During an unprecedented time, NLC delivered unprecedented results for our members.

$65 billon of DIRECT aid to EVERY city, town or village across the country.
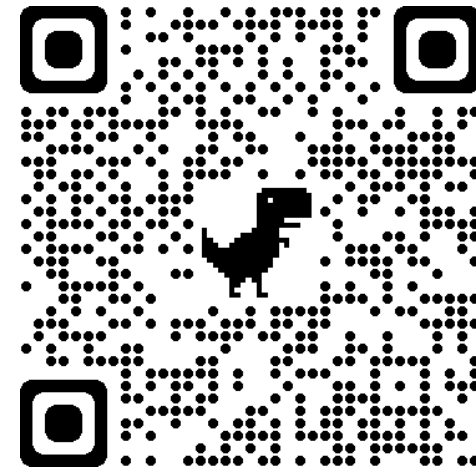
nlc.org/stateleague

NLC DELIVERS

NATIONAL LEAGUE OF CITIES

NLC's COVID-19 Hub

- Blogs
- Local Action Tracker
- Fact sheets
- Frequently Asked Questions
- Webinar recordings
- NLC.org/Recovery

NLC's Question Form

- Support our content
- Inform our talks with Treasury
- https://bit.ly/3eVyvWt

NLCDELIVERS

COVID-19 Pandemic Response & Relief

COVID-19 PANDEMIC RESPONSE & RELIEF

Your hub for the latest on infection, vaccination, response and relief

We are bringing you the tools, resources and events necessary to fight back against COVID-19. Check back here for the latest in pandemic response protocols, funding options and more for your city, town or village.

OUR COMMUNITIES WILL RECEIVE

$65.1 BILLION

in necessary aid through the American Rescue Plan Act (ARPA) of 2021. Learn everything you need to know about funding through ARPA.

AMERICAN RESCUE PLAN ACT

What is the American Rescue Plan Act (ARPA)?

- COVID-19 recovery package signed into law on March 11, 2021

- $1.9 trillion of programming for emergency stabilization and economic recovery

- Includes Coronavirus State and Local Fiscal Recovery Fund Grants (SLFRF)
  - $350 billion for states, municipalities, counties, tribes, and territories
  - Of that, $130.2 billion for local governments: $65.1B for 19,000+ municipalities and $65.1B for 3000+ counties.

- ARPA Fiscal Recovery Grants are not competitive – every city is *entitled* to one.
  - But it's not "free" money. ARPA grants come with significant new requirements and responsibilities

- NLC has developed a summary of other notable provisions relevant to municipalities and local leaders: Summary of Provisions

State and Local Fiscal Recovery Fund (SLFRF)

- ARPA Recovery Grants are administered by the U.S. Treasury Department.

- Treasury determines grant amounts and sets the program rules.

- Treasury provides grantees with tools and resources for receiving funds, controlling funds, spending funds, and reporting on expenditures.

- Every local government is a "prime recipient", including small cities and towns receiving a grant indirectly through the states. Treasury oversees state pass-throughs of APRA grants to local governments.

- **Recipients should consult the following resources from Treasury before obligating funds:**

  - Coronavirus State and Local Recovery Funds
    - Includes resources regarding allocation methodology, accessing funds, and other information/guidance
  - Interim Final Rule
  - Treasury FAQ
  - Treasury Compliance and Reporting Guidance
  - Treasury Reporting Portal User Guide (Interim Report and Recovery Plan only)

- Grantees can directly email the Department of Treasury their questions or concerns at SLFRP@treasury.gov.

- Funds do not have to be obligated until December 31, 2024, and unexpended funds are not subject to recapture or return until December 31, 2026.

- Cities are **not** required to make a grant expenditure before the first reporting deadline.

- Cities can address emergency needs ASAP, and then pause to formulate a long-term plan, with robust community input and stakeholder engagement, for remaining funds.

