

ARPA: Coronavirus State and Local Fiscal Recovery Fund Guidance Update

National League of Cities

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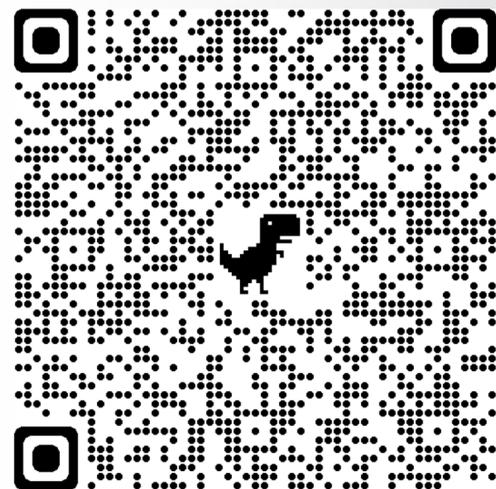
The U.S. Department of the Treasury released:

- Guidance/Interim Final Rule
- Frequently Asked Questions (FAQ)
- Allocation for Metropolitan cities
- Opened portal for Metropolitan cities to apply for funding
- State guidance for NEUs

Many of the points that NLC advocated for were adopted in the Interim Final Rule.

Visit the Treasury webpage for more info about the Coronavirus State and Local Recovery Fund.

[Treasury.gov/SLFRP](https://www.treasury.gov/SLFRP)



Framework of Interim Rule

- Non-exclusive lists of allowable expenditures
 - Categories include intervention for Qualified Census Tracts, public health, direct aid, community & economic development, infrastructure
- Encouraged expenditures
 - Categories include addressing racial disparities, inequities, disproportionate harm
- Prohibited expenditures
 - Categories include pension funds, legal settlements, federal match requirements

Framework to Assess Eligibility for Projects and Services

1. Identify the harmful effect of COVID-19 the activity will address.
2. Assess the causal or compounding connection.
3. Assess for disproportionate impact on distressed sectors or populations.
4. Determine how to prove the expense produces the expected outcome.

- **Metropolitan cities include all cities with populations over 50,000,** including cities that relinquish or defer their status as entitlement cities for CDBG. Cities under 50,000 that qualify and accept annual CDBG grants also appear on the Metro list.
- **Non-entitlement Units of Local Governments (NEUs) are the remaining municipalities.**
 - The funds will go out in two tranches. 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.
 - Metropolitan cities can already begin applying for the funds through Treasury's online portal. Metropolitan cities will receive their second round of funds 12 months after they receive their first funds.
 - NEUs will receive their money from their respective states within 30 days of the states receiving the money unless states receive an extension. NEUs will receive their second payment 12 months after receiving their first payment.

Jurisdictions must submit a request to receive funding even if they have previously applied for other programs through the Treasury Submission Portal. Eligible jurisdictions will receive further communications regarding the status of their submission via the email address provided in the Treasury Submission Portal.

- Jurisdiction name, taxpayer ID number, DUNS Number, a sam.gov account, and address
- Authorized representative name, title, and email
- Contact person name, title, phone, and email
- Funds transfer information, including recipient's financial institution, address, phone, and routing number and account number

- Non-entitlement Units of Local Government (NEUs) will receive funds from their state within 30 days after states receive their payments unless their state is granted an extension
- States to split aggregate sums amongst NEUs based on population
 - Allocation cannot exceed 75 percent of NEUs budgets
 - 8 states with weak minor civil divisions to conduct facts-and-circumstances to determine eligibility
- **States to establish request process that requires:**
 - NEU name, Entity's Taxpayer ID Number, DUNS number, and address
 - Authorized representative name, title, and email
 - Contact person name, title, phone
 - Financial institution information
 - Total NEU budget
 - Signed 1) terms and condition and 2) assurances of compliance with Title VI
- States will assign "NEU Recipient Number"
- States cannot add more requirements for distributions
- Treasury advises SAM.gov registration

To respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality.

- COVID-19 Mitigation and Prevention
- Medical Expenses
- Behavioral Health Care Including Addiction Treatment
- Public Health and Public Safety Employees
- Data, Design, and Execution of Health Programs
- Health Disparities
- Survivors Benefits

Presumption of Eligibility inside Qualified Census Tracts (QCT)

- Direct cash and loan interventions
- Assistance to business and non-profits
- Impacted industries and workers
- Housing and Community Development
- Homelessness
- Childcare and Education

Fiscal Recovery Funds payments may be used by recipients to provide **premium pay to eligible workers performing essential work** during the COVID-19 public health emergency or to **provide grants to third-party employers with eligible workers** performing essential work.

