

Vermont Legislative Joint Fiscal Office

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*PRELIMINARY ISSUE BRIEF**

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ARPA Funds to Vermont Counties Far Surpass the Size of Their Budgets

Summary

The American Rescue Plan Act (ARPA), signed by President Biden on March 11, 2021, may send \$121 million directly to counties in Vermont. The legislation directs how counties can spend the funds, and the FY 2022 budget bill passed by the Vermont legislature requires the Vermont Secretary of Administration to approve all uses. Because counties in Vermont play such a limited role, however, the ARPA funds going to counties are much larger than the budgets in each county. **Of the eleven county budgets examined thus far, the ARPA funds range from five to 26 times the size of the annual county budgets.**

ARPA Funds Far Surpass County Budgets

As described below in more detail, almost all Vermont counties conduct business limited to County Court and the Sheriff's Department, and their employees serve limited roles. Yet the ARPA funds going to counties must be spent in specific areas far outside the areas of expertise of county employees in Vermont.

In most but not all states, counties have wide-ranging responsibilities such as registering voters, supervising elections, keeping records, providing police protection, and administering health and welfare services. In some parts of the country, the county government also has responsibility for schools and roads.¹ In most states, county employees likely have the expertise to administer the ARPA funds effectively. The clear exceptions are Connecticut, Rhode Island, and parts of Massachusetts which have no active county governments. In those places, the ARPA funds for counties likely will be allocated to local governments within each county or to the state.²

Vermont counties fall into a gray area because of their highly limited responsibilities. In states where counties are not units of general local government, ARPA directs the U.S. Treasury to pay the county allocation to the state, and the state is further directed to distribute the county allocation to the units of general local government within the county.³ In allocating ARPA funds to counties initially, the U.S. Treasury used the Census Bureau definition of county in which a county government is either active or not. The Vermont Congressional delegation is in

¹ In some parts of the country, the rural areas of many states have no municipal government below the county level. In other areas, consolidated city-county jurisdictions perform city and county functions in a single municipal government.

² Connecticut, Rhode Island, and parts of Massachusetts are divided into counties but have no active local government at the county level. Direct county payments in Connecticut will go to the state to distribute to local governments in the county based on relative population. Massachusetts is working with counties to return ARPA funds to the state. See <https://www.naco.org/blog/april-county-explorer-update-county-role-infrastructure>.

³ ARPA Section 9901, amending Title VI of the Social Security Act by adding 603(b)(3)(B)(ii).

discussion with Treasury officials as to whether the Census definition is an appropriate indicator of whether a county government is a unit of general local government.

The amount of ARPA money slated to go directly to county governments in Vermont is huge compared with their annual budgets. In Chittenden County, for example, the annual budget is about \$1.2 million but the ARPA funds are about \$31 million. In other words, the ARPA funds to be spent by December 31, 2024 would be about 26 times the annual budget (see Table 1). In Orleans County, the annual budget is about \$527,000, but the ARPA funds are about \$5.2 million, a multiple of 10.

Questions also arise regarding the experience of county employees in Vermont in establishing and administering programs that support public health, essential employees, and infrastructure, as required by ARPA. County employees in Vermont have a limited focus on the County Court, the Sheriff’s Department, and building maintenance. Purposes specified for the ARPA funds differ substantially from the day-to-day responsibilities of most Vermont county governments.

Table 1. ARPA Funds to Vermont Counties as a Multiple of the County Budget

County	ARPA Funds	FY 2022 Budget	ARPA Funds as a Multiple of the Budget
Addison County	\$7,143,501	\$268,782	26.6
Bennington County	\$6,889,632	\$563,500	12.2
Caledonia County	\$5,825,789		
Chittenden County	\$31,811,180	\$1,240,093	25.7
Essex County	\$1,197,091	\$242,870	4.9
Franklin County	\$9,595,759	\$474,387	20.2
Grand Isle County	\$1,405,314		
Lamoille County	\$4,926,271	\$646,885	7.6
Orange County	\$5,611,932	\$875,046	6.4
Orleans County	\$5,251,620	\$527,200	10.0
Rutland County	\$11,302,920	\$575,169	19.7
Washington County	\$11,345,264		
Windham County	\$8,201,129	\$755,657	10.9
Windsor County	\$10,695,148	\$552,289	19.4
Total for Vermont counties	\$121,202,550		

ARPA language allows counties to transfer ARPA funds to a private nonprofit organization, a public benefit corporation involved in transportation, or a special-purpose unit of state or local government. In addition, counties may transfer ARPA funds to the state.