Implementation Benchmarks

1. Assess community needs

2. Asset map existing community resources

3. Review Treasury guidance and NLC resources

4. Host stakeholder meetings for community POV's

5. Communicate with overlapping and neighboring jurisdictions for regional POV's

6. Propose a recovery plan

7. Publicize plan for community feedback

8. Implement plan and track expenditures

9. Build in opportunities to reassess, amend, and pivot plans in case of unanticipated needs, unforeseen setbacks, or weak outcomes

NLC NATIONAL LEAGUE OF CITIES

How does my city receive funds?

- Grants will be provided over 2 years. Cities can claim the first half of their grant now, and the second half of their grant one year later.

- Every municipal government is classified as either a "Metropolitan City" or a "Non-entitlement Unit (NEU)" – these two classes receive grants differently.

- Metropolitan Cities: Grants will be provided to the municipality directly from Treasury
  - Consists of all cities over 50,000 residents, and a small number of cities less than 50,000 that receive annual CDBG grants because they are their regions largest metro.
  - Cities can request their allocated funding through the treasury submission portal, which may be found here:

- Non-Entitlement Units of Local Government (NEUs): Grants will be passed from Treasury to NEU's through states without additional requirements imposed by states.
  - Treasury Resource: NEU checklist for requesting initial payment

What is a "project"?

- <u>Project:</u> A series of closely related activities directed towards a common purpose (which falls under a single, most relevant "expenditure category" listed in the Compliance and Reporting Guidance)

What if my project isn't one listed as an example of on eligible expenditure?
Framework to Assess Eligibility of Projects and Services

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

What can I use SLFRF funds for generally?

Treasury identifies 7 broad categories of use, and 66 subcategories (See pages 31 & 32 of Treasury's Compliance and Reporting Guidance for a comprehensive listing of eligible uses (referred to as "expenditure categories")

1. Responding to public health concerns raised by the pandemic
2. Responding to negative economic impact of the pandemic
3. Services to disproportionately impacted communities
4. Providing premium pay to essential workers, both private and public
5. Improving water, sewer, and broadband infrastructure
6. Replacing revenues lost by local governments due to the pandemic
7. Administrative costs

What *can't* I use SLFRF funds for?

1. Premium pay for telework
2. Payments into pension funds, rainy day funds, financial reserves, or outstanding debt
3. Payment of federal match requirements (if explicitly prohibited by another federal program)
4. Projects or services that fall outside the 7 spending categories

How are other municipalities using SLFRF funds?

- See our COVID-19 Local Action Tracker for examples of how other municipalities are using ARPA dollars

Statutory Basis

- ARPA Section 603(c)(1)(A): Recipients may use funds "to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19)"

Examples of Projects

- Covering the costs of public COVID-19 vaccination sites
- COVID-19 vaccination incentive programs, like lotteries
- Establishing COVID-19 testing and contract tracing programs
- Purchasing personal protective equipment (PPE) for use in congregate settings
- Provision of mental health services via hotlines
- Provision of crisis intervention and overdose prevention services
- Covering payroll and benefits expenses for public health and safety employees

Reporting and Compliance

- All projects must have a nexus to COVID-19 related harm
- All projects must be categorized under expenditure categories 1.1-1.12 as listed in Appendix 1 of the Treasury Compliance and Reporting Guidance

Eligible Uses: Economic Impact

Statutory Basis

- ARPA Section 603(c)(1)(A): Funds may be used to respond to the "negative economic impacts" *directly resulting from the pandemic*, which includes providing "assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality"

Examples of Projects

- Financial aid programs focused on assisting with food, housing, utilities, child-care, debt forgiveness
- Loan/grant programs to small businesses and non-profit organizations
- Rehiring public sector staff laid off or furloughed during the pandemic
- Purchase of data analysis and targeted consumer outreach services to maximize efficacy of existing benefit programs
- Universal basic income programs

Reporting and Compliance

- All projects must have a nexus to COVID-19 related harm
- All projects must be categorized under expenditure categories 2.1-2.14 as listed in the Treasury Compliance and Reporting Guidance

NLC NATIONAL LEAGUE OF CITIES

Statutory Basis

- Built into ARPA Section 603(c)(1)(A) by Treasury Interim Final Rule
- Recipients are incented to use funds to address harm or losses for residents in Qualified Census Tracts, communities historically subject to inequity or racial discrimination, or communities disproportionately impacted by the COVID-19 Public Health Emergency.

