

## **Analysis of the American Rescue Plan Act of 2021 (ARPA): Executive Summary**

The Hartford Foundation for Public Giving (HFPG) engaged The Philanthropic Initiative (TPI) and Intersect Public Solutions (IPS) to:

1. Review planned ARPA funding at the Connecticut state, municipal and school district levels to inform the HFPG's strategy and desire to leverage the positive impact of ARPA funding
2. Learn how other community foundations are examining ARPA funds coming to their regions, how they are responding, and how they might adjust grantmaking over the next few years while ARPA funds are disbursed.

Summarized below (in Part 1) are highlights from IPS' analysis of ARPA funds allocation and plans for distribution in Connecticut (CT, at the state level) and in the Greater Hartford Region. Part 2 highlights findings from TPI's interviews with community foundation peers about how they are understanding and responding to ARPA funds coming to their regions.

### **Part 1. Planned Uses of ARPA Funds at the Connecticut State, Municipal, and School District Levels**

IPS undertook outreach to ten greater Hartford municipalities and eight corresponding Alliance school districts. In addition, IPS reviewed available legislation, CT State Department of Education materials, and municipal and school district ARPA plans.

In total the state of Connecticut will receive \$2.8 billion in American Rescue Plan Act (ARPA).<sup>1</sup> In June, the Connecticut General Assembly appropriated \$859.9M for FY22 and \$894.9M for FY23 of CT's ARPA funds in Public Act 21-15 (HB 6689, Sec. 41)<sup>2</sup> In the legislation, the ARPA funds are widely dispersed –from funding child care and reading initiatives to workforce development, student retention at state colleges, housing energy efficiency retrofits and the Working Cities Challenge among other initiatives.

The American Rescue Plan Act (ARPA) provides \$2.55 billion in total to Connecticut cities and towns plus an additional \$996 million to local boards of education.<sup>3</sup> Municipalities enjoy significant flexibility in how ARPA funds are expended. Funds can be obligated to address broadly:

- the COVID-19 public health response including mental and behavioral health needs;
- negative economic impacts including sustaining small business and nonprofits, reviving tourism and the arts;
- water & sewer infrastructure investment;

---

<sup>1</sup> <https://home.treasury.gov/system/files/136/fiscalrecoveryfunds-statefunding1-508A.pdf>

<sup>2</sup> [https://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&which\\_year=2021&bill\\_num=6689](https://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&which_year=2021&bill_num=6689)

<sup>3</sup> [https://www.ccm-ct.org/Portals/CCM/PDF/ARP/ARP\\_Toolkit\\_2021.pdf?ver=hJt7Hxg7dU2xej14g-Atag%3d%3d](https://www.ccm-ct.org/Portals/CCM/PDF/ARP/ARP_Toolkit_2021.pdf?ver=hJt7Hxg7dU2xej14g-Atag%3d%3d)

- broadband infrastructure investment; and,
- lost revenue replacement.

The municipalities surveyed are committed to a thoughtful, deliberative process that maximizes the ARPA funds' positive impact on the residents in their community. Having learned from the American Recovery and Reinvestment Act (ARRA) experience, municipalities are working to avoid spending ARPA funds on initiatives that will establish long term funding obligations or present a fiscal cliff in the coming years. No community wants to waste this rare investment opportunity.

- The majority of municipalities interviewed are focused on investing in infrastructure, spurring economic development, supporting small businesses and non-profits, providing mental health services and engaging with their local arts and culture community. Some municipalities are looking to make available a portion of ARPA funds as competitive grants.
- Most communities indicated that they have significant capital infrastructure needs that were previously out of reach. ARPA funds are helping to re-prioritize what is possible.
- Municipalities are suddenly resource-rich and while needs have been identified, they often don't know how to achieve the outcomes they seek. Providing technical expertise in program design, grant management, evaluation and reporting as well as assisting with capacity-building may be beneficial space for the Foundation to partner with municipalities and leverage its funding.

In addition to the municipal and state ARPA funds, the Connecticut State Department of Education (CSDE) and the state's local education agencies (LEAs) are recipients of \$1.1 billion in American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP-ESSER) funds. \$996 million must be distributed to local school districts, while \$110 million will be retained for CSDE's needs.

CSDE's priority is to maximize both the near-term and long-term impact of the ARP-ESSER federal funds with (1) one-time, self-sustaining investments and (2) investments that can have a measurable impact. The CSDE will invest \$33 million to measure the impacts of these initiatives with the CT COVID-19 Education Research Collaborative (CCERC).

CSDE will invest the remaining \$77 million in a range of resources to assist school districts in addressing learning loss specifically. Investments include: (1) statewide model curricula with high quality instruction materials, (2) online/digital platforms for accelerated learning and credit recovery, (3) high-dosage tutoring grants, (4) educator support, recruitment, and retention, (5) supporting students with disabilities in every district, (6) supporting English learners, (7) supporting youth in the criminal justice system, and (8) college advising resources for high needs high school students.