- The Interim Final Rule defines "essential work" as work involving regular in-person interactions or regular physical handling of items that were also handled by others.
- Such workers include:
 - Staff at nursing homes, hospitals, and home care settings;
 - Workers at farms, food production facilities, grocery stores, and restaurants;
 - Janitors and sanitation workers;
 - Truck drivers, transit staff, and warehouse workers;
 - Public health and safety staff;
 - Childcare workers, educators, and other school staff; and
 - Social service and human services staff.

Coronavirus State and Local Fiscal Recovery Funds – “necessary investments in water, sewer, or broadband infrastructure.”

- Projects eligible under the Clean Water State Revolving Fund
 - Construct, improve, and repair wastewater treatment plants; control non-point sources of pollution; create green infrastructure; manage and treat stormwater; water reuse; protect waterbodies from pollution.
- Projects eligible under the Drinking Water State Revolving Fund
 - Build or upgrade facilities to improve water quality; transmission, distribution, and storage systems; consolidation or establishment of drinking water systems
- Cybersecurity
- Climate Change and Resilience
- Lead Service Line Replacement

- Eligible projects **must**:
 - "be designed to provide service...to unserved and underserved households and businesses."
 - Unserved and underserved = lacking access at least 25/3 Mbps wireline service
 - Specific service areas and locations may be defined by community
 - Provide service that "reliably meets or exceeds symmetrical speeds of 100 Mbps" or, if impossible, at least 100/20 Mbps with the ability to scale to 100 Mbps symmetrical
- Eligible projects are **encouraged** to:
 - consider affordability
 - avoid investing in locations with "existing agreements to build reliable wireline service with minimum speeds of 100/20 Mbps by December 21, 2024"
 - "deliver a physical broadband connection by prioritizing projects that achieve last-mile connections"
 - prioritize municipal, nonprofit, and cooperative-owned networks
- Digital inclusion: assistance to households, including internet access and digital literacy assistance, are eligible uses

1. General Revenue draws on the Census definition of General Revenue of Own Sources.
2. Excluded from this definition: Utilities.
3. **Recipients should sum across all revenue streams covered as general revenue.**
4. Cities, towns, and villages, will use a predetermined growth rate of 4.1% or the average annual growth rate over the three full fiscal years prior to the pandemic to help determine lost revenue.
5. Recipients should calculate the extent of the reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023.

- Federal Matching Requirements
- Premium Pay for telework
- Pensions
- Infrastructure not Directly Addressed in ARPA
- Rainy Day Funds, Financial Reserves,
and Outstanding Debt

General

- Treasury plans to help with the administrative burden of reporting through technical assistance
- Treasury will provide additional guidance about reporting requirements

Metropolitan Cities

- Interim Report
 - Expenditures by category at the summary level from award date to July 31, 2021
 - **DEADLINE**: August 31, 2021
- Quarterly Project and Expenditure reports
 - Contracts/subawards over \$50K
 - Types of projects funded and other info on utilization of awards
 - **DEADLINE**: October 31, 2021 (following reports due 30 days after calendar quarter)
- For populations +250K, annual Recovery Plan Performance
 - Provides the public and Treasury info about projects and outcomes
 - **DEADLINE**: July 31, 2021 (each year)

Non-Entitlement Unites of Local Government (NEUs)

- Annual Project and Expenditure Reports
 - Initial report from receipt to September 30, 2021
 - **DEADLINE**: October 31, 2021 (each year)

On May 17, Treasury requested comments on the Interim Final Rule.

