

American Rescue Plan Act funding creates opportunity for Maine counties

Guide for Knox County



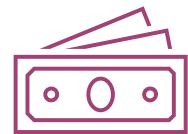
With the passage of the American Rescue Plan Act (ARPA) an unprecedented level of federal funding will flow into Maine counties. Effective allocation of these funds will aid recovery, address inequities, and improve prospects for residents and businesses.

Compared to other states, Maine counties perform relatively fewer functions. That means they have less well-established capacity to implement programs and should prioritize partnerships with local municipalities and nonprofit organizations in allocating ARPA dollars.

Maine counties will receive funds in two installments — one beginning in May 2021 and another within 12 months. Funds must be expended by December 31 of 2026 and be obligated by December 31 of 2024. In total, Maine counties will receive \$261 million. Knox County is expected to receive \$7.7 million.¹

How can counties spend these funds?

According to US Department of Treasury guidance, funds can be used to respond directly to COVID-19, the economic disruptions it caused, or to invest in critical infrastructure. Specifically, interim guidance from the US Treasury indicates counties can spend ARPA funds in five areas:



- support public health expenditures
- address negative economic impacts caused by the public health emergency
- replace lost public sector revenue
- provide premium pay for essential workers (additional compensation for workers who have felt the greatest impacts of the pandemic)
- invest in water, sewer, and broadband infrastructure²

¹ US Treasury, Allocation for Counties and Allocation for Metropolitan Cities, <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

² US Treasury, "Coronavirus State and Local Fiscal Recovery Funds," <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

This gives counties broad flexibility in using funds to meet community needs. Counties can be confident that spending in the areas above will not be subject to recoupment once the US Treasury releases its final rules.³

Where should Knox County focus its efforts?

Federal ARPA funds give counties a chance to make investments that will not only address immediate needs due to the pandemic, but also have the potential to improve long term local economic and health outcomes. Knox County should focus its efforts as follows:

Public health. According to the Maine County Commissioners Association, counties are examining their role in public health, and some have already undertaken broad ranging, collaborative public health efforts between cities and counties. Local municipalities and Knox County commissioners should work together to leverage ARPA funds and work toward common goals.



General assistance. The county should dedicate funding to need-based programs more likely to help communities most struggling due to the pandemic. Counties could dedicate funds to support municipal general assistance that helps families in crisis cover basic needs including housing, utilities, food, and medical expenses.

Grants. The county government should work with community organizations and local nonprofits to identify the communities hardest hit by the pandemic and offer grants to those agencies to help provide services such as child care assistance, homelessness support, affordable housing, rental assistance, and treatment for substance use disorder. Local community organizations working with populations disproportionately impacted by the COVID-19 pandemic are best equipped to identify Mainers in need and provide services. Funding these services with ARPA funds is supported by the US Treasury.



Communities of color. The pandemic has disproportionately impacted communities of color, where people are more likely to live in multigenerational households and work in low-wage, high-risk sectors with fewer protective health measures. Knox County should work with local municipalities to identify how ARPA funds can mitigate these impacts, such as expanding affordable housing services and premium pay for essential workers.

People with low and moderate income. The county should prioritize payments to people with low and moderate income who were disproportionately harmed in economic fallout from the pandemic. In Knox County, 10 percent of people live in poverty.⁴ Statewide, an estimated 40

³ US Treasury, "More Information on the Conclusion of the Public Comment Period and the Interim Final Rule on the Coronavirus State and Local Fiscal Recovery Funds," <https://home.treasury.gov/system/files/136/IFR-Explainer.pdf>

⁴ Maine Center for Economic Policy, "State of the Districts 2021, Knox County," <https://www.mecep.org/wp-content/uploads/2021/02/Knox.pdf>

percent of Mainers had some difficulty paying for usual household expenses during the coronavirus pandemic.⁵ ARPA funds can be used for premium pay — up to \$13 an hour in additional compensation —retroactively to January 27, 2020 for essential workers who have faced the greatest health impacts due to the pandemic. Counties should partner with public and private sector employers to identify who is eligible for payments, including workers in health care, food service/grocery, and manufacturing sectors, and other frontline industries.

