



ARPA Treasury Guidance May 11, 2021

ARPA Treasury Guidance



- Link for Metropolitan Cities to receive ARPA funds directly from the Treasury is live at:
- <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/request-funding>
- Scroll down to the Treasury Submission Portal and begin the process
- Submission Requirements are also listed – taxpayer ID, DUNS number, address, authorized representative, title, email, etc.

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- Local governments designated as non-entitlement units are eligible to receive Coronavirus State and Local Fiscal Recovery Funds as provided in the American Rescue Plan Act. However, you will receive the funding directly from the state no later than 30 days after the state receives the funding.
- Non-entitlement communities **SHOULD NOT** request ARPA funds through the Treasury portal.

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ARPA is divided into 5 categories of eligible use

1. Support Public Health Expenditures
2. Address Negative Economic Impacts
3. Replace Lost Public Sector Revenues
4. Provide Premium Pay for Essential Workers
5. Invest in water, sewer, or broadband infrastructure

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Guidance is divided into 7 areas which provide guidelines and principles for determining the types of programs and services this funding can support.

1. Supporting the public health response
2. Addressing the negative economic impacts of the PHE
3. Serving the hardest hit communities/families
4. Replacing lost public sector revenue
5. Providing premium pay for essential workers
6. Investing in water and sewer infrastructure
7. Investing in broadband infrastructure

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1. Support Public Health Expenditures

- Services and programs to **contain and mitigate the spread** of COVID-19
- Services to address **behavioral healthcare needs** including mental health treatment, substance abuse treatment, hotlines, crisis intervention, outreach to promote access to health and social services
- **Payroll and covered benefits** expenses for public health, healthcare, human services, public safety and similar employees, to the extent that they work on the COVID-19 response.

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2. Address the Negative Economic Impacts Caused by the PHE

- Deliver assistance to **workers and families** including aid to unemployed workers and job training. Survivor benefits for family members of COVID-19 victims.
- **Support small businesses** – including providing technical assistance or counseling programs – loan, grant, in-kind assistance.
- Speeding the recovery of **tourism, travel, and hospitality sectors**
- Rebuilding public sector capacity – rehiring public sector staff, replenishing UI trust funds (up to pre-pandemic levels) or investments in data analysis, targeted outreach or technology infrastructure.

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3. Equity Services – Help the Hardest Hit Communities/Families

Certain services eligible if provided in a Qualified Census Tract or families living in QCT*

Address Health Disparities



- funding community health workers, public benefits managers,
- remediation of lead paint and other lead hazards,
- community violence intervention programs

Invest in Housing/Neighborhoods



- Services to support individuals experiencing homelessness,
- Affordable housing development
- Housing vouchers, residential counseling, relocation to high economic opportunity area

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3. Equity Services – Help the Hardest Hit Communities/Families

Qualified Census Tract must have 50 percent of households with incomes below 60% of the Area Median Gross Income (AMGI) or have a poverty rate of 25% or more*

Address Educational Disparities



- New or expanded early learning services,
- Educational services – after and before school programs,
- Support for social, emotional, and mental health needs

Promote Healthy Childhood Environments



- New or expanded high quality childcare,
- Home visiting programs for families with young children,
- Services for Child-welfare involved families and foster youth

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4. Replacing Lost Public Sector Revenue

- Treasury's Interim Final Rule establishes a methodology to calculate reduction in revenue.
- Compare actual revenue to what could have been expected to occur in the absence of the pandemic
- Multiple opportunities to recalculate revenue loss: **Dec. 31, 2020, Dec. 31, 2021, Dec. 31, 2022, and Dec. 31, 2023** – recognizes lagged effects
- Analysis should begin with the last full fiscal year prior to the PHE and project forward with either:
 - a. Avg annual revenue growth in 3 previous fiscal years prior to PHE or
 - b. 4.1% (the national avg state and local revenue growth from 2015-2018 – latest available data)

Formula for Revenue Reduction



A reduction in revenue equals

$\text{Max } \{[\text{Base Year Revenue } (1+\text{Growth Adjustment}) (n_t/12)] - \text{Actual General Revenue}_t; 0\}$

Where:

- **Base Year Revenue** is General Revenue collected in the most recent full fiscal year prior to COVID-19 PHE
- **Growth Adjustment** is equal to the greater of 4.1% and the avg annual revenue growth over the three full fiscal years prior to the COVID-19 PHE
- **N equals** the number of months elapsed from the end of the base year to the calculation date
- **Actual General Revenue** is a recipient's actual general revenue collected during 12-month period ending on each calculation date
- **Subscript t** denotes the calculation date

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5. Providing Premium Pay for Essential Workers

- Funding can be used to provide premium pay **directly or through grants to private employers**
- Need to prioritize premium pay for lower income workers
- Pay above 150% of the greater of state or county avg annual wage requires specific justification
- Permitted and encouraged to offer **retrospective pay**
- **Broad range of essential workers** would qualify-examples include staff at nursing homes, hospitals, home-care settings, workers at farms, food production facilities, grocery stores, restaurants, janitors, sanitation workers, public health and safety staff, truck drivers, transit staff, warehouse workers, childcare, educators, social service and human service staff, etc.

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6. Investing in water and sewer infrastructure

- **Drinking water infrastructure** such as building or facility upgrades and transmission, distribution, and storage systems, including **lead service lines and laterals**,
- **Wastewater infrastructure** including constructing publicly-owned treatment infrastructure, **managing and treating stormwater**, facilitating water reuse and securing POTW,
- Guidance aligns types of eligible projects with the EPA's Clean Water and Drinking Water State Revolving Funds*
- Includes projects that address the impacts of climate change, green infrastructure, and flood resilience.
- **Construction can extend to Dec. 31, 2026 – funds only obligated by Dec. 31, 2024**

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7. Investing in broadband infrastructure

- Investments in broadband should be made in areas that are currently unserved or underserved (lacking connection that reliably delivers min speeds of 25mbps download and 3mbps upload)
- **Prioritize projects that achieve last-mile connections** to households and businesses
- End Result aimed at 100mbps download and upload reliability
- **Encouraged to pursue fiber optic investments**



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Ineligible Uses

- States and territories may not use ARPA funding to directly or indirectly offset a reduction in net tax revenue
- No deposits to pension funds
- No funding debt service
- No funding of legal settlements or judgments
- No deposits into rainy day funds or financial reserves
- Finally, **GENERAL INFRASTRUCTURE** spending **IS NOT COVERED** as an eligible use outside of water, sewer, and broadband investments or for maintenance of infrastructure (to the extent of revenue reduction due to PHE)

League Contacts and Info



Website: <https://www.lwm-info.org/1638/American-Rescue-Plan-Act>

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