- Due on **July 16, 2021**
- NLC drafting comments

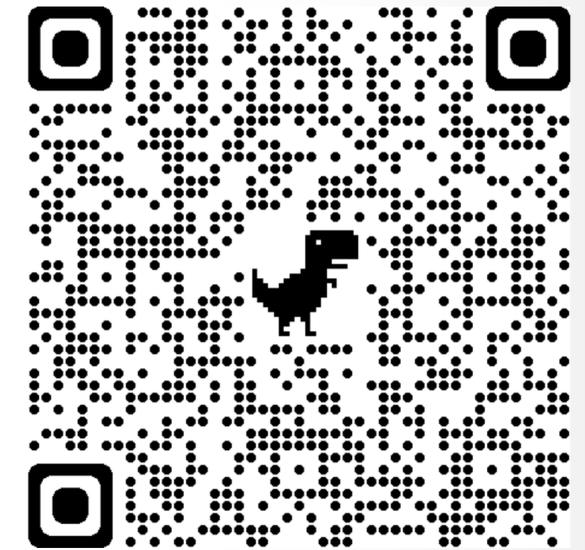
Seeking Additional Clarification:

Re-classification of NEUs to Metros

- Transparency in Calculations

Seeking Immediate Fixes:

- Broadband
- Public Utilities

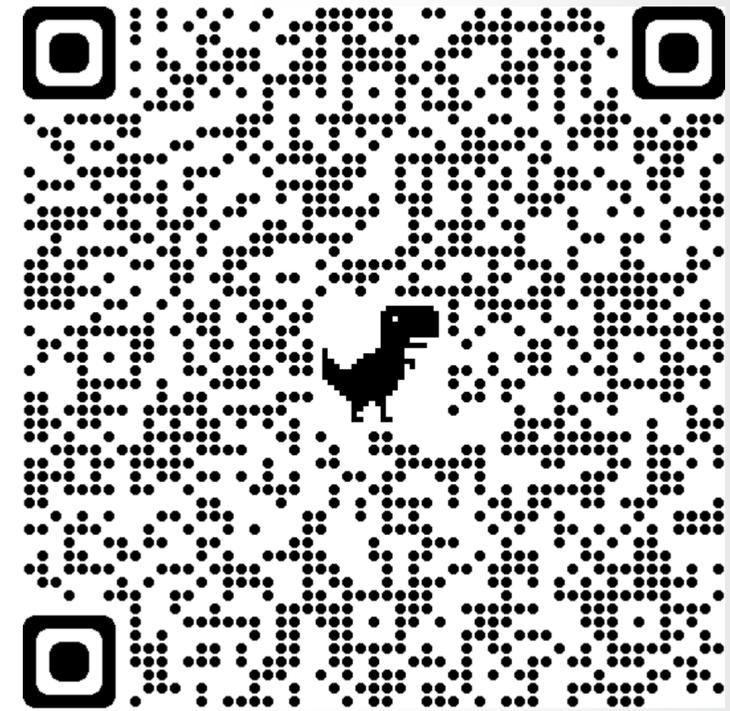


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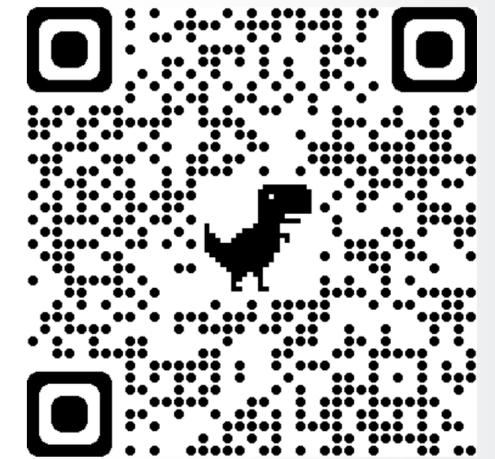
The Treasury expects to provide technical assistance to mitigate administration burden.

For general questions about the Coronavirus State and Local Recovery Fund, email SLFRP@treasury.gov.



NLC's COVID-19 Hub: <https://www.nlc.org/covid-19-pandemic-response/>

- Blogs
- 5 fact sheets: Reporting Requirements, Receiving Funds, State Conditions
- Prohibited Uses, Calculating Revenue Loss
- Revenue Loss Calculator
- Webinar recordings



Tell NLC what kind of additional programming and resources will be useful for your municipal operations:

