

Massachusetts Gov. Baker files plan to invest \$2.9 Billion in COVID-19 funding to support economic recovery

The Baker-Polito Administration today will re-file its plan to immediately put to use part of Commonwealth's direct federal aid from the American Rescue Plan Act (ARPA) to support key priorities including housing and homeownership, economic development and local downtowns, job training and workforce development, health care, and infrastructure. The Administration called on the Legislature to act quickly on the \$2.9 billion plan to jump-start the Commonwealth's economic recovery and support residents hardest-hit by COVID-19, such as lower-wage workers and communities of color.

Governor Charlie Baker today is re-filing the proposal after signing "An Act Relative to Transferring Federal Funds to the Federal COVID-19 Response Fund," which was on the Governor's desk.

"We are eager to work with the Legislature to put these funds to work and our \$2.9 billion proposal will immediately aid those hardest hit by COVID-19 like communities of color and lower-wage workers," said Governor Charlie Baker. "This plan addresses homeownership gaps in communities of color, connects workers with in demand job-training, boosts addiction treatment services and invests in local infrastructure. It's crucial that the Legislature act quickly and not hold up these important investments. Communities of color, the hardest hit areas of the Commonwealth, should not have to wait to have their tax dollars be put to work."

"Massachusetts' economic recovery is off to a good start but

it's crucial that we address the disproportionate impacts of the pandemic by taking action to invest these federal relief dollars in priorities like housing, economic development, job training, and addiction treatment," said Lt. Governor Karyn Polito. "We look forward to working with our colleagues in the Legislature to move quickly in putting these relief dollars to work on behalf of our communities."

The proposal filed today is the same proposal filed by Governor Baker earlier this month with the Legislature, with an additional \$100 million for marine port development to support economic growth.

The Administration's plan to invest \$2.9 billion in federal dollars in these disproportionately impacted communities complements a proposal filed last week for the Commonwealth's surplus state tax revenue. With May revenues approximately \$4 billion over benchmark, the Administration's proposal for a 2-month Sales Tax Holiday would provide relief for small businesses and residents, especially lower-wage workers who are most impacted by the sales tax.

The \$2.915 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 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.

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.
- \$100 million for marine port development.