

LB 1024: The Economic Recovery Act

ARPA Funding for North Omaha, South Omaha,
and other Qualified Census Tracts in Nebraska

The American Rescue Plan Act (ARPA)

- ▶ Passed by Congress in March 2021, the American Rescue Plan Act of 2021 (ARPA) created a wide variety of support programs for businesses, residents, and local governments in response to the COVID-19 pandemic
- ▶ Collectively, residents, local governments, and the state of Nebraska will receive approximately \$6 billion in federal funds as a result of ARPA
 - ▶ Includes additional funding for existing programs, “economic impact payments” in 2021, emergency rental assistance, various assistance programs for local governments (K-12 schools, cities, and counties), and the State Fiscal Recovery Fund
- ▶ Of the total ARPA funds received by the state, \$1.04 billion was appropriated to the state under the Coronavirus State Fiscal Recovery Fund, which was subject to allocation by the Legislature and the Governor

Eligible Uses of ARPA Funds

It's Not Just Free Money!

- ▶ The state's allocation under the Coronavirus State Fiscal Recovery Fund ("ARPA funds") may only be utilized for eligible uses as provided under ARPA and federal guidance issued by the U.S. Department of the Treasury
- ▶ Under Treasury guidance finalized in January, ARPA funds may be used:
 - ▶ To respond to the COVID-19 public health emergency or its negative impacts;
 - ▶ To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
 - ▶ For the provisions of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
 - ▶ To make necessary investments in water, sewer, or broadband infrastructure

Responding to the Public Health Emergency

Supporting Public Health Response

- ▶ Support services and programs to contain and mitigate the spread of COVID-19, including:
 - ▶ Vaccination Programs
 - ▶ Testing & Contact Tracing
 - ▶ Enforcement of Public Health Orders
 - ▶ PPE
 - ▶ Ventilation Systems
- ▶ Behavioral Health Care
- ▶ Preventing and Responding to Violence
 - ▶ Trauma Recovery Services, Violence Intervention Programs, etc.

Disparate Impact of COVID-19

Presumed Eligibility for Certain Populations

- ▶ Populations which were impacted and disproportionately impacted by the COVID-19 pandemic are presumed eligible for a wide variety of programs and services using ARPA funds
 - ▶ Populations experiencing unemployment, food or housing insecurity, or low- to moderate-income are presumed to be impacted
 - ▶ Populations located in federally qualified census tracts, served by tribal governments, and low-income households are presumed to be disproportionately impacted
- ▶ Additional households may be designated as impacted based on eligibility for other federal aid programs
- ▶ Other populations can be designated as disproportionately impacted by the state based on data, research, and analysis

Eligible Services for Impacted Populations

An Extensive List (and not the whole list)

▶ Impacted or Disproportionately Impacted

- ▶ Food, housing, or emergency assistance
- ▶ Internet access or digital literacy needs
- ▶ Assistance applying for public benefits and services
- ▶ Programs to mitigate the impacts of COVID-19
- ▶ Programs addressing lost instructional time for students
- ▶ Programs to address housing insecurity, lack of affordable housing, or homelessness
- ▶ Financial literacy programs
- ▶ Access to health insurance
- ▶ Aid to unemployed workers, job fairs, and job training

▶ Disproportionately Impacted Only

- ▶ Community health workers
- ▶ Remediation of lead paint or lead hazards
- ▶ Housing vouchers and assistance relocated to neighborhoods with higher levels of economic opportunity
- ▶ Certain services for vacant or abandoned properties
- ▶ Programs to address educational disparities, including
 - ▶ Assistance to high-poverty school districts
 - ▶ Tutoring and after-school programs
 - ▶ Summer education and enrichment
 - ▶ Social/emotional/mental health needs

Responding to the Public Health Emergency

Addressing Negative Economic Impacts

- ▶ Support for Small Businesses
 - ▶ Loans or grants to mitigate revenue declines or periods of business closure
 - ▶ Loans, grants, or in-kind assistance for COVID-19 prevention and mitigation
 - ▶ Technical assistance, counseling, or other business planning services
 - ▶ For disproportionately impacted businesses only, certain capital investments
- ▶ Aid to Impacted Industries
 - ▶ Tourism, travel, and hospitality are presumed eligible
 - ▶ Otherwise, in order to be eligible for ARPA funds, an industry must be demonstrated as “impacted” by COVID-19
 - ▶ Presumption of impact if employment loss of 8%

“I want to strategically place 1,000 jobs in the right side of our city to impact poverty. This will reduce violent crime by more than 1,000 police officers.”

