



333 Washington Street | Suite 853 | Boston, MA 02108 | 617.720.1000  
[www.masstaxpayers.com](http://www.masstaxpayers.com)

## MTF Bulletin

November 1, 2021

### House Final ARPA Legislation

Last week, the House engrossed a \$3.8 billion pandemic recovery spending plan that combines federal Fiscal Recovery Funds (FRF) and the state’s fiscal year (FY) 2021 surplus. Over two days of debate, House members added \$173.6 million in spending to the initial House Ways and Means proposal. The final House bill is \$344 million less than Governor Baker’s legislative proposals to spend these resources.<sup>1</sup>

Figure 1. ARPA Spending Plans Compared

	Governor	HWM	House Floor	House Final
FRF spending	\$2,915.0	\$2,500.0	\$10.1	\$2,510.1
Surplus spending	\$1,252.9	\$1,149.9	\$163.5	\$1,313.4
<b>Total proposal</b>	<b>\$4,167.9</b>	<b>\$3,649.9</b>	<b>\$173.6</b>	<b>\$3,823.5</b>

The final House bill does not alter the underlying approach taken by HWM (the MTF summary of the HWM plan can be found [here](#)) and added relatively few new policy sections. Instead, the House added funding for hundreds of local COVID recovery earmarks around the state. In most cases, new spending was added to support the 466 earmarks, though in some areas, notably the food insecurity item, earmarks are taken from the existing appropriation without adding to the bottom line.

#### *Spending Added through Amendment*

The \$173.6 million in new spending is the combination of \$19.5 million to create or augment statewide programs and \$154 million in earmark spending. The new programmatic spending increases funding for grants to underserved markets and minority/women/veteran-owned businesses to \$60 million (from \$50 million) and defrays cost increases associated with providing legal services for low-income residents.

<sup>1</sup> Governor Baker has also filed legislation allowing up to \$750 million in FRF resources to be used to support the state’s clean energy sector. That legislation is not reflected in Figure 1.

*Figure 2. House Programmatic Spending*

Program area	New House Spending
CPCS COVID costs	\$4.5
Legal assistance support	\$5.0
Targeted small business grants	\$10.0
<b>Total</b>	<b>\$19.5</b>

The House added \$154 million to fund 410 earmarks in 12 new “special project” line items for local projects in a number of recovery-related policy areas. The three largest of these earmarks are for MBTA capital improvements in Norfolk County (\$50 million), funding for the Greater Boston Foodbank (\$15 million) and funding to increase the number of inpatient psychiatric beds for children and adolescents (\$10 million).

*Figure 3. House Special Project Items*

Item	New Spending	Earmarks Included
Water/Sewer Special Projects	\$13.1	64
Climate Change Special Projects	\$3.7	23
Parks/Recreation Special Projects	\$9.7	56
HHS Special Projects	\$18.5	17
Public Health Special Projects	\$9.8	19
Mental Health Special Projects	\$1.0	6
Tourism and Local Capital Projects	\$63.1	76
Small Business Special Projects	\$2.6	26
Workforce Special Projects	\$10.0	21
Local Housing Projects	\$11.9	50
Education Special Projects	\$7.0	31
Education Capital Projects	\$3.5	21
<b>Total</b>	<b>\$154.0</b>	<b>410</b>

***Earmarks for Existing Appropriations***

In addition to new spending, the House added language that further directed how \$97 million already appropriated in the HWM plan should be spent. These amendments did not increase the bottom line, but instead added new specificity to the original proposal. These include:

- \$23.7 million for 44 food insecurity earmarks;
- \$20 million in grants to community health centers to improve electronic health records;
- \$20 million to be provided over five years to Jewish Vocational Services to provide rapid reemployment workforce services;
- \$15 million to support primary care recruitment at community health centers; and
- \$10 million for capital improvements for North Jetty, in the South Boston waterfront.

### *Use of FRF & Surplus*

The House chose to use the state surplus to fund the majority of its new spending and earmarks, as recommended by MTF in [a recent ARPA preview](#). The House bill leaves over \$2.8 billion in FRF resources available for future appropriation, while using all but \$181 million of the estimated FY 2021 surplus.

*Figure 4. House Use of Resources*

<b>Total ARPA</b>	<b>\$4,892</b>	<b>Total Surplus</b>	<b>\$1,494</b>
HWM spend	\$2,500	HWM spend	\$1,150
House floor	\$10	House floor	\$164
<b>Total Remaining</b>	<b>\$2,382</b>	<b>Total Remaining</b>	<b>\$181</b>

### *Policy Changes*

The House added seven new policy sections to the HWM bill and adjusted four existing sections. Notable policy changes include:

- Expanding eligibility for \$50 million in provider relief (already funded in the bill) dedicated to high-public payer hospitals;
- Requiring the Health Policy Commission to study and report on health care workforce issues in the Commonwealth;
- Requiring the state to increase awareness of existing options to receive a waiver for overpayment of unemployment assistance;
- Extending or reviving several legislative commissions; and
- Creating dedicated trust funds for Herter Park and the Leo M. Birmingham Parkway.

### *Next Steps*

The Senate Committee on Ways and Means is likely to release its ARPA spending proposal later this week, with full Senate debate following in the coming week. The House and Senate versions of the bill will then need to be reconciled and sent to the Governor. Formal sessions for the House and Senate end on November 17<sup>th</sup>.