

ARPA Economic Transformation and Stabilization, and Workforce Development Advisory Commission July 2021

Executive Recommendations For Categories of Fund Allocations

Under current guidance issued by the U. S. Treasury, it appears that Montana will have at least \$180 million of “revenue replacement” funds from the State Recovery Funds (SRF) under Section 602 of ARPA. If all other SRF are used for other eligible uses under Section 602 (e.g., water and sewer infrastructure, broadband infrastructure, etc.), then the remaining funds allocated for the purposes of this advisory commission may be treated as “revenue replacement” funds. It is important to note, however, that Treasury has asked for comments on its guidance which is subject to change.

Under ARPA, “revenue replacement” funds must be spent “for the provision of government services.” Meanwhile, HB 632 states that the Section 602 funds allocated for the purpose of this advisory commission must be used for “economic stabilization and transformation grants and workforce development grants.”

After considering the intent of the legislature, public comment received to date, and the current state of Montana’s economy and workforce, the executive agencies recommend the following categories for program development for these funds.

Business Innovation

Montana needs more good-paying jobs. Funds should be used with an eye to the future to build long-term capacity of industries and businesses and create sustainable, high-wage jobs for hardworking Montanans. Proposals that envision only short-term or unsustainable benefits or an expectation of continued governmental support beyond the limited term of the ARPA program should be disfavored. Funds should be awarded in a manner that provides equal opportunity for all industries and businesses to compete. Proposals with a local government or private sector match should be encouraged both to leverage funds and to demonstrate commitment.

Value-Added Ag Infrastructure

Agriculture is Montana’s top industry, and we need to maximize the value of our crops and livestock. Proposals should aim at growing the agriculture industry’s value-added infrastructure in Montana, adding value to crops and livestock before we export them to the world. Value-added infrastructure in Montana will also enhance our food supply resiliency. The USDA also has ARPA funds available to increase food supply resiliency, which the state should pursue separately.

Workforce Development

Montana is open for business, and our continued recovery depends on getting workers back into good-paying jobs to meet growing customer demand. We need to ensure that opportunities are available for Montanans to be trained and retrained in areas where jobs are available and growing. Proposals should leverage existing programs, target Montanans and jobs most impacted by COVID-19, and assist employers with hiring the employees they need now and in the future. Among those proposals will be a program for rapid worker training and re-training, as provided in HB 632.

Affordable Housing

In some areas of Montana, the availability of affordable housing impacts an employer's ability to find enough workers. Emergency Rental Assistance and Homeowner Assistance programs are there to help workers most affected by COVID-19 stay in their homes. In addition, proposals are needed to ensure that Montana's affordable housing projects stay on track in spite of increasing costs.