Todd Schmaderer, Omaha Police Chief

From the beginning, Senator Wayne has stated that the goal of LB 1024 was to create jobs and facilitate business growth in North Omaha

LB 1024

The Green Copy

- ▶ As originally introduced, the green copy of the bill would have adopted the North Omaha Recovery Act
 - ▶ Would have appropriated \$450 million in federal funds from the American Rescue Plan Act of 2021 (ARPA) to provide grants to public and private entities to respond to the COVID-19 public health emergency and its negative impacts in North Omaha
 - ▶ Grant funding would have been provided to assist federally qualified census tracts (QCTs) located within the boundaries of a city of the metropolitan class
 - ▶ Note: Not limited to North Omaha
 - ▶ Funds would have been managed entirely by a special committee of the Legislature, the North Omaha Recovery Special Committee
 - ▶ Grants would have been targeted towards one of four categories
 - ▶ Housing & Homelessness
 - ▶ Community & Small Business Recovery
 - ▶ Community Well-Being
 - ▶ Community Assistance & Programming

The Committee Hearing

- ▶ The hearing on LB 1024 before the Urban Affairs Committee saw 39 proponent testifiers and no opponents, with an additional two “positive neutral” testifiers
- ▶ Proponents included a wide swath of North Omaha organizations, the Greater Omaha Chamber of Commerce, Omaha Police Chief Todd Schmaderer, Douglas County Commissioner Chris Rodgers, and Senators Terrell McKinney & Tony Vargas
- ▶ LB 1024 was advanced by the Urban Affairs Committee with a committee amendment on a 6-1 vote
- ▶ The committee amendment moved administration of the funds from the legislative committee to the Department of Economic Development (DED)

Dueling Tracks

LB 1024 & LB 1025

- ▶ LB 1024 (Urban Affairs Committee)
 - ▶ \$450 million ARPA request
 - ▶ Funds administered by Special Committee of the Legislature
 - ▶ Designated as Urban Affairs Committee priority bill
- ▶ LB 1025 (Appropriations Committee)
 - ▶ \$450 million ARPA request
 - ▶ Funds administered by DED
 - ▶ Competing with myriad other ARPA requests for a place in the Appropriations ARPA bill (LB 1014)

Negotiations

Getting to the Final Bill

- ▶ When the Appropriations Committee advanced LB 1014, there was approximately \$250 million in ARPA funds for “North & South Omaha”
 - ▶ \$60 million for the Airport Business Park II project
 - ▶ \$40 million for housing under the Middle-Income Workforce Housing Investment Act (only eligible in qualified census tracts in counties with a population over 100,000)
 - ▶ \$150 million for “Qualified Census Tract” grants
 - ▶ Originally split three ways
 - ▶ \$50 million for North Omaha
 - ▶ \$50 million for South Omaha
 - ▶ \$50 million for QCTs outside of Omaha
- ▶ In response, LB 1024 was amended on General File to match the \$250 million in ARPA funds, with a \$225 million transfer from the Cash Reserve Fund

Things Get Complicated

Select File & Final Reading

- ▶ On Select File, LB 1024 was amended with AM 2687 (compromise amendment) and an additional floor amendment
- ▶ On Final Reading, the bill was returned to Select File to adopt additional changes addressing the administration of the funds
- ▶ In the meantime, LB 1014 was amended to strike the \$250 million in ARPA funds for North/South Omaha so it would instead be appropriated in LB 1024
- ▶ Some choice inside quotes about the end of the legislative process:
 - ▶ “The most complicated bill I’ve ever worked on” - Trevor Fitzgerald
 - ▶ “The A-bill from hell” - Unnamed Fiscal Office Analyst

Funding for LB 1024

Where Does the Money Come From?

