State of Illinois
Recovery Plan

State and Local Fiscal Recovery Funds
Initial Report
Governor’s Office of Management and Budget
August 31, 2021
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Executive Summary

In March 2021, the American Rescue Plan Act (ARPA) became law, becoming the sixth piece of legislation enacted by Congress to provide COVID-19 pandemic-related relief. On July 22, 2021, Illinois received $8.127 billion Coronavirus State Fiscal Recovery Fund (CSFRF) as part of ARPA. The funds can be used for a variety of purposes related to responding directly to the COVID-19 pandemic as well as its impacts. The expenditures must follow strict guidelines set out by the U.S. Department of the Treasury. Funding can be used for supporting public health expenditures, covering State costs of responding to the COVID-19 pandemic, addressing the negative impacts caused by the pandemic, replacing lost revenues of the governmental unit (and allowing such lost revenues be used for providing government services), providing premium pay for essential workers, and investing in water, sewer, and broadband infrastructure.

Illinois’ enacted Fiscal Year 2022 budget includes $2.8 billion in initial ARPA CSFRF appropriations ($1.8 billion for Operating Budget Appropriations and $1 billion for Capital Appropriations) from the State Coronavirus Urgent Remediation (CURE) Fund. The appropriations of these one-time funds are expected to spend out through December 31, 2026, allowing for thoughtful and impactful short-term investments to improve the State’s economy, and the social service, public health, and educational infrastructure in response to the COVID-19 pandemic.

In order to facilitate a strong and equitable recovery from the COVID-19 pandemic and economic downturn, the State of Illinois will work closely with State agencies and grantees to: promote and protect public health, mitigate negative economic impacts, provide services to disproportionately impacted communities, and complete infrastructure projects.

The plans and programs to achieve the above goals include so far:

- **Public Health**: Provide a broad response to COVID-19, including purchase of personal protective equipment (PPE), increasing the number of alternative care sites, providing necessary support to hospitals, nursing homes and other healthcare providers, supporting COVID-19 vaccination, testing and contact tracing programs, and growing mental and behavioral health programs to support the public health response and improve public health outcomes;

- **Negative Economic Impacts**: Promote recovery for small businesses and impacted industries by issuing Back 2 Business grants, promoting job and skills training, workforce recovery, and conducting regional economic analysis to lay the groundwork for longer-term economic recovery;

- **Services to Disproportionately Impacted Communities**: Increase the supply of affordable housing, mitigate the increase in violence during the pandemic, and address educational disparities;

- **Capital Infrastructure**: Complete statewide critical infrastructure projects related to broadband, sewer, and water.

Overall, the goal is to rebuild and grow the areas of the economy that have borne the brunt of the ongoing COVID-19 pandemic. The anticipated challenges to achieving the aforementioned goals include balancing...
impactful programs with timely deployment of funds. The primary method for addressing this challenge is by partnering with community-based programs to implement and facilitate successful outcomes.

The goal of this Annual Report is to provide Recovery Plan information to the federal government on an annual basis pursuant to the reporting requirements set forth by U.S. Treasury. Recovery Plan Performance Reports shall be submitted by each July 31st after this initial round.¹

Uses of Funds

The Fiscal Year 2022 (FY22) budget includes $2.8 billion in initial ARPA CSFRF appropriations ($1.8 billion for Operating Budget Appropriations and $1 billion for Capital Appropriations) from the State Coronavirus Urgent Remediation (CURE) Fund. For more information regarding the breakout of the appropriations by expense category, please see “Table 1 – Illinois FY 2022 ARPA Initial Appropriations in ($) Millions” below.

These one-time funds can be spent through December 31, 2026, allowing for thoughtful and impactful short-term investments to improve the State’s economy, and the social service, public health, and educational infrastructure in response to the COVID-19 pandemic and its effects.

The State of Illinois’ fiscal year begins July 1. As of July 31, 2021, no ARPA CSFRF funds had been expended.