Examples of Projects

- Provision of services to address homelessness, such as supportive housing programs
- Development of high-quality affordable housing units
- Investing in pre-K, Head Start, or other educational programs in high-poverty districts
- Expanding local childcare and social services for recipients of child welfare-involved families

Reporting and Compliance

- All projects must be categorized under expenditure categories 3.1-3.16 as listed in Appendix 1 of the Treasury Compliance and Reporting Guidance.
- For provision of government services that don't fall under other expenditure categories, recipients must report on which disadvantaged community was served and how
  - Treasury presumes projects undertaken in a Qualified Census Tract (QCT) are eligible

Statutory Basis and Definitions

- ARPA Section 603(c)(1)(B): Funds may be used to "respond to workers performing essential work during the COVID–19 public health emergency" by "providing premium pay to eligible workers" or "grants to eligible employers that have workers who perform essential work"

- <u>Eligible Worker:</u> Workers who "needed to maintain continuity of operations of essential critical infrastructure sectors" by maintaining "regular in-person interactions or regular physical handling of items that were also handled by others" (no telework allowed)

Examples of Projects

- Providing premium pay to public sector workers for up to an additional $13/hour for hours worked since the beginning of the pandemic (capped at $25,000/eligible worker)

- Offering grants to private sector employers to compensate their essential workers following the same guidelines

Reporting and Compliance

- All projects must be categorized under expenditure categories 4.1 or 4.2 as listed in the <u>Treasury Compliance and Reporting Guidance</u>

Statutory Basis and Definitions

- ARPA Section 603(c)(1)(C): Funds may be used for the "provision of government services to the extent of the **reduction in revenue** due to the pandemic"
    - "Reduction in revenue due to the pandemic" is determined by subtracting projected general revenue growth if pandemic had not occurred from the actual general revenue
    - General Revenue draws on the Census definition of General Revenue of Own Sources
    - For further information on calculating lost revenue, see Treasury guidance, the GFOA Lost Revenue Calculator, or the following NLC Resource: Lost Revenue: What Municipalities Need to Know

Examples of Projects and "Government Services"

- Government services are generally those services supported by expenditures from the general fund, such as maintenance of infrastructure, modernization of cybersecurity, provision of health services, improvement of school or educational services, and reforming of public safety
- Ineligible uses still apply under this category

Reporting and Compliance

- All projects will be categorized as "Provision of Government Services", as outlined in the Treasury Compliance and Reporting Guidance
- Projects under this category do not need to have a nexus to COVID-19 related harm
- Numbers and calculations used to determine lost revenue must be provided to Treasury

Statutory Basis

- ARPA Section 603(c)(1)(D): Permits "necessary investments in water, sewer, and broadband infrastructure" specifically
  - Other infrastructure projects may be funded by lost revenue replacement- see Treasury guidance
- Davis-Bacon does **not** apply to projects funded *solely* by SLFRF.

Examples of Projects

- Lead service line replacement
- Making improvements to water treatment systems/facilities
- Improving stormwater systems
- Modernization of cybersecurity, including hardware, software, and protection of critical infrastructure
- Provide reliable broadband service to unserved or underserved households and businesses

Reporting and Compliance

- All projects must be categorized under expenditure categories 5.1-5.17 as listed in Appendix 1 of the [Treasury Compliance and Reporting Guidance](#)

Eligible Uses: Administrative Costs

NLC NATIONAL LEAGUE OF CITIES

Statutory Basis

- Under Treasury's Interim Final Rule, recipients may use funds for the cost of administering the SLFRF program

Examples of Projects

- Increasing administrative capacity by hiring a grant manager to oversee expenditures, internal controls, reporting, and compliance.

