from the Department of Safety and the Fish and Game Department also reflected increased tourism, and the need for both enhanced enforcement and rescue capabilities in response.

Appropriations for several mental health initiatives includes [\\$13.1 million](#) of funding for the Department of Health and Human Services to expand behavioral health services at New Hampshire Hospital and Glencliff, as well as expanding space available for psychiatric care for adults and children. The Fiscal Committee also approved a [\\$5.0 million](#) appropriation to the State Loan Repayment Program to help primary health care professionals working in underserved areas repay their student loans, supporting the healthcare workforce.

The Fiscal Committee's allocations also included general workforce supports, including a [bonus](#) for workers previously collecting unemployment benefits who returned to the labor force and funding for [workforce recruitment and outreach](#). Assistance for housing, the [lack](#) of which constrains workforce growth in New Hampshire, has not directly been provided to individuals with CSFRF dollars, as other [components of ARPA](#) provide dedicated housing assistance; however, funding was approved to [help implement](#) a three-year strategic plan for housing in the State and to conduct a [regional housing needs assessment](#).

The New Hampshire Department of Health and Human Services has also been allocated [\\$2.2 million](#) in funding to provide additional support at a call center when the [federal Public Health Emergency ends](#) and many Medicaid enrollees may lose their coverage and need help accessing or re-enrolling in health coverage.

## LOOKING AHEAD

New Hampshire's current process for appropriating ARPA CSFRF dollars relies heavily on State agencies bringing forward proposals for permissible uses of these flexible funds. When the Legislature meets again, this process could change, as legislators could pass laws that directly deploy these funds. Such deployments could cross departmental operation areas or direct aid based on [statewide or localized indicators](#) of resident well-being, such as [pre-pandemic free and reduced-price school meal enrollment](#) or other [data providing insight](#) into potential need.

These funds have the potential to make substantial investments in the long-term well-being of Granite Staters. As funds must be used before the end of 2026, the period for deployment is much longer than the two-year State Budget, but will still be short to meet some capital project timelines. This flexible funding is not likely to be repeated. Policymakers can make one-time physical infrastructure investments to promote the health of residents, such as helping ensure access to clean water, as well as supporting long-term economic vibrancy in underserved areas through broadband expansion and other investments. Policymakers can also provide programmatic services and aid to households and businesses that are either designed to be one-time or to function as pilot programs with an evaluative component, permitting the State to carry forward new services with other funds if they are determined to be successful. The federal government envisioned temporary assistance targeted at households with the greatest needs as a possible use to assist the recovery.

The pandemic exacerbated systemic health and economic inequities that caused many residents to suffer disproportionately. These federal resources are intended to address these systemic challenges and to help people recover from the pandemic. With one out of every five dollars already allocated but substantial resources and opportunity remaining, New Hampshire will need to craft and fund initiatives relatively soon to help ensure the completion of long-term projects and the full operation of any new programs and services designed to spur a more robust and equitable recovery.

- *Phil Sletten, Senior Policy Analyst*