

## **HB 2883: American Rescue Plan Act (ARPA) Funds Allocation Public Hearing**

When: Thursday, February 2 at 2:00pm (please arrive by 1:30 to sign up to speak)

Where: House Chamber

### *Background*

On Thursday, February 2, 2023 at 2:00pm, the House Finance committee will host a public hearing on HB 2883: Making a supplemental appropriation from the Coronavirus Fiscal Recovery Fund. While supplemental appropriations generally fly under the radar with little contention, HB 2883 is incredibly important.

The state has about \$677 million in remaining American Rescue Plan Act (ARPA) funding and will allocate those dollars through this legislation. Governor Jim Justice has proposed to use those remaining funds to send \$500 million to the state's Economic Development Authority for use in its Economic Development Project Fund and \$177 million to the Water Development Authority for water and sewer infrastructure. The allocation to the economic development authority is particularly concerning, as it does not meet the outlined intent of ARPA funds.

According to the U.S. Department of Treasury's [final rule](#), ARPA Fiscal Recovery Funds are intended to "provide state, local, and Tribal governments with the resources needed to respond to the pandemic and its economic effects and to build a stronger, more equitable economy during the recovery." Within the rule, there are four eligible categories of expenditures: addressing public health and negative economic impacts of the pandemic; premium pay for essential workers; offsetting revenue loss; and water, sewer, and broadband infrastructure.

With this public hearing, advocates and community members have an opportunity to outline a better use of these historic, once-in-a-lifetime federal funds that were intended to increase equity and serve communities hardest hit by the pandemic.

### *Talking Points for Public Comments*

**Topline #1: ARPA funds are intended to go to those communities most impacted by the pandemic and those who face longstanding economic and health disparities. The Governor's proposal to send most of our state's remaining ARPA funds to economic development does not meet those goals.**

*Proof point 1:* The ARPA Fiscal Recovery Funds provide resources for governments to meet the public health and economic needs of those impacted by the pandemic in their communities, as well as address longstanding health and economic disparities, which amplified the impact of the pandemic in disproportionately impacted communities, resulting in more severe pandemic impacts.

*Proof point 2:* A large portion of the first half of ARPA funds (\$315 million) went to a corporate handout to NUCOR Corporation. The remaining funds should go to meeting the needs of West Virginia families instead of sending more to big corporations through the economic development project fund.

**Topline #2: West Virginia's Fiscal Recovery Plan outlined a commitment to community engagement and equitable outcomes in its use of ARPA funds. To date, we've not seen any public input incorporated into the ARPA allocation plan.**

*Proof point 1:* While the Herbert Henderson Office of Minority Affairs did a statewide ARPA listening tour, to date the results of that listening tour are not publicly available and presumably did not inform the ARPA spending request.

*Proof point 2:* The Department of Treasury also recommends public input as part of ARPA spending priorities. The interim final rule "urges state, territorial, tribal, and local governments to engage their constituents and communities in developing plans to use these payments, given the scale of funding and its potential to catalyze broader recovery and rebuilding.

**Topline #3: The Tuesday Morning Group submitted a proposal to Governor Justice and Legislative Leadership requesting ARPA funds be used to support their "Economic Justice, Fairness, and Equity Plan" with no response. We are in support of that plan as it would achieve equitable outcomes as laid out in the ARPA guidance.**

*Proof point 1:* The TMG plan would target \$300 million of remaining ARPA funds to communities based on their share of the total number of residents living in poverty statewide.

*Proof point 2:* The current proposal for the state's remaining ARPA funds does not target populations who have faced longstanding health and economic disparities.

**Topline #4: Governor Justice's proposal to send ARPA Fiscal Recovery Funds to the Economic Development Authority may explicitly violate ARPA guidelines and does not appear to be an allowable expense. This puts the state at risk of having to pay back these federal funds.**

*Proof point 1:* Under the final rule, there are four categories of allowable expenses: replacing lost public sector revenues; public health and economic response; premium pay for essential workers; and water, sewer, and broadband infrastructure. Loans and grants are only allowable to small businesses impacted by the pandemic, and then only to mitigate financial hardship or to support technical assistance for disproportionately impacted small businesses. Capital investments are only allowable under similar scenarios and require written justification to the Treasury unless going directly to schools, affordable housing, or the health care sector.

**Additional Talking Points:**

- ARPA represents a rare and historic opportunity to invest in communities that have long been underinvested in, and to let the opportunity slip away would be a mistake.
- We urge lawmakers to slow down and talk with their constituents-- particularly those disproportionately impacted by the pandemic, before rubber stamping the governor's proposal.
- We urge lawmakers to do their due diligence to ensure the proposal they pass does not put the state at risk of having federal funds clawed back.

- We urge lawmakers to request the final report from the Herbert Henderson Office of Minority Affairs prior to rubber stamping the governor's proposal.
- The proposal in HB 2883 would do nothing to increase equitable outcomes as ARPA funds are meant to do. Instead, it would ensure more of the same-- big handouts to corporations at the cost of investments in the very communities ARPA funds were meant to serve.