- ▶ As enacted, LB 1024 provides a total of at least \$335 million for qualified census tracts throughout Nebraska, but largely in North & South Omaha
 - ▶ \$250 million in ARPA funds
 - ▶ \$55 million transfer from the Cash Reserve Fund
 - ▶ \$30 million in General Funds (\$10 million each in FY22-23, FY 23-24, & FY24-25)
- ▶ Of the ARPA funds, \$80 million cannot be spent right away
- ▶ Both the Cash Reserve transfer and the General Fund appropriations in FY23-24 & FY24-25 are transferred to the Economic Recovery Contingency Fund, which cannot be spent right away
- ▶ Going forward, any interest earned on federal ARPA funds will also be transferred to the Economic Recovery Contingency Fund

Specific Appropriations

What Can The Money Be Spent On?

- ▶ The bulk of funding in LB 1024 is designated for the Qualified Census Tract Recovery Grant Program
- ▶ Funding for various programs and projects is also specifically listed out in the bill, including:
 - ▶ Up to \$60 million for the Airport Business Park II project
 - ▶ Up to \$30 million for Innovation Hubs (iHubs) in North Omaha
 - ▶ Up to \$3 million for internships and crime prevention programs run by the City of Omaha
 - ▶ Up to \$5 million to the Nebraska Film Office for production of a film on Chief Standing Bear, a portion of which will be filmed in North Omaha
 - ▶ Up to \$5 million to the Lancaster Event Center
 - ▶ Up to \$1 million for financial literacy programs for individuals residing in North & South Omaha

Affordable Housing Funding

LB 1024 Offers Maximum Flexibility

- ▶ LB 1024 specifically provides up to \$20 million each in funding for affordable housing activities in North/South Omaha and Lincoln (limited to QCTs)
- ▶ Grants are available to both public and private entities, and are not tied to requirements of the Middle Income Workforce Housing Investment Act
- ▶ Funds can be used to:
 - ▶ Prepare land parcels for affordable housing, including:
 - ▶ Laying drinking water mains, lines, pipes, etc.
 - ▶ Acquire and secure vacant or abandoned properties
 - ▶ Demolition or deconstruction of vacant or abandoned buildings
 - ▶ Conduct other eligible affordable housing interventions under ARPA, including:
 - ▶ Production of affordable rental housing and affordable homeownership units
 - ▶ Rehabilitation of affordable rental housing and affordable homeownership units
 - ▶ Preservation of affordable rental housing and affordable homeownership units