Like the CSDE, every LEA is focused on one-time expenditures and avoiding any future funding cliff. Several LEAs are also working collaboratively with their municipalities to address capital needs. Across the school districts IPS engaged, the spending priorities were largely consistent addressing:

- learning loss;
- the mental health needs of students;
- chronic absenteeism and student re-engagement;
- social-emotional learning and support; and,
- investing in facility improvements like HVAC and air filtration to improve indoor air quality.

Alliance district superintendents are grateful for the ongoing partnership and support they have received from the Foundation. Parent training and support, early care and delivering workforce opportunities and pathways for students age 16-20 were all noted as gaps, and therefore opportunities for investment and partnership. Others noted the benefits of previous best practice convenings for Alliance districts, and suggested that a convening on lessons learned in the pandemic and recovery may be useful.

## Part 2. Community Foundation Peer Analysis

TPI conducted telephone interviews with the following leaders from eight peer community foundations during August and September 2021:

- Boston Foundation – Keith Mahoney, Vice President, Communications & Public Affairs
- Community Foundation for Greater Buffalo – Cara Matteliano, Senior Director, Policy & Strategy Partnerships
- Essex County Community Foundation – Beth Francis, Chief Executive Officer; Stratton Lloyd, Chief Operating Officer; Carol Lavoie-Schuster, Vice President for Grants
- New York Community Trust – Shawn Moorehead, Vice President of Grants
- Oregon Community Foundation – Sonia Worcel, Chief Community Impact Officer
- Rhode Island Community Foundation – Neil Steinberg, President & Chief Executive Officer
- San Francisco Foundation – Christa Brown, Senior Program Officer – Policy Advocacy
- Vermont Community Foundation – Dan Smith, President and Chief Executive Officer

In these interviews, TPI explored each foundation's approach to understanding ARPA funds coming to their region and how foundations are responding, including how they anticipate ARPA funds will impact their grantmaking. Key findings from these conversations are summarized below.

- Each foundation is working to understand the impact of ARPA – exploring these key questions:
  - Where are ARPA funds going in their regions and where are the gaps?
  - What is the potential impact of ARPA funding on their grantmaking priority areas?
  - How can they best address gaps, add value, and support their region in maximizing the benefit and equitable impact of ARPA funds?
- Foundations are watching ARPA policy deliberations closely and staying informed.
  - Most geographies (at the time of the interviews) were still in the process of deciding how ARPA funds will be spent. Ongoing communication with policymakers, municipal leaders, school districts, and other local agencies has been vital.
  - Most are communicating with other foundations in their regions about ARPA allocations, needs and a regional response.
- Several of these foundations are playing key roles in advising state and local governments on needs, priorities and strategies for ARPA spending.
- All anticipate considerable overlap of ARPA spending with their funding priorities, including in affordable housing, education, workforce, economic development, health and well-being.

- All acknowledge that infusion of ARPA funds represents both an unprecedented opportunity and a challenge to integrate public/private funding, leverage resources, develop strategies to address the needs of those most affected by the COVID-19 pandemic and – at the same time – identify thoughtful, long-range, sustainable solutions that will improve underlying systems and advance equity.
- None of these foundations anticipate dramatic shifts in strategy or grantmaking as a result of ARPA funding over the next three years. They all seek ways to add value and ensure equitable distribution of federal service dollars – a familiar role for many of them.
- All anticipate applying an equity lens in understanding, allocating, and responding to ARPA funding. Many note that their programs and most (or all) of their grantmaking is now centered on advancing racial equity.
- Community foundations highlighted the following actions they will take in their regions to address identified gaps in ARPA spending, support partnership or leverage opportunities as they arise, and help maximize ARPA’s impact:
  - Fund regional research and planning activities
  - Ensure diverse voices are at the table in ARPA planning; make advocacy grants
  - Support facilitation, convening, community engagement to inform ARPA activity
  - Provide seed funding to support new ideas
  - Help non-profits take advantage of ARPA funds for which they may be eligible
  - Fund training, technical assistance and capacity building to help organizations use ARPA funds more effectively
  - Align systems work to capitalize on ARPA funds (and vice-versa)
  - Support collaboration; staff and build local collaborative infrastructure
  - Advocate for continued public funding commitments beyond ARPA.
- Most of these foundations have prior experience with and are generally open to the idea of public-private partnership and playing a role in state and federal funds distribution in their regions. Two are currently engaged in or planning ARPA funds distribution activities.
- None anticipate providing resources to evaluate or monitor the impact of ARPA funding comprehensively in their regions. However, many may fund evaluation of ARPA-supported activity that aligns with their program priorities.