Table 1 - Illinois FY 22 ARPA Initial Appropriations in ($) Millions

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>Appropriations in ($) Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC 1 - Public Health</td>
<td>786.5</td>
</tr>
<tr>
<td>EC 2 - Negative Economic Impacts</td>
<td>573.7</td>
</tr>
<tr>
<td>EC 3 - Services to DI Communities</td>
<td>462.6</td>
</tr>
</tbody>
</table>

Expenses Category 1 – Public Health

The COVID-19 pandemic has created a public health emergency with broad health impacts. In order to implement an effective COVID-19 response, the State of Illinois appropriated funds to State agencies to

support programs and services that assist residents and entities in need. A total of $786.5 million has been appropriated to support the COVID-19 response and to improve public health outcomes. “Table 2 – Public Health Appropriations by Agency in ($) Millions” below details the appropriations by State agency. In response to the COVID-19 virus, Illinois is allocating resources to curb the spread of the virus as well as ensuring that front-line workers have the resources necessary to continue their work.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Appropriations in ($) Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Healthcare and Family Services</td>
<td>280</td>
</tr>
<tr>
<td>Illinois Emergency Management Agency</td>
<td>150</td>
</tr>
<tr>
<td>Department of Human Services</td>
<td>150</td>
</tr>
<tr>
<td>Department of Corrections</td>
<td>12.72</td>
</tr>
<tr>
<td>Department of Innovation and Technology</td>
<td>70</td>
</tr>
<tr>
<td>Department of Public Health</td>
<td>60</td>
</tr>
<tr>
<td>Other Agencies</td>
<td>56</td>
</tr>
</tbody>
</table>

The Illinois Department of Healthcare and Family Services (HFS) has been allocated $280 million as part of the State’s healthcare response and work to improve public health outcomes. The funding will support providers of long-term care services, mental health rehabilitation facilities, and hospitals. A total of $200 million has been appropriated to State hospitals to ensure adequate staffing, supplies and ability to implement proper COVID-19 safety protocols. As hospitals receive the support necessary for their staff to properly serve their patients, all Illinois residents will benefit. To ensure equity in the healthcare response, the Department of Public Health has allocated $37.7 million for funding safety net hospitals that participate in the State’s Medicaid managed care program.

The Illinois Emergency Management Agency (IEMA) launched “All in Illinois” as an integral part of the recovery plan with programs for COVID-19 vaccination and testing as well as COVID-19 contract tracing. In addition, IEMA and other state agencies will use the FY 22 appropriation of $258 million to cover ongoing State costs for Personal Protective Equipment (PPE), alternate care sites and increased operational costs of State agencies. The increased operational costs reflect State agencies’ need to have
dedicated staff to address the effects of the public health emergency and to ensure that State services are uninterrupted.

The Department of Human Services (DHS) has been appropriated $70 million to address public health issues increasing as a result of the pandemic. DHS will use $50 million of the appropriated funds for programs to address trauma, mental health and behavioral health. Lastly, DHS will partner with other State agencies and community support organizations to specifically address first responder mental health and suicide prevention.

The Illinois Department of Public Health (DPH) is overseeing the Illinois Coronavirus Vaccine Incentive Public Health Program to educate and incentivize residents to get vaccinated. The Department of Public Health and Department of the Lottery have been appropriated $10M for promotion of the vaccine incentive program and program prizes. Under the “All in Illinois” program, fully vaccinated residents have had the opportunity to win incentive prizes, with the final round of winners announced in August 2021.

As residents get vaccinated in the effort to curb the spread of COVID-19, there is also a need to evaluate ways to prevent COVID-19 in state-run congregate settings. For example, the Department of Corrections has been appropriated $70 million for COVID-19 testing for staff and individuals in custody. The testing will allow the agency to limit exposure by acting appropriately and quarantining upon any positive COVID-19 results.

Expense Category 2 – Negative Economic Impacts

Due to the COVID-19 pandemic, daily life changed as schools closed, businesses shut down, travel was reduced, and millions of Americans lost their jobs. These changes have resulted in lasting negative economic impacts. In order to address the negative economic impacts caused by the public health emergency, the Department of Commerce and Economic Opportunity (DCEO) will provide grants for economic recovery and resident job training. The table below, “Table 3 – Department of Commerce and Economic Opportunity Programs in ($) Millions”, shows the allocation of the DCEO programs.
Under the Back 2 Business Grant Program, $300 million is allocated to aid in business recovery and to offset business losses during the pandemic. The program is an equity-focused business relief program that gives priority to hard-hit industries, hard-hit areas, businesses with less than $5 million in revenue as of 2019 and businesses that have yet to qualify for other State and Federal funding assistance. The grants will range from $5,000 to $150,000 per business and can be used to cover operations/staff/overhead costs. The grant applications for this program will be received, reviewed and rewarded on a rolling basis. As businesses re-open and work to bring about a strong economic recovery, residents will have more employment opportunities.