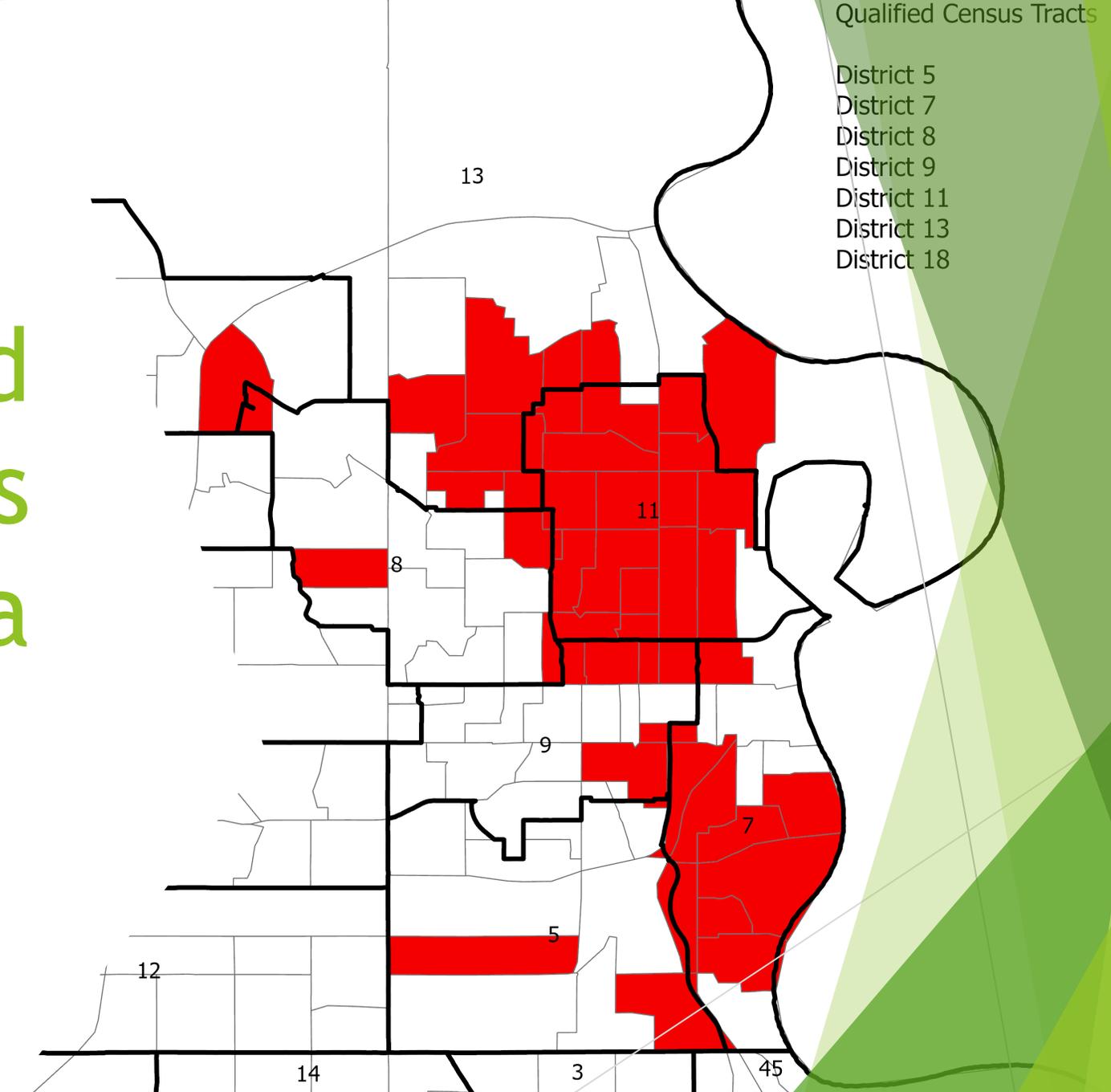
QCT Recovery Grant Program

- ▶ The bulk of funding in LB 1024 is designated for the Qualified Census Tract Recovery Grant Program
- ▶ Grants under the QCT Recovery Grant Program can be used for any eligible purposes under ARPA, DED must develop a coordinated plan, grant application, and scoring process for grants no later than December 1, 2022
- ▶ Includes some funding for QCTs outside of North & South Omaha
 - ▶ Not to exceed \$10 million for QCTs in Lincoln
 - ▶ Not to exceed \$10 million for QCTs outside of Omaha or Lincoln
- ▶ All remaining funds are allocated for grants in QCTs in Omaha
 - ▶ Minimum of \$35 million for QCTs in South Omaha
 - ▶ Minimum of \$55 million for QCTs in North Omaha
 - ▶ Any funds not applied for may be allocated to eligible grantees in any QCT in Omaha

