State of Oklahoma
American Rescue Plan Act

Joint Committee on Pandemic Relief Funding

March 31, 2022
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<thead>
<tr>
<th>1. Opening Remarks</th>
<th>Chairs</th>
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<td>Jeff Meyers, Guidehouse</td>
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<td>3. Project Intake Stats</td>
<td>Erin Hutchins, Guidehouse</td>
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<td>4. Ideas Summary</td>
<td>Christina Foss, 929 Strategies</td>
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<td>7. Discussion and Possible Action – Nursing Workforce</td>
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<td>Christina Foss, 929 Strategies</td>
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<td>10. Other business</td>
<td>Edyn Rolls, OMES</td>
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<td>• NEU OML Conference Update</td>
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<td>11. Closing Discussion and Remarks</td>
<td>Chairs</td>
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Opening Remarks from the Chairs
Final Rule Highlights
General Applicability

• New Rule takes effect on April 1, 2022 and replaces the Interim Final Rule (IFR) issued in May 2021.

• Recipients can choose to comply with the Final Rule (FR) before the date it takes effect.

• Incorporates Treasury’s response to comments and recommendations from funding recipients.

• Provides increased flexibility and broadens use of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF).
Capital Expenditures

• The FR clarifies that recipients may use funds for capital expenditures that respond to the public health and negative economic impacts of the pandemic, including building affordable housing, childcare facilities, schools, hospitals, job training centers. (See Appendix for full list).

• However, certain capital expenditures are considered generally ineligible:
  • Construction of correctional facilities in response to an increase in crime, construction of new congregate facilities to decrease spread of COVID-19 in the facility, and construction of convention centers, stadiums or other large capital projects intended for general economic development or to aid impacted industries.
A written justification includes:

- Description of the harm or need to be addressed.
- Explanation of why a capital expenditure is appropriate.
- Comparison of proposed capital project against at least two alternative capital expenditures and demonstration of why the proposed capital expenditure is superior.
Revenue Replacement

- Optional $10 million revenue loss allowance for state and local SLRF recipients
- May calculate revenue loss on calendar or fiscal year
- Minimum counterfactual growth rate increased from 4.1% to 5.2%
- New provision to remove impacts of tax changes implemented after 1/6/2022
Public Sector Capacity and Workforce

• The FR **reorganizes eligible uses** for public health and safety staff under the General Provisions section.

• The FR **clarifies how, and the extent to which**, recipients may use funds to rehire public employees by providing two options:
  
  • Rehire staff for pre-pandemic positions that were unfilled or eliminated due to the pandemic; or
  
  • Hire above the pre-pandemic baseline (up to 7.5%) by adjusting the pre-pandemic baseline for historical growth in public sector employment over time, as well as flexibility on roles for hire.
Public Sector Capacity and Workforce, Continued

• You can increase the number of staff from the pre-pandemic level by 7.5% by doing the following:
  • **Step One**: Identify your budgeted FTE level on January 27, 2020. This includes all budgeted positions, filled and unfilled. This is called the *pre-pandemic baseline*.
  • **Step Two**: Multiply the *pre-pandemic baseline* by 1.075 (that is, 1 + *adjustment factor*). This is called the *adjusted pre-pandemic baseline*.
  • **Step Three**: Identify your budgeted FTE level on March 3, 2021, which is the beginning of the period of performance for SLFRF funds. You may, but are not required to, exclude FTEs dedicated to responding to the COVID–19 public health emergency. This is called the *actual number of FTEs*.
  • **Step Four**: Subtract the *actual number of FTEs* from the *adjusted pre-pandemic baseline* to calculate the number of FTEs that can be hired and covered by SLFRF funds.

• Importantly, you can do this analysis on a government-wide basis, or for an individual department, agency or authority.
• The FR clarifies additional ways funds can support the public sector workforce. These include:

1. Additional funds may be provided to employees who experienced pay cuts or were furloughed since January 27, 2020.

2. Funds may be used to maintain current compensation levels with adjustments for inflation, in order to prevent layoffs that would otherwise be necessary.