- Consultant fees to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements

- Using funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID–19 public health emergency and its negative economic impacts, such as managing new grant programs established using fiscal recovery funds

Reporting and Compliance

- All projects must be categorized under expenditure categories 7.1-7.4 as listed in Appendix 1 of the [Treasury Compliance and Reporting Guidance](#)

Additional Spending Guidance

- Funds must be obligated by December 31, 2024, and spent by December 31, 2026
- SLFRF can be placed in interest-bearing accounts and interest does not need remitted, and expenditures of interest earned from ARPA grants is not limited to eligible uses

Documentation and Audit Preparation

- Cities should prepare for potential audits of their Coronavirus Local Fiscal Recovery Fund use
- SLFRF are generally subject to requirements in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
  - For more information, look at the NLC blog "Procurement 101: How to Spend ARPA Dollars Wisely"
- Recipients must develop/implement policies and procedures to monitor and record program implementation, ensure actions comply with federal law and award terms

Subrecipient Monitoring

- Recipients must create a written policy to manage subgrantees and evaluate risk of noncompliance

Metropolitan Cities

- Interim Report
  - Recipients list out amount of funds obligated or spent in each Expenditure Category from award date through July 31, 2021
  - Report is required even if no dollars have been spent– report $0 obligated and spent in Treasury reporting portal
  - DEADLINE: August 31, 2021 (or 60 days after receiving funds if received after July 15, 2021)
- Quarterly Project and Expenditure reports
  - Initial report from receipt to September 30, 2021 (two quarters)
  - Includes Project and Programmatic Details (varies by Expenditure Category)
  - DEADLINE: October 31, 2021 (following reports are due 30 days after calendar quarter)
- For populations +250K, annual Recovery Plan Performance is required
  - Public facing report that demonstrates performance and use according to various metrics
  - Even if no obligations or expenditures by first deadline, provide planned projects and approach to the use of funds
  - FIRST DEADLINE: August 31, 2021 (or 60 days after receiving funds if received after July 15, 2021)
    - ANNUAL DEADLINE AFTER FIRST YEAR: July 31, regardless of first year deadline used

Non-Entitlement Unites of Local Government (NEUs)

- Annual Project and Expenditure Reports
  - Initial report from receipt to September 30, 2021
  - Project and Programmatic Details (varies by Expenditure Category)
  - DEADLINE: October 31, 2021 (each year)

See Treasury's guidance and resources for in-depth reporting requirements/information.

NLC NATIONAL LEAGUE OF CITIES

Interim Final Rule

- Official guidance document – recipients can be confident when following it.
- Everyone should read it to ensure compliance.

Final Rule

- Could be released this fall, but the timeline is unclear.
- No indication of what changes will be made.
- Be patient and rely on the Interim Final Rule while creating plans.

Comments and Rulemaking

- NLC, recipients filed comments on the Interim Final Rule
- NLC's comments generally align with 3 types of requests:
  - Additional flexibility to address hardship
  - Improve direction/clarity for governments with reduced capacity
  - Reconsideration of certain rules

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Does interest earned on SLFRF funds need to be remitted to Treasury?

- SLFRF can be placed in interest-bearing accounts and interest does not need remitted, and expenditures of interest earned from ARPA grants is not limited to eligible uses

Does the Davis-Bacon Act apply to SLFRF projects?

- Davis-Bacon does not apply to projects funded *solely* by SLFRF, but it may apply to projects if they are funded with other federal grants that require Davis-Bacon compliance.

Can local governments pool funds for an SLFRF project?

- Local governments may transfer funds to a higher level of government (I.e., county or state) so long as they treat that government agency as a sub-recipient pursuant to an eligible use project that will tangibly benefit the local area.

When will my NEU receive funds?

- Every city is entitled to funding, and grant amounts are set by Treasury. These funds will be distributed to NEUs by state governments. Each state has its own process for how NEUs can request their first distribution from the state, and NEUs should follow their state's guidance. Treasury has also created this checklist for requesting initial payment. Again, each state must apply for funds from treasury, and then has 30 days to disburse payments to NEUs, unless an extension is requested.

How do I submit reports?