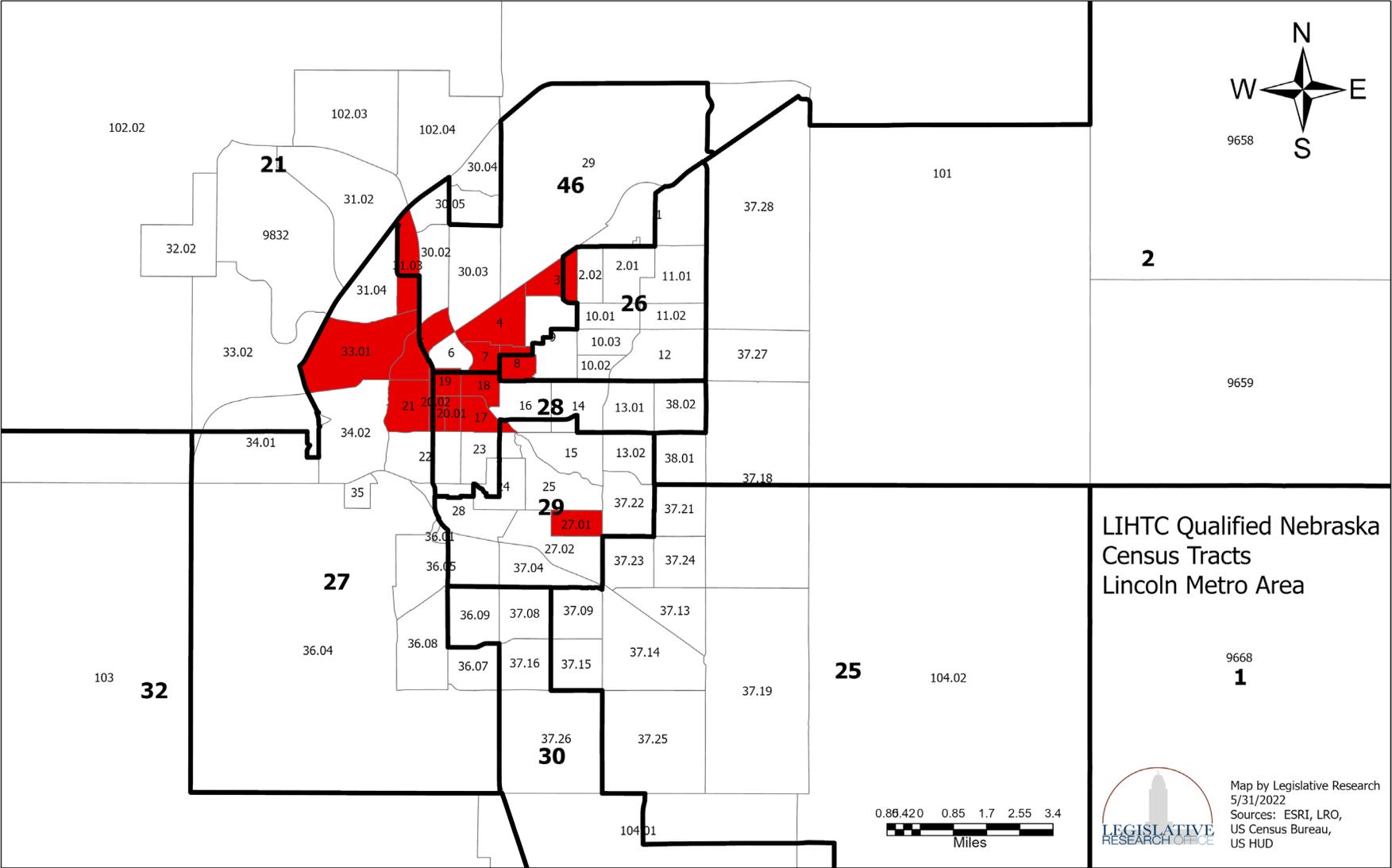
Qualified Census Tracts in Nebraska

- ▶ Outside of Lincoln and Omaha, there are a handful of communities which contain qualified census tracts
 - ▶ Beatrice
 - ▶ Fairbury
 - ▶ Fremont
 - ▶ Hastings
 - ▶ Kearney
 - ▶ Norfolk
 - ▶ Scottsbluff
 - ▶ South Sioux City
 - ▶ Thurston County

Qualified Census Tracts in Omaha



Qualified Census Tracts in Lincoln



Economic Recovery Special Committee

“STAR WARS” for North & South Omaha

- ▶ While administration of the grant funds under LB 1024 will be managed by DED, the bill creates a special committee of the Legislature to identify other specific uses for the QCT Recovery Grant Program funds
- ▶ The Economic Recovery Special Committee is modeled after the Statewide Tourism and Recreational Water Access and Resource Sustainability (STAR WARS) Committee
- ▶ No later than June 30, 2022, the Economic Recovery Special Committee must issue a request for proposals (RFP) for studies on potential eligible uses of funds, including the areas of entrepreneurship, housing, employment, job creation, and small business assistance
- ▶ DED must provide an initial draft of its coordinated plan for the QCT Recovery Grant Program to the Economic Recovery Special Committee no later than August 1, 2022, and a final draft no later than December 1, 2022
- ▶ Funds set aside in the Economic Recovery Contingency Fund, as well as the \$80 million in ARPA funds, cannot be expended until DED has submitted its final coordinated plan to the Economic Recovery Special Committee

