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## MTF Bulletin

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### Senate Final ARPA Legislation

Last week, the Senate passed a \$3.8 billion recovery plan that uses a combination of Fiscal Recovery Funds (FRF) and fiscal year 2021 (FY) surplus revenues. In one day of debate, the Senate adopted 388 amendments which added \$154.4 million in spending to the original Senate Ways and Means (SWM) proposal. The final Senate bill is \$724,000 less than the House version of the legislation and \$345.1 million less than the Governor's ARPA and surplus legislation.<sup>1</sup>

*Figure 1. ARPA Spending Plans Compared*

	Governor	House	Senate Final
FRF Spending	\$2,915.0	\$2,510.1	Up to \$2.5B
Surplus Spending	\$1,252.9	\$1,313.4	Up to \$1.45B
<b>Total Spending</b>	<b>\$4,167.9</b>	<b>\$3,823.5</b>	<b>\$3,822.8</b>

The final Senate bill differs from the original SWM proposal largely through the addition of 430 earmark amendments, primarily for local COVID response and recovery projects, as well as 19 new policy sections. As with the House, the Senate's additional spending is primarily for new earmarks, but in some cases earmarked funds from existing appropriations.

#### *Spending Added through Amendment*

The Senate added \$122.9 million in earmark spending and \$31.5 million in new programmatic spending for a total \$154.4 million increase to the bottom line. Programmatic enhancements include new spending to boost the state's tourism industry, reimbursements for some local emergency costs not eligible for FEMA reimbursement, and added funding for an agricultural support program included in the SWM bill.

<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. Senate Programmatic Spending

Program Area	New Spending
Tourism resiliency	\$10.0
Municipal emergency reimbursements	\$7.5
MassHealth redetermination information campaign	\$5.0
Tree planting increase	\$5.0
Agricultural support increase	\$2.0
Early Intervention COVID costs	\$2.0
<b>Total</b>	<b>\$31.5</b>

The Senate’s earmark spending is comparable to the House in number and cost, as shown in Figure 3. However, unlike the House which created several earmark accounts organized by policy area, the Senate put 411 of the earmarks in one major account, while adding four earmarks to other items. The largest earmarks went to environmental cleanup projects at the General Chemical site in Metrowest (\$12 million) and King’s Beach in Lynn (\$5 million) as well as to fund a study by the Disabled Persons Protection Commission to review agency coordination in providing care to disabled residents (\$5 million).

Figure 3. House v. Senate Earmarks

	House	Senate
Number of Earmarks	411	415
Cost of Earmarks	\$154.4	\$122.9

*\$ in millions*

**Earmarks for Existing Appropriations**

The Senate added language further directing how \$72.4 million already appropriated in the SWM plan should be spent. These 15 amendments did not increase the bottom line, but instead added new specificity to the original proposal. These include:

- \$20 million to support satellite veteran service centers outside of the state’s two soldiers homes;
- \$17 million for the Greater Boston Food Bank;
- \$5 million for a food distribution center in Chicopee;
- \$5 million for mental health service improvement grants at state universities and community colleges;
- \$5 million for a restoration center in Middlesex county which will coordinate diversion and treatment for people with mental health or substance use disorders; and
- \$3.75 million to assist community health centers with workforce recruitment and retention.

### ***Policy Changes***

The Senate made more policy changes to the SWM proposal than did the House, adding 19 sections, amending six, and striking seven sections.

*Figure 4. House and Senate Outside Sections Compared*

	House	Senate
Sections out of Ways and Means	74	104
Sections added through amendment	7	19
Sections amended	3	7
Sections stricken	0	7

Notable policy changes made during Senate debate include:

- Strengthens a provision of the SWM bill related to minority and women-owned business participation in procurements, contracts, and capital projects funded through the bill. Under the revised language, DCAMM is required to establish participation goals for capital projects funded under the bill, while the Supplier Diversity Office will establish benchmarks for procurement and other contracts;
- Amends the Equity and Accountability Panel proposed in the bill by adding five additional members and charging the group with establishing statewide goals related to ARPA spending on communities disproportionately impacted by the pandemic;
- Adjusts the state’s sales tax prepayment to give vendors the option of making a payment based on recent collections;
- Extends the state’s job order contracting pilot program by two years, to 2023;
- Directs DPH to develop, implement, and support a variety of standards for local public health services related to data collection, training and professional credentialing;
- Requires the Department of Unemployment Assistance to create a public awareness campaign to inform UI claimants of the existing waiver process in cases of overpayment; and
- Extends the state’s drug stewardship program until 2026.

### ***Use of FRF & Surplus***

The Senate ARPA bill does not assign each spending item to a specific revenue source, but instead provides ANF with the flexibility to choose whether or not an item is best supported through FRF or surplus resources. The Senate establishes a cap on total FRF spending of \$2.5 billion and limits surplus spending to \$1.45 billion. The House, on the other hand, identifies \$2.51 billion in spending paid for by FRF (with other spending coming from the FY 2021 surplus).

Both the House and Senate limit the use of FRF to approximately \$2.5 billion, compared to the \$2.915 billion proposed in Governor Baker’s original ARPA bill, effectively capping spending at \$4 billion when the FY2021 surplus is included.

Figure 5. Senate and House Shared & Unique Spending

Use of Resources	
Shared spending	\$2,900.0
House unique (non earmark)	\$648.5
Senate unique (non earmark)	\$734.6
Remaining House earmarks	\$142.3
Remaining Senate earmarks	\$103.0
<b>Minimum total spend</b>	<b>\$4,322.4</b>
<b>Maximum total spend</b>	<b>\$4,528.4</b>

\$ in millions

MTF’s initial comparison of House and Senate ARPA spending shows that combining all spending proposed in both bills would result in a bottom line of between \$4.3 and \$4.5 billion. Thus, in order to limit spending to the \$4 billion indicated by the Senate spending caps, or even the \$4.17 billion proposed by Governor Baker’s ARPA and surplus spending plans, significant cuts to House and Senate spending will be required.

The amount of FRF left for future appropriation ultimately depends on how policymakers resolve spending differences, but is expected to be between \$2 and \$2.3 billion.

**Next Steps**

The House and Senate now have just days to resolve spending and policy differences prior to the last formal session of the year, scheduled for November 17<sup>th</sup>. The chief challenge before them will be to limit spending to the \$4 to \$4.2 billion range. Should a resolution by the 17<sup>th</sup> prove impossible, the bill could be finalized in an informal session in the weeks to come.

Once the bill is enacted, Governor Baker will have ten days for veto action. The Governor can choose to sign the bill while still reducing spending, striking spending or policy, or even returning policy sections with amendment.