Jail population. As overseers of county jails, counties are uniquely positioned to address the impact of the COVID-19 pandemic on jail populations. Knox County should seek to mitigate the harm of the pandemic among its jail population by reducing the incarcerated population, offering supports for attaining housing, treatment, and other assistance after people are released, and protecting those who remain incarcerated with vaccinations, PPE, and appropriate safety protocols.⁶

Counties can also use ARPA funds in the following ways:

- re-hire local government staff, including county employees, to pre-pandemic levels, based on employment as of January 27, 2020
- invest in certain critical infrastructure projects, including water, stormwater, and sewer investments, and broadband
- recoup lost revenue due to the COVID-19 pandemic through the provision of government services — they may not be used for rainy day or reserve funds or debt service payments⁷



The county should avoid across the board one-time cuts to property taxes, which would not be targeted to those who need it most and would only be a temporary benefit. Furthermore, effectively using the money now to address economic inequities, boost incomes, and improve infrastructure will have a greater economic benefit over the long term.

Data to Inform Knox County's Pandemic Recovery

According to guidance from the US Treasury, recipients of ARPA funds must identify disproportionately impacted communities and support their determination for how the pandemic affected the populations, households, or geographic areas to be served by the funds. The data below demonstrate investments in families with low income, people with

⁵ US Census Household Pulse Survey data week 37. <https://www.census.gov/data/tables/2021/demo/hhp/hhp37.html>

⁶ For more information, see "Coalition letter to Gov. Mills & Commissioner Liberty re: protecting incarcerated Mainers from COVID-19," https://www.aclumaine.org/sites/default/files/coalition_letter_to_mills_admin_04.20.20.pdf

⁷ National Association of Counties, "Overview for America's Counties: US Treasury Interim Final Rule & Guidance for State and Local Fiscal Recovery Funds," <https://www.naco.org/resources/featured/us-treasury-interim-final-rule-guidance-state-and-local-fiscal>

substance use disorders, and communities of color are needed to undo the disproportionate impacts of the pandemic on these Mainers.

Overdose deaths. In 2020, Knox County experienced an increase in the number of overdose deaths, with 16 deaths up from 7 deaths in 2019. According to the Maine Drug Death Report for 2020, there was an increase in drug deaths in 2020, but the increase preceded the COVID-19 pandemic and started in 2019. Statewide there were 380 overdose deaths in 2019 and 504 in 2020.⁸ Knox County should focus funding on recovery services and harm reduction strategies to support people with substance use disorders.

Equitable recovery. 8 percent of the population in Knox County are people of color.⁹ The disproportionate impact of the pandemic on communities of color, is reason for the county to place a focus on a fair and equitable recovery for *all* residents. Mainers of color are more likely to work in low wage frontline industries, face job loss, and contract COVID-19.¹⁰ Ensuring funds flow through community organizations that support Mainers of color is crucial — especially for the provision of public health services and outreach during the pandemic and for services to support employment and economic assistance.



Unemployment. Workers with low wages disproportionately felt the impacts of the pandemic: they are more likely to be employed in front line work, be required to work in person, and have higher rates of unemployment. Low wage sectors have experienced the biggest layoffs and slowest recovery in the pandemic. While middle- and low-income employment rates have almost recovered to their pre-pandemic levels, employment in low wage sectors is still down 8 percent statewide.¹¹ Unemployment in Knox County is 3.9 percent as of August 2021.¹² With expanded unemployment insurance benefits expiring, Mainers with low income need targeted supports in their communities like cash assistance, job training, child care, and affordable housing to support their wellbeing.

Vaccination rates. 70 percent of the population in Knox County is vaccinated.¹³ With rising COVID-19 infections due to the delta variant, increasing the vaccination rate is key to the pandemic response and recovery. Simply put:



⁸ Sorg, Marcella H. *Maine Drug Death Report for 2020*, [https://mainedrugdata.org/wp-content/uploads/2021/06/2020 Annual ME Drug Death Rpt Final.pdf](https://mainedrugdata.org/wp-content/uploads/2021/06/2020%20Annual%20ME%20Drug%20Death%20Rpt%20Final.pdf) and *Maine Drug Death Report for 2019*, https://digitalcommons.library.umaine.edu/cgi/viewcontent.cgi?article=1007&context=mcspc_healthsafety

⁹ US Census 2020 data, <https://www.maine.gov/dafs/economist/census-information>

¹⁰ Austin, Sarah. Coronavirus relief for frontline workers has big implications for gender and race equity. <https://www.mecep.org/blog/coronavirus-relief-for-frontline-workers-has-big-implication-on-gender-and-race-equity>; Maine Department of Labor, Characteristics of Unemployment Insurance Claimants <https://www.maine.gov/labor/cwri/ui1.html>; Myall, James. Maine's racial disparities laid bare by COVID-19 <https://www.mecep.org/blog/maines-racial-disparities-laid-bare-by-covid-19/>

¹¹ MECEP analysis of BLS Small Area Employment data.