Members of the Special Committee

- ▶ Chairperson of the Urban Affairs Committee, who serves as Chair
 - ▶ Senator Justin Wayne, LD 13 (Omaha)
- ▶ Speaker of the Legislature
 - ▶ Speaker Mike Hilgers, LD 21 (Lincoln)
- ▶ Chairperson of the Appropriations Committee or their designee
 - ▶ Senator Anna Wishart, LD 27 (Lincoln)
- ▶ Four members whose districts contain qualified census tracts in Omaha
 - ▶ Senator Terrell McKinney, LD 11 (Omaha)
 - ▶ Senator Tony Vargas, LD 7 (Omaha)
 - ▶ Senator Mike McDonnell, LD 5 (Omaha)
 - ▶ Senator Brett Lindstrom, LD 18 (Omaha)

Wait, What About That Other Stuff?

Other Provisions in LB 1024

- ▶ On General File, AM 2341 incorporated the provisions of two other bills heard by the Urban Affairs Committee into LB 1024
 - ▶ LB 915 provides that a nonprofit which has previously received a grant under the Middle Income Workforce Housing Investment Act may not receive an additional grant under the Act unless it has expended at least 50% of the previous grant
 - ▶ Also included provisions increasing the maximum grant amounts under the Act and creating greater flexibility for the City of Lincoln
 - ▶ LB 1253 requires that DED utilize funds received from the federal Coronavirus Capital Projects Fund for certain types of projects
 - ▶ Provisions of LB 1253 were subsequently amended several times
- ▶ In addition, the amendment added language allocating funds received by the state from the U.S. Economic Development Administration's American Rescue Plan Travel, Tourism, and Outdoor Recreation program to projects located in QCTs, with at least \$1 million in grants to QCTs in Omaha, QCTs in Lincoln, and QCTs outside of Omaha & Lincoln

Coronavirus Capital Projects Fund

Not ARPA, But Also in ARPA

- ▶ When people refer to “ARPA funds”, they are typically referring to ARPA funds allocated to the state from the federal Coronavirus State Fiscal Recovery Fund
 - ▶ Nebraska received \$1.04 billion from the Coronavirus State Fiscal Recovery Fund, which was appropriated in both LB 1014 and LB 1024
 - ▶ The Coronavirus Capital Projects Fund, while created under ARPA, is completely separate from what we refer to as “ARPA funds”
- ▶ Under federal guidance, funds under the Coronavirus Capital Projects Fund may basically only be used for three types of projects:
 - ▶ Broadband Infrastructure Projects
 - ▶ Digital Connectivity Technology Projects
 - ▶ Purchase and/or installation of equipment to facilitate broadband internet access
 - ▶ Multi-Purpose Community Facility Projects
 - ▶ Constructing/improving buildings designed to jointly and directly enable work, education, and health monitoring

Requirements in LB 1024

Coronavirus Capital Projects Fund

- ▶ The State of Nebraska received just over \$128 million from the Coronavirus Capital Projects Fund
- ▶ LB 1024 provides that these dollars must be spent as follows:
 - ▶ No more than \$35 million to eligible projects within the 2nd Congressional District, with grants given to multi-purpose community facilities in QCTs (priority given to non-profits partnering with the city for the rehabilitation or expansion of existing facilities)
 - ▶ No less than \$40 million to eligible projects within the 1st Congressional District
 - ▶ No less than \$40 million to eligible projects within the 3rd Congressional District, with grants awarded to eligible projects in cities of the second class and villages
 - ▶ No more than \$5 million for administration of the grants by DED
- ▶ If Coronavirus Capital Projects Fund dollars are used for broadband infrastructure projects, the projects must meet the requirements under the Nebraska Broadband Bridge Act (except for matching requirements)
- ▶ DED is required to hold a grant application period between July 1, 2022 and July 15, 2022, and may open additional grant application periods as necessary until all funds are allocated

So Now What?