3. Funds may be used for worker retention incentives (<25% of rate of base pay for an individual or <10% for a group or category).

4. Funds may be used for ancillary administrative costs associated with SLFRF-funded hiring and retention.
Job Training Assistance

• Pre-Final Rule guidance provided that subsidized employment, combined education and job training programs, or job training to accelerate hiring or address negative economic or public health impacts experienced due to a worker’s occupation or level of training” are all enumerated eligible uses as assistance to unemployed or underemployed workers.

• In addition, recognizing that the pandemic has generated broad workforce disruption, in the final rule, Treasury is making clear that recipients may provide job training or other enumerated types of assistance to individuals that are currently employed but are seeking to move to a job that provides better opportunities for economic advancement, such as higher wages or more opportunities for career advancement.

• Final Rule also maintains definition of eligible beneficiaries aligned with federal Bureau of Labor Statistics definitions of unemployed and underutilized workers.
Public Health Response and Economic Impacts

- Clearer definitions of **who is an eligible beneficiary of assistance** (including low- and moderate-income definition) and **eligible forms of assistance**

- Allows **Categorical eligibility** for some federal programs

- **Broader uses and more flexibility** in providing public sector employment support (rehiring public employees)

- **In addition to programs and services**, the final rule clarifies that **recipients can use funds for capital expenditures** that support an eligible COVID-19 public health or economic response.

- Recipients may build certain affordable housing, childcare facilities, schools, hospitals, although Final Rule requires alternatives analysis for capital projects exceeding $1M.
## Infrastructure: Broadened Eligibility Categories

<table>
<thead>
<tr>
<th>Water and Sewer</th>
<th>Broadband</th>
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<tbody>
<tr>
<td>• stormwater infrastructure</td>
<td>• cybersecurity investments</td>
</tr>
<tr>
<td>• residential wells</td>
<td>• New low-income subsidy requirement for projects</td>
</tr>
<tr>
<td>• lead remediation</td>
<td>serving households</td>
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<tr>
<td>• certain rehabilitations of dams and reservoirs</td>
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Oklahoma ARPA Project – March 31, 2022
Restrictions on Use of SLRF Funds

To offset a reduction in tax revenue, the Final Rule clarifies:

• the definition of “covered change” in tax policy

And prohibited use…

• is based on whether there is a reduction in spending in a department, agency, or authority that spent SLFRF funds.

• of funds and sets a cap for funds subject to recoupment if used to offset tax policy changes
Intake Stats
ARPA Project Intake
As of March 30, 2022

Submissions & Fund Requests by Eligible Category ($B)

- Public Health: $0.33 (2%)
- Lost Revenue: $0.58 (4%)
- Premium Pay: $5.94 (38%)
- Water, Sewer, and Broadband: $3.67 (24%)
- Negative Economic Impact: $4.95 (32%)
- Other Nonprofit Entity: $0.51 (5%)
- Other Business Entity: $2.54 (37%)
- Small 501-C3 Nonprofit: $2.15 (34%)
- Municipal Government Entity: $3.70 (53%)
- Oklahoma Resident: $1.37 (2%)
- Small Business: $3.00 (3%)
- State Agency: $0.33 (2%)
- Large 501-C3 Nonprofit: $0.29 (2%)

Requested Funding
Number of Projects

Submissions & Fund Requests by Entity ($B)

- County Government Entity: $0.29
- Large 501-C3 Nonprofit: $2.15
- Municipal Government Entity: $2.06
- Oklahoma Resident: $0.11
- Other Business Entity: $1.37
- Other Nonprofit Entity: $2.54
- Small 501-C3 Nonprofit: $0.51
- Small Business: $2.72
- State Agency: $3.70

Oklahoma ARPA Project – March 31, 2022
Ideas Summary
ARPA Idea Intake
As of March 30, 2022

Submissions by Entity

<table>
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<tr>
<th>Entity</th>
<th>Submissions</th>
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<tr>
<td>County Government Entity</td>
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<tr>
<td>Large 501-C3 Nonprofit</td>
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<td>Municipal Government Entity</td>
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<td>Oklahoma Resident</td>
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<td>Other Business Entity</td>
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<td>Other Nonprofit Entity</td>
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<td>Small 501-C3 Nonprofit</td>
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<tr>
<td>Small Business</td>
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<tr>
<td>State Agency</td>
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Submissions by Eligible Category