One of the hardest hit industries in the COVID-19 pandemic was the hospitality/tourism/convention industry. As conventions and expos were cancelled due to the public health emergency, these industries suffered significant revenue loss. In order to mitigate the negative economic impact on this sector, $123.7 million has been appropriated to impacted industries and agencies. The investment in these industries will pay dividends as conventions and tourism return to the State, bringing tax revenues.

The COVID-19 pandemic impacted not only businesses and specific industries, but also specific business areas as many workers left offices to work remotely. Under the American Rescue Plan Capital Assets Program, DCEO can fund $45 million to projects that support improvements and encourage investment in commercial corridors and downtowns that have experienced divestment. The funding for these projects will take into consideration the ability to make hard-hit areas more attractive for private investment and generate employment opportunities for residents.

In addition to working with businesses, the State will work with displaced workers as part of the Workforce Recovery Initiative. The $50 million initiative connects unemployed, underemployed and displaced workers with skills training and new employment opportunities at all skill levels. A core component of the
The initiative is to work with underrepresented and underserved populations to promote equitable outcomes. The initiative is designed to help residents re-enter the workforce and support economic recovery.

**Expense Category 3 – Services to Disproportionately Impacted Communities**

The COVID-19 pandemic has impacted the world in many ways: changing the way people work, learn and socialize. However, the negative effects of the pandemic disproportionately impacted communities along racial, ethnic, socioeconomic and geographical lines. In order to facilitate an equitable recovery from the pandemic, assistance to these disproportionally impacted communities is necessary. State agencies including the Department of Human Services, State Board of Education and Department of Commerce and Economic Opportunity will partner with communities and community organizations to meet the dynamic needs of these groups. A full breakout of all agencies is below in “Table 4 – Services to Disproportionately Impacted Communities by Agency in ($) Millions”.

![Table 4 - Services to Disproportionately Impacted Communities by Agency in ($) Millions](chart.png)

- Department of Human Services
- Illinois Housing Development Authority
- IL Criminal Justice Information Authority
- Illinois State Board of Education
- Department of Commerce & Economic Opportunity
- Illinois Community College Board
- Illinois Student Assistance Commission
- Department of Children & Family Services
- Illinois Board of Higher Education
The Department of Human Services (DHS) will oversee $147.3 million in grants to community support organizations, including $87 million to welcoming centers. DHS and the community support organizations will partner in vaccination outreach, behavioral health and substance misuse services. As residents access these services, the anticipated results are positive public health outcomes. The Welcoming Center System will also provide comprehensive case management and service coordination to immigrants and refugees.

Moreover, the COVID-19 public health emergency has given rise to stress, fear and uncertainty. Those factors, coupled with declining economic conditions, have led to the increased potential for violence in underserved and disproportionately impacted communities. The Criminal Justice Information Agency (CJIA) is partnering with schools and community support organizations to provide resources to stop the pattern of violence in disproportionately impacted communities. CJIA will award grants of $55.8 million to programs with the purpose of preventing and interrupting violence. DHS also has funding to expand summer employment opportunities and to expand funding for Teen REACH for safer communities’ programs.

In order to address the educational disparities between low-income students and their peers, the Illinois State Board of Education (ISBE) will implement educational assistance programs in high-poverty districts. As part of after school programs, students will have the opportunity to participate in enrichment activities in a safe environment. The Parent Mentoring program is another program to provide educational assistance in disproportionately impacted communities. Parent mentors will work with teachers in the classroom to strengthen school-community-parent partnerships.

Expense Category 4 – Premium Pay

Currently, there are no direct appropriations to address premium pay.

Expense Category 5 – Water, Sewer and Broadband Infrastructure

Water and Sewer

ARPA funding allows State, Local, and Tribal governments to have access to funding for improvements to water and sewer infrastructure. ARPA fund eligibility is determined by the same eligibility criteria as the US EPA’s Clean Water State Revolving fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF). The types of projects eligible for CWSRF assistance include projects to construct, improve, and repair wastewater treatment plants, control non-point sources of pollution, improve resilience of infrastructure to severe weather events, create green infrastructure, and protect waterbodies from pollution. Projects eligible for DWSRF assistance include those that construct municipal wastewater facilities, control nonpoint sources of pollution, build decentralized wastewater treatment systems, create green infrastructure, protect estuaries, and other water quality projects. By permitting funds to be used for water and sewer infrastructure needs, Congress recognized the critical role that clean drinking water and services for the collection and treatment of wastewater and stormwater play in protecting public health.
Water and sewer systems in Illinois have become an increasing problem in recent years as communities have struggled to address outdated water and sewer systems, polluted water, combined sewer overflows (CSO’s), and connecting communities to wastewater treatment facilities. This struggle has led to communities operating with a higher risk of contaminants that pose a threat to public health and the environment. The assistance provided through ARPA funding supports the critical need for investments to create and improve water and sewer infrastructure, enhancing and expanding systems to benefit communities and the economy.