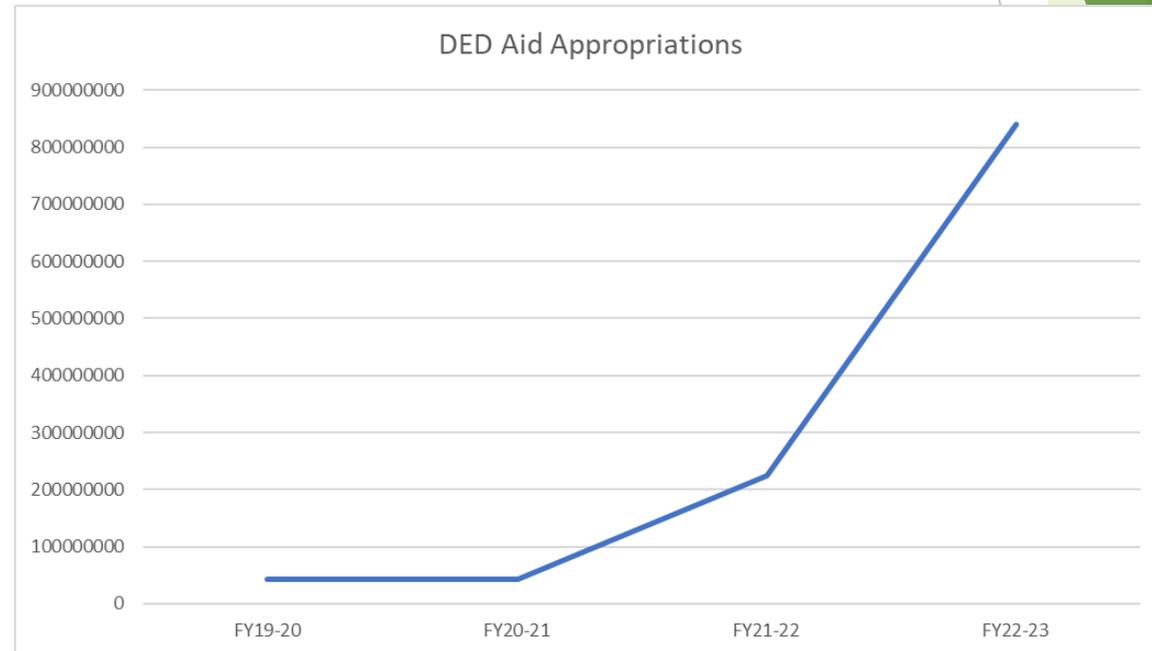
Next Steps Going Forward

- ▶ Governor Ricketts signed LB 1024 on April 18th, and a signing ceremony was held in Omaha on April 28th
- ▶ Pursuant to the bill, the Economic Recovery Special Committee issued an RFP for studies on potential eligible uses of funds, including the areas of entrepreneurship, housing, employment, job creation, and small business assistance
 - ▶ The RFP can be found on the DAS website at <https://das.nebraska.gov/materiel/purchasing/LB1024/LB1024.html>
 - ▶ On June 27th, the RFP contract was awarded to Olsson
- ▶ DED staff has begun the process of staffing up and preparing to distribute funds

A Note on DED Staffing

The Ramp-up Will Take Some Time...

- ▶ In FY 2020-21, DED distributed \$43.4 million in aid, employing 61.29 FTEs
- ▶ In FY 2021-22, DED is projected to distribute almost \$225 million in aid, employing 108 FTEs
 - ▶ Major increase largely due to ARPA funding in LB 1014
- ▶ In FY 2022-23, **not counting LB 1024**, DED is projected to distribute over \$396 million in aid, employing at least 121 FTEs
- ▶ In FY 2022-23, **solely for LB 1024**, DED is projected to distribute \$443 million in aid
- ▶ Total appropriations for DED grew by 376.48% in FY 2021-22 and another 257.65% in FY 2022-23



Questions? Comments?

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