- Public Health: 59
- Negative Economic Impacts: 60
- Lost Revenue: 20
- Water, Sewer, and Broadband: 20
- Premium Pay: 71
Working Group Updates

Discussion and Possible Action
# Discussion & Possible Action

Infrastructure, Transportation, and Rural Development Working Group

<table>
<thead>
<tr>
<th>Proposals</th>
<th>Presenters</th>
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| Oklahoma State University Institute of Technology | • Sen. Leewright  
• Rep. Phillips |
## Working Group Updates

<table>
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<tr>
<th>Working Group</th>
<th>Presenters</th>
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<tr>
<td>Economic Development and Workforce</td>
<td>• Sen. Pugh</td>
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<td>• Rep. Baker</td>
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## Discussion & Possible Action
### Health and Human Services Working Group

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<thead>
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<th>Proposals</th>
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<td><strong>Nursing Workforce</strong></td>
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**Discussion & Possible Action**  
Government Transformation and Collaboration Working Group

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<tr>
<th>Proposals</th>
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<tbody>
<tr>
<td>Nonprofit Support Program</td>
<td>• Sen. Hall</td>
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<td>• Rep. Boatman</td>
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Oklahoma ARPA Project – March 31, 2022
Follow up items
## Joint Committee Follow-Up Items 3/10

### Action Items Log

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<tr>
<th>Request</th>
<th>Description</th>
<th>Status</th>
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<tr>
<td>Idea Portal to Remain Open</td>
<td>Leave the portal open for idea submissions following the closure of the portal for projects on 3/31</td>
<td>Portal will close on March 31</td>
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<tr>
<td>Number of Projects Sent to Working Groups</td>
<td>Count of projects sent to working groups</td>
<td>Sent to Joint Committee Chairs by 929 Strategies</td>
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Other business
NEU Conference March 29, 2022
Held in Glenpool, OK

Topics Addressed
- State ARPA Strategy and Facts and Figures
- Standard Allowance
- ARPA Accounting Advice
- Maximizing ARPA Funds
- Leveraging Partnerships
- Infrastructure Bill
- Broadband
- Panel Discussion and Q&A
- Compliance & Best Practices

Questions from Participants Centered Around:
- Approved projects
- Reporting process

NEU Reporting
We are currently working with NEUs individually to prepare their reports due to the US Department of Treasury on April 30, 2022.

250 Oklahoma municipality members attended in person or watched virtually
Closing Discussion and Remarks from the Chairs
Appendix
Enumerated Capital Expenditures (1/2)

• Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment
• Improvements or construction of COVID-19 vaccination sites
• Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment)
• Expenses of establishing temporary medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs
• Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment
• Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems)
• Installation and improvements of ventilation systems
• Costs of establishing public health data systems, including technology infrastructure
• Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility)
• Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces)
• Behavioral health facilities and equipment (e.g., inpatient or outpatient mental health or substance use treatment facilities, crisis centers, diversion centers)
• Medical equipment and facilities designed to address disparities in public health outcomes
## Enumerated Capital Expenditures (2/2)

### Eligible Capital Expenditures – Assistance to Households

- Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity
- Transitional shelters (e.g., temporary residences for people experiencing homelessness)
- Improvements to or new construction of childcare, daycare, and early learning facilities
- Affordable housing development projects that increase the supply of long-term affordable housing for low-income households
- Job and workforce training centers
- Improvements to existing facilities to remediate lead contaminants (does not include construction of new facilities for lead remediation)
- Improvements or new construction of schools and other educational facilities or equipment for disproportionately impacted communities

### Eligible Capital Expenditures – Administrative Costs

- Technology infrastructure to adapt government operations to the pandemic (e.g., video-conferencing software, improvements to case management systems or data sharing resources), reduce government backlogs, or meet increased maintenance needs are eligible