For example, using ARPA funds, the State will invest $26.9 million in the City of Marengo for extension of its water and sewer lines, improvements to the wastewater treatment plant and a sanitary sewer system rehabilitation. The three projects at Marengo are critical in keeping the water supply safe and facilitating further economic development. The extension of water and sewer lines in the City of Marengo allows for needed infrastructure to bring manufacturers and stimulate industrial development creating long-term jobs for this region.

Broadband

The Connect Illinois initiative includes a capital investment from Rebuild Illinois, the creation of a Broadband Advisory Council and Broadband Office, and a new program that will provide all Illinois public K-12 students access to high-speed broadband at no charge. ARPA funds will be used to bolster and accelerate a statewide broadband deployment grant program to expand access to reliable, high-speed internet service statewide. According to the USDA, fully utilizing digital technologies within the agriculture industry could create approximately $47 to $65 billion annually in additional gross benefit for the U.S. economy.

Access to broadband internet has emerged as a critical need for families, entrepreneurs, farmers, and industries because of its ability to facilitate economic growth and development in today’s economy and during the COVID-19 pandemic. According to the Federal Communications Commission, 30 percent of rural Americans lack access to high-speed broadband, compared to just 4 percent of urban Americans. Under the direction of the Illinois Department of Commerce and Economic Opportunity, the State is directing at least $300M to jump start programs to expand and strengthen broadband network access.

Promoting Equitable Outcomes and Community Engagement

The COVID-19 pandemic has affected communities across the country and the impact on low-income families, rural communities and communities of color has been disproportionately high. During the pandemic, legislation has been signed into law to promote equity in education and workforce development, economic access and opportunity, and health care and human services. The Recovery Plan for Illinois is being designed with this legislation in mind and consideration of community awareness and community access.

Historically, community awareness and community access and distribution have been barriers to serving marginalized communities. Illinois will work to address these barriers through the use of programs such as the Community Navigator Program and Welcoming Centers. The Community Navigator Program has 13
hubs connecting small businesses with relief program services and resources and will target underserved groups including minority, rural, veteran and women-owned businesses. These programs also work to spread awareness of services as well as providing aid in applying for relief programs. Lastly, Community Navigators engage in open dialogue with the Department of Commerce and Economic Development about potential barriers to underserved groups in programming. The Illinois Welcoming Centers connect immigrants and refugees with benefits and services provided by State and Federal agencies. The Welcoming Centers leverage community involvement to create Community Alliances to address barriers to services.

**Labor Practices**

Illinois has not started any of the projects under Infrastructure (EC S). However, the State has incorporated reporting requirements that encourage and track the use of strong labor practices. For capital expenditures in excess of $10 million the following reporting is required under the Uniform Grant Agreement: prevailing wage, project labor agreements, local hiring and community benefit agreements.

As part of the prevailing wage\(^2\) reporting, the grantee certifies all laborers and mechanics are paid at or above the prevailing wage or provides a project employment and local impact report. The project employment and local impact report must detail:

- Number of employees or contractors and subcontractors working on the project;
- Number of employees on the project hired directly or through a third party;
- Wages and benefits of workers on the project by classification; and
- Whether wages are at rates less than prevailing wage (as determined by the Davis-Bacon Act)

The project labor agreement reporting includes certification that a project labor agreement is in place, meaning a pre-hire collective bargaining agreement consistent with section 8(f) of the National Labor Relations Act or a project workforce continuity plan. The project workforce continuity plan must detail:

- How the Grantee will ensure the project has ready access to a sufficient supply of appropriately skilled and unskilled labor to ensure high-quality construction throughout the life of the project;
- How the Grantee will minimize risks of labor disputes and disruptions that would jeopardize timeliness and cost-effectiveness of the project;
- How the Grantee will provide a safe and healthy workplace that avoids delays and costs associated with workplace illnesses, injuries, and fatalities; and
- Whether workers on the projects will receive wages and benefits that will secure an appropriately skilled workforce in the context of the local or regional labor market.

Last, grantee labor reporting packages must also include if the project prioritizes local hiring and if the project includes a Community Benefit Agreement and a description of that agreement.

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\(^2\) Governed by the Illinois Prevailing Wage Act, 820 ILCS 130/1 et seq.