<https://bit.ly/3eVyvWt>



- [City/County Coordination is Vital for America's Recovery Plan](#)
- [American Rescue Plan Act – Guidance, Funding and Updates as of May 11](#)
- [How the American Rescue Plan Act is Supporting Food Access and Jobs](#)
- [Supporting Early Childhood with the American Rescue Plan](#)
- [U.S. Treasury Guidance on Using Coronavirus State and Local Fiscal Recovery Funds](#)
- [Six Considerations to Leverage ARPA Funds for Economic Mobility](#)
- [Meeting the Moment: Leveraging American Rescue Plan Act Funds to Improve Mental Health & Wellbeing](#)
- [How Local Leaders Can Help Residents Access the Emergency Broadband Benefit](#)
- [Six Do's and Don'ts for Local Emergency Rental Assistance](#)
- [What Small Cities Need to Know to Access ARPA Local Relief Funds](#)
- [Supporting Local Businesses with America's Rescue Plan](#)
- [Local Principles for ARP Implementation](#)

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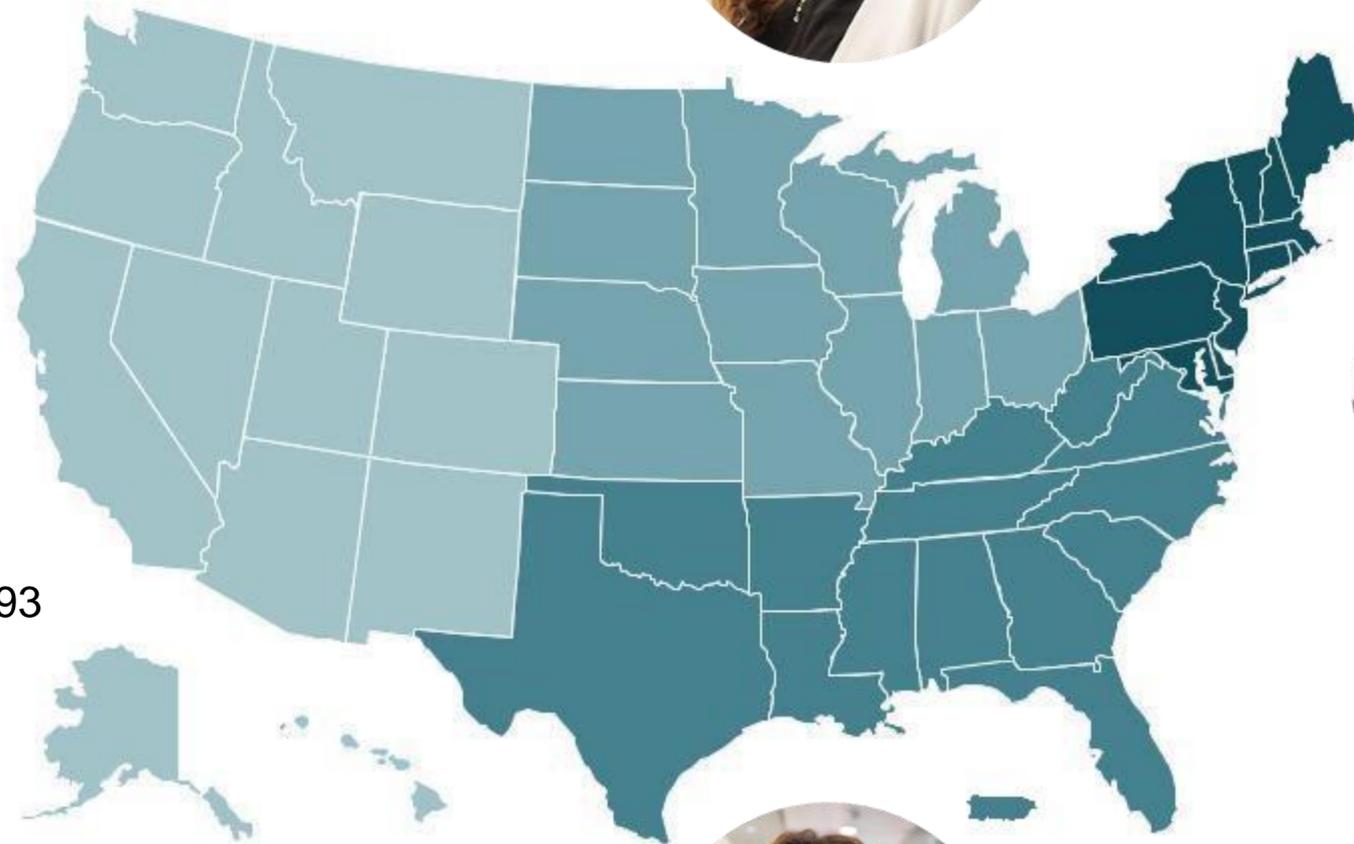
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