

Massachusetts Gov. Baker announces plan to invest \$2.8 Billion in federal COVID-19 funding to support economic recovery

The Baker-Polito Administration today announced a plan to immediately put to use approximately \$2.815 billion of the Commonwealth's direct federal aid to support key priorities including housing and homeownership, economic development and local downtowns, job training and workforce development, health care, and infrastructure. The Administration's plan aims to jump-start the Commonwealth's economic recovery by investing in urgent priorities, with a particular focus on supporting populations hardest-hit by COVID-19, such as lower-wage workers and communities of color.

The plan is being filed as an amendment to "An Act Relative to Transferring Federal Funds to the Federal COVID-19 Response Fund," which was on the Governor's desk and is being returned to the Legislature.

"Our proposal will immediately invest \$2.8 billion toward key priorities that will help jump-start our economic recovery, with a particular focus on those hit hardest by COVID-19, such as communities of color," said Governor Charlie Baker. "With over four million people fully vaccinated, Massachusetts is getting back to normal and back to work, but it is critical that we act now to make these critical investments to keep our recovery moving. Our Administration appreciates the collaboration of the Legislature and local government in responding to the pandemic, and we all must work together to distribute funding quickly and efficiently to ensure those

hard-hit by the virus receive relief as quickly as possible.”

“It is critically important that this \$2.8 billion be put to use immediately to address issues caused by the COVID-19 pandemic and protect the competitive advantages which have allowed Massachusetts to grow and thrive,” said Lieutenant Governor Karyn Polito. “Supporting priorities such as housing, economic development, job training, and infrastructure will help power the Commonwealth into the post-COVID world and ensure Massachusetts remains a great place to live, work, and raise family.”

The plan was announced today at an event held at the Mount Washington Homes in Haverhill, a project supported by MassHousing’s Commonwealth Builder program, a program that promotes homeownership in low- and moderate-income communities, particularly communities of color. The Administration’s plan includes \$200 million for Commonwealth Builder and similar programs that aim to close the wealth gap faced by communities of color by connecting first-time homebuyers with homeownership opportunities.

In total, the plan devotes \$1 billion to funding homeownership and housing priorities, a significant investment to help increase housing production and reduce barriers to owning a home as part of the ongoing COVID-19 recovery effort. These new housing resources build upon over \$1.6 billion in separate federal funding that has already been allocated to entities throughout the Commonwealth for housing purposes since the start of the pandemic.

The \$2.815 billion is part of a total of approximately \$5.3 billion in direct aid to the Commonwealth from the federal American Rescue Plan Act. These discretionary funds are intended to support urgent COVID-19 response efforts, replace lost revenue, support immediate economic stabilization for households and businesses, and address unequal public health and economic challenges in Massachusetts cities and towns

throughout the pandemic. ARPA is also providing a total of \$3.4 billion in direct aid for municipalities throughout Massachusetts, as well as substantial funding for key priorities including a total of \$1.1 billion for transit. With a focus on increasing capacity for child care and supporting parents as they return to work, the Administration is also proposing to distribute approximately \$760 million in additional federal funding to child care providers in Massachusetts over the coming years, and looks forward to working with key stakeholders on the usages of these funds.

The remaining \$2.3 billion in direct federal aid would stay in the Federal COVID-19 Response Fund, and the Administration looks forward to working closely with the Legislature to allocate these resources in a fiscally responsible and compliant manner.

“These substantial resources build upon the separate federal resources the Commonwealth has received throughout the course of the pandemic and strengthen our efforts to promote economic growth and vitality, aid disproportionately impacted communities, and get people back to work,” said Secretary of Administration and Finance Michael J. Heffernan. “We look forward to working with the Massachusetts Legislature to ensure this federal funding is effectively used in fiscally responsible ways to support Massachusetts communities, while complying with all relevant federal guidance.”

In addition to this discretionary funding, an additional \$35.2 billion in other ARPA funding has been directed to the Commonwealth to support additional areas of recovery including direct aid to municipalities, transportation, and child care. This includes approximately \$3.4 billion in direct aid to cities, towns, and counties throughout Massachusetts. The plan therefore includes language allowing a local match for numerous programs to better leverage municipal support, optimize the usage of all available revenue, and maximize the impact of this one-time federal funding.

Highlights of the plan include:

Housing

- \$300 million to support expanded homeownership opportunities, focused on first-time homebuyers who are residents of disproportionately impacted municipalities;
- \$200 million to support housing production through MassHousing's Commonwealth Builder Program and similar efforts, which aim to help communities of color build wealth by promoting home ownership among residents of disproportionately impacted municipalities;
- \$200 million to fund rental housing production and provide increased housing options to workers and residents of disproportionately impacted municipalities;
- \$300 million to finance the statewide production of senior and veteran housing. These new housing options would contain a supportive services component, and would be combined with other resources including Low-Income Housing Tax Credits, rental payments, and, in the case of veteran housing, VA health care.

Economic Development

- \$100 million for Downtown Development to concentrate economic growth activities, resources, and investments within local neighborhood areas in municipalities disproportionately impacted by COVID;
- \$250 million to support investments and regional collaboration aimed at invigorating downtowns throughout Massachusetts. These resources would provide grant funds to municipalities and other eligible public entities for a range of projects;
- \$100 million to support cultural facilities and tourism assets throughout Massachusetts;

Workforce Development

- \$240 million to fund a suite of job training programs and address skills gaps, to better position residents who want to be hired into jobs that businesses need filled. Areas of

investment include:

- \$150 million for workforce credentials for entry and mid-level wages;
- \$35 million to fund English for Speakers of Other Languages programs and Adult Basic Education;
- \$25 million for work readiness and essential skills programs.

Health Care

- \$50 million for fiscally stressed hospitals in disproportionately impacted municipalities as these hospitals have supported their communities significantly during the pandemic despite interruptions to their revenue streams;
- \$175 million for addiction treatment and related behavioral health services.

Infrastructure Investment

- \$400 million to fund grants for water and sewer infrastructure;
- \$300 million to improve culverts, dams, and other environmental infrastructure;
- \$100 million to enhance and modernize state park facilities;
- \$100 million to close the digital divide and increase broadband internet access, helping to promote workforce development and economic growth.