- Reports may be submitted through Treasury's Submission Portal, which can be found on their website.

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Treasury has been hosting valuable webinars on the Coronavirus SLFRF Program. Recordings of the webinars can be accessed at treasury.gov/SLFRP or by the links below:

Local recipients with population over 250,000:

- **Link:** https://bit.ly/3wBfwWw

Local recipients with populations under 250,000 and grants over $5 million:

- **Link:** https://bit.ly/3hCF3dr

Local recipients with populations under 250,000 and grants under $5 million:

- **Link:** https://bit.ly/3xH4DUc

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Treasury's Guidance and Supplementary Information:

- Interim Final Rule (IFR)
- Allocations and Methodology for Non-Entitlement Units
- Allocations and Methodology for Metropolitan Cities
- Guidance on State Distribution of Funds to NEUs
- Frequently Asked Questions (*Periodically Updated*)
- Compliance and Reporting Requirements
- Treasury Reporting User Guide (Interim Report and Recovery Plan only)

Visit Treasury.gov/SLFRP for these resources

- For questions, email SLFRP@treasury.gov

NLC Resources
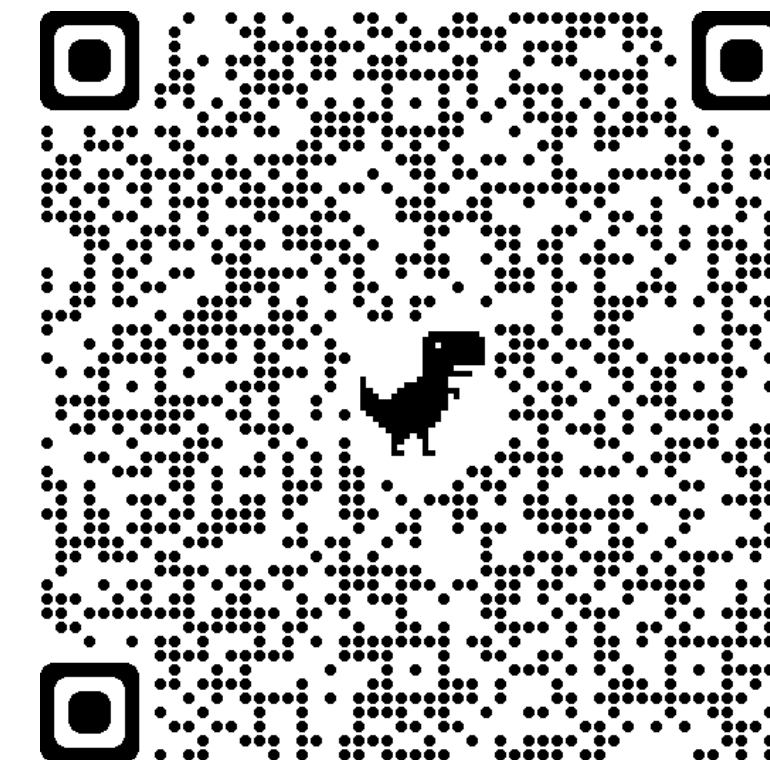
- Connecting More Residents to the Child Tax Credit

- Former Contact Tracers Can Continue to Support the Public's Health in Cities Beyond COVID-19

- Early Childhood is Critical to Recovery: Utilizing Coronavirus Local Fiscal Recovery Funds to Support Vulnerable Children and Families

- Treasury Expands Broadband Eligibility for ARPA in a Win for Cities

- Feeding More Youth While Strengthening Child Care Businesses

- Lost Revenue: What Municipalities Need to Know

- Using American Rescue Plan Act Funds for Water, Wastewater and Stormwater Infrastructure Projects

- ARPA Local Recovery Funds: What's in it for Connectivity and Technology?

- Supporting Education Success through the American Rescue Plan Act

- ARPA Supporting Housing Stability and Income Security

- City/County Coordination is Vital for America's Recovery Plan

- 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

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- Advocacy Support
- Peer Networking
- National Leadership
- Education + Training
- Hands-On Assistance
- Community Discounts
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