



Relief Has Arrived

The Latest Guidance on Using Recovery Funds from the American Rescue Plan

May 17, 2021

Presented in partnership with: **ICMA**



Agenda

- Let's review the basics
- Did you know?
- How can I spend the money?
- What are my reporting requirements?

A low-angle, wide shot of the United States Capitol dome in Washington, D.C. The dome is white with a ribbed structure and a smaller dome on top. It is surrounded by a circular portico with columns. An American flag is visible on the right side. The sky is blue with scattered white clouds.

Let's review the basics

\$350B to State and Local Governments

- May 10: Most ARPA allocations and Interim Final Rule released (effective beginning May 17)
 - Final numbers for states and direct recipients (generally over 50k population)
 - Guidance on implementation
 - Awaiting allocations and further guidance for nonentitlement units of local government (NEUs) (generally less than 50k population)
- Published in Federal Register on May 17, open comment period until July 16 before Final Rule
 - There is time to make changes



Provide feedback to Treasury – look at the questions

Treasury Portal is Open

- Direct recipients can access half of their allocations
 - DUNS, SAM, authorized rep, POC, bank info
 - Once submitted by recipients, verification process will take Treasury ~4 business days; once verification confirmed, could have money in the bank the next business day!
- NEUs will receive first half of their allocations from the states within 30 days after Treasury releases funds to the state (states may request extension)
 - DUNS, authorized rep, POC, bank info – No SAM!

Timing of the Distribution of Funds

- Disbursements in two tranches, 12 months apart
 - Allows recipients to respond to the current recovery status and plan accordingly
 - Exception for states with high unemployment, then single disbursement
- Dates of importance
 - **January 27, 2020:** beginning of the COVID-19 public emergency
 - **March 3, 2021:** funds can be used to cover costs incurred from this date forward (can still be used to replace lost revenue; can also be used for retroactive premium pay for essential workers)
 - **December 31, 2024:** funds must be obligated
 - **December 31, 2026:** end of period of performance

Did you know?



Did you know?

- Unique opportunity to avoid federal red tape
- NEPA will NOT be required for infrastructure projects funded with only Treasury funds
- Expanded uses for hardest hit communities
 - Must be in Qualified Census Tract or in disproportionately-impacted communities
 - Lead abatement, affordable housing, community violence intervention, housing vouchers, relocation assistance, etc.
- You can transfer funding to special districts, other jurisdictions, non-profit organizations, and even your state



Use first tranche for revenue replacement, then be creative

Things to Think About and Consider

- Solicit community input
- Consider Council or Board action and/or resolutions
- How will the project be described on the front page of the local paper?
- Can you adequately explain why the use of funds is necessary?
- What is the harm/need you are looking to address?
- How does the expenditure address that harm/need?



Connect the harm/need to the COVID-19 emergency

How can I spend the money?



Eligible Uses

- Respond to public health emergency / negative economic impacts
- Revenue loss
- Premium pay
- Water, sewer, and broadband infrastructure



Public Health Response to COVID-19 Emergency

- Mitigation and prevention activities
- Medical expenses for care and services to address short- and long-term needs
- Behavioral health care: mental health, substance misuse, DV services
- Public health and safety staff payroll and benefits
- Activities to address the disparities in public health outcomes



Negative Economic Impacts

- Help households and individuals
- Assist small businesses
- “Broad latitude” to address impact on state, local, Tribal governments’ ability to deliver general government services; rehiring staff
- Aid to impacted industries
- Expanded uses for hardest hit communities



Revenue Loss

- Compares actual pandemic-era revenue to an estimate of revenue if the pandemic had not occurred
- Calculation provided in guidance OR assume 4.1% growth, whichever is higher
- Revenue loss is different for every community, so Treasury will allow calculations at 4 points in time: December 31, 2020; December 31, 2021; December 31, 2022; December 31, 2023
- Broad latitude to use funds for provision of government services, such as infrastructure maintenance or pay-go infrastructure projects; examples:
 - Roads, modernization of cybersecurity, health services, environmental remediation, school or educational services, the provision of public safety services (e.g., police and fire)

Premium Pay to Essential Workers

- Direct payments to essential workers or grants to 3rd-party employers with eligible workers
- Work must involve regular in-person interactions or regular physical handling of items that were also handled by others
 - Not for teleworkers!
- Premium pay is \$13/hour **more than** wage/payment not to exceed \$25k/year
- If premium pay increases total pay above 150% of state's avg. wage or their county's avg. annual wage, whichever is higher, then written justification is required
- Retroactive and future payments allowed and encouraged

Water and Sewer Infrastructure

- Drinking water infrastructure, such as building or upgrading facilities and transmission, distribution, and storage systems (Eligible under Drinking Water State Revolving Fund)
- Wastewater infrastructure, including constructing publicly-owned treatment infrastructure, managing and treating stormwater or subsurface drainage water, facilitating water reuse, and securing publicly-owned treatment works (Eligible under Clean Water State Revolving Fund)
- Projects should encourage strong labor standards
- May include projects on privately-owned infrastructure and cybersecurity



Think “Build Back Better” – resiliency, green infrastructure, lead service lines

Broadband Infrastructure

- Focus on unserved or underserved - lacking a wireline connection that reliably delivers minimum speeds of 25 Mbps download and 3 Mbps upload (or 25/3)
- Prioritize last-mile connections to households and businesses
- Build reliable 100/100 unless impracticable due to topography, geography, or financial cost
- Prioritize fiber optic infrastructure where feasible
- Prioritize support for networks owned, operated, or affiliated with local governments, non-profits, co-ops



Ineligible Uses

- Offset tax cuts
- Deposit into pension funds, rainy day funds
- Funding debt service, legal settlements, matching funds (unless allowed by the federal program)
- General infrastructure spending (outside of broadband, water/sewer) unless under revenue loss provision

A photograph of a large stone bridge with multiple arches, illuminated at night. The Washington Monument is visible in the background, also illuminated. The scene is reflected in the water below. The text 'What are my reporting requirements?' is overlaid in white on the bridge.

What are my reporting requirements?



Reporting Mechanisms for the Use of Funding

- Direct recipients must submit one Interim Report and thereafter quarterly Project and Expenditure reports through December 31, 2026 (the end of period performance).
 - Remember, funds must be obligated by December 31, 2024 ,and completed by December 31, 2026
- Direct recipients with a population more than 250,000 will also be required to submit an annual Recovery Performance Plan to Treasury (the first report must be submitted by August 31, 2021).
- NEUs are not required to submit an Interim Report or Recovery Performance Report. However, NEUs will be required to submit annual Project and Expenditure reports through December 31, 2026.
- Financial records and supporting documents must be kept for five years after all funds are expended.

Thank you!



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