¹² Maine Department of Labor, August Unemployment Rates by County, <https://www.maine.gov/labor/cwri/laus.html>

¹³ Maine CDC COVID-19 Vaccination Dashboard as of September 26, 2021, <https://www.maine.gov/covid19/vaccines/dashboard>

containing the virus is key to economic recovery. Knox County should direct funds to help increase vaccination rates, including partnering with local community organizations to conduct outreach in underserved communities and increasing other public health efforts.

Affordable housing. Maine home values jumped significantly in Knox County over the past two years. Home prices for June through August of 2021 were up 39 percent compared to 2020.¹⁴ Last year, home prices rose 10 percent for the same period compared to 2019.¹⁵ In Knox County, median rental prices for a two bedroom apartment including utilities jumped from \$974 in 2017 to \$1,195 in 2020. Median income, \$36,685 in 2020, fell short of the level needed to afford the median cost of rent in Knox County by over \$11,100.¹⁶ Many Mainers do not have access to affordable housing, and the rapid increase in housing costs is further exacerbating this crisis. Knox County should direct funds to provide residents greater access to affordable housing.

Rental assistance. The federal moratorium on evictions protected many Mainers from losing housing. However, with the moratorium already expiring for some Mainers and imminently expiring on October 3rd for Mainers living in high COVID-19 transmission areas,¹⁷ it is crucial that counties invest funds in rental assistance for people struggling to pay rent. Despite the moratorium on evictions, there were 55 court filings for eviction in Knox County from January-August 2021 alone.¹⁸ Knox County should direct funds to community groups that provide rental assistance and toward municipal general assistance funds to help residents struggling with rental costs.



Broadband access. Equitable access to broadband is crucial to level the playing field for education and employment opportunities. ConnectMaine estimates there are 1,276 homes without broadband access in Knox County.¹⁹ An estimated 11 percent of households do not have internet. Expanding broadband access and affordability should be a top priority for Knox County.²⁰



¹⁴ Maine Association of Realtors, <https://www.mainerealtors.com/wp-content/uploads/2021/09/MaineHousingReport-August21.pdf>

¹⁵ Maine Association of Realtors, <https://www.mainerealtors.com/wp-content/uploads/2020/09/MaineHousingReport-August2020-1.pdf>

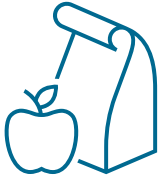
¹⁶ Maine Housing Rental Housing Facts and Affordability Index for Maine Counties, <https://www.mainehousing.org/policy-research/housing-data/affordability-indexes>

¹⁷ National Housing Law Project, "Federal Moratorium on Evictions for Nonpayment of Rent," August 2021. <https://nlihc.org/sites/default/files/Overview-of-National-Eviction-Moratorium.pdf>

¹⁸ State of Maine Judicial Branch eviction filings, <https://www.courts.maine.gov/about/reports/fed-monthly15yr-report.pdf>

¹⁹ ConnectMaine Unserved Reports, 2019 Reports by County, <https://www.maine.gov/connectme/communities-resources/Broadbandmapping>

²⁰ NTIA Indicators of Broadband Need map, <https://broadbandusa.maps.arcgis.com/apps/webappviewer/index.html?id=ba2dcd585f5e43cba41b7c1ebf2a43d0>



Food insecurity. An estimated 14 percent of Knox County residents were food insecure in 2020, meaning they could not afford enough nutritious food on a regular basis.²¹ Knox County should support local organizations and food pantries addressing hunger among its population to ensure everyone has enough to eat.

Retail sales. Overall retail sales, especially in the areas of auto and building supply, are at or above pre-pandemic levels. In Knox County, total retail sales topped \$218 million in the second quarter of 2021.²² Retail sales are outperforming pre-pandemic levels: the first half of 2021, the period for which there are data, sales were 27 percent higher than the first half of 2019.²³ Businesses have also received federal relief through paycheck protection program loans. Overall, business is strong in Knox County despite the pandemic.



Conclusion

American Rescue Plan Act funding means that Knox County has an opportunity to deliver a stronger recovery and improve current and future economic and health outcomes for all residents. Working with municipalities and nonprofit organizations to implement a plan that prioritizes households struggling most to recover from the pandemic and to invest in infrastructure that can support future connectivity and engagement will set the stage for a stronger, more durable recovery.

²¹ Feeding America, Map the Meal Gap data, <https://www.feedingamerica.org/research/map-the-meal-gap/by-county>

²² Maine State Economist, <https://www.maine.gov/dafs/economist/dashboard>

²³ Maine Revenue Services - Sales Tax Reports, Monthly Taxable Sales by ESA, July 2020 and July 2021 data, <https://www.maine.gov/revenue/taxes/tax-policy-office/sales-tax-reports>