Background: ARPA Funds to Counties in Vermont

The American Rescue Plan Act, H.R.1319, includes \$65.1 billion in the Coronavirus Local Fiscal Recovery Fund.⁴ The Local Fiscal Recovery Fund sends aid directly to every county in

⁴ The text of the Act is available at <https://www.naco.org/sites/default/files/documents/BILLS-117hr1319enr.pdf>.

America based on the county’s share of the U.S. population. Local governments will receive funds in two tranches, with 50 percent provided beginning in May 2021 and the balance delivered approximately 12 months later. The funds will cover costs incurred by the county from March 11, 2021 through December 31, 2024.

The U.S. Treasury reports that funds coming to the 14 Vermont counties will total \$121,202,550.⁵ The funds going to each county range from about \$1.2 million for Essex County to about \$31.8 million for Chittenden County (see Table 2). Language in ARPA limits the use of those funds as follows:

- Respond to public health emergency of COVID-19 or its negative economic impacts on households, small businesses, and nonprofits as well as the tourism, travel, and hospitality sectors
- Offer premium pay for essential workers of the county, or make grants available to employers with essential workers
- Replace revenue lost to COVID-19 (relative to the prior full fiscal year) to enable the county to provide government services
- Make investments in water, sewer, or broadband infrastructure
- NOT to be used for pension funds

Table 2. ARPA Funds Going Directly to County Governments in Vermont

County	ARPA Funds	Share of VT ARPA county funds
Addison County	\$7,143,501	5.9%
Bennington County	\$6,889,632	5.7%
Caledonia County	\$5,825,789	4.8%
Chittenden County	\$31,811,180	26.2%
Essex County	\$1,197,091	1.0%
Franklin County	\$9,595,759	7.9%
Grand Isle County	\$1,405,314	1.2%
Lamoille County	\$4,926,271	4.1%
Orange County	\$5,611,932	4.6%
Orleans County	\$5,251,620	4.3%
Rutland County	\$11,302,920	9.3%
Washington County	\$11,345,264	9.4%
Windham County	\$8,201,129	6.8%
Windsor County	\$10,695,148	8.8%
Total for Vermont counties	\$121,202,550	100.0%

Language in H.439, the Fiscal Year 2022 budget as passed by the Vermont General Assembly, requires that counties get approval from the Secretary of Administration before spending ARPA

⁵ Allocations for all counties in the United States appear on the U.S. Treasury website, https://home.treasury.gov/system/files/136/fiscalrecoveryfunds_countyfunding_2021.05.10-1a-508A.pdf.

funds.⁶ In addition, counties must provide periodic reports providing a detailed accounting of the uses of the funds to the U.S. Secretary of the Treasury.

Background: The Role of County Government in Vermont

County governments in Vermont have extremely limited responsibilities. In general, the county budget is assembled by assistant judges to cover the County Court including Probate Court, and the Sheriff's Department.

In December and January each year, Assistant Judges in each County Court prepare a budget for the upcoming fiscal year showing income and expenses. Income is largely from a property tax assessment on each town based on the value of the town's Equalized Grand List. Other income comes from rents, Notary Public fees, passport fees, small claims fees, and storage of wills.

Each county supports its Assistant Judges, Sheriff's Department, County Clerk, and County Treasurer in the yearly budget. Amounts are budgeted for utilities, buildings and grounds maintenance, other personnel, equipment and supplies, insurance, and legal and auditing expenses. Counties also budget for capital improvements by building a Capital Reserve fund.

The Assistant Judges hold a public meeting to review the proposed county budget about a month prior to the annual town meeting. The Assistant Judges then revise the budget based on discussion comments prior to requesting a share of property taxes from each town. Based on information received from eleven counties thus far, county budgets for FY 2022 ranged from about \$242,870 for Essex County to about \$1,240,000 for Chittenden County.⁷

*Note: This Issue Brief will be updated when JFO receives the missing county budgets and/or when the Vermont Congressional delegation receives further information from the U.S. Treasury regarding the status of Vermont counties for ARPA purposes.

⁶ H. 439 Sec. G.803 AMERICAN RESCUE PLAN ACT (ARPA) FUNDS; POTENTIAL COUNTY ALLOCATIONS; APPROVAL REQUIRED FOR USE OF FUNDS.

<https://legislature.vermont.gov/Documents/2022/Docs/BILLS/H-0439/H-0439%20As%20Passed%20by%20Both%20House%20and%20Senate%20Unofficial.pdf>

⁷ JFO has requested budgets from each of the 14 counties in Vermont. Eleven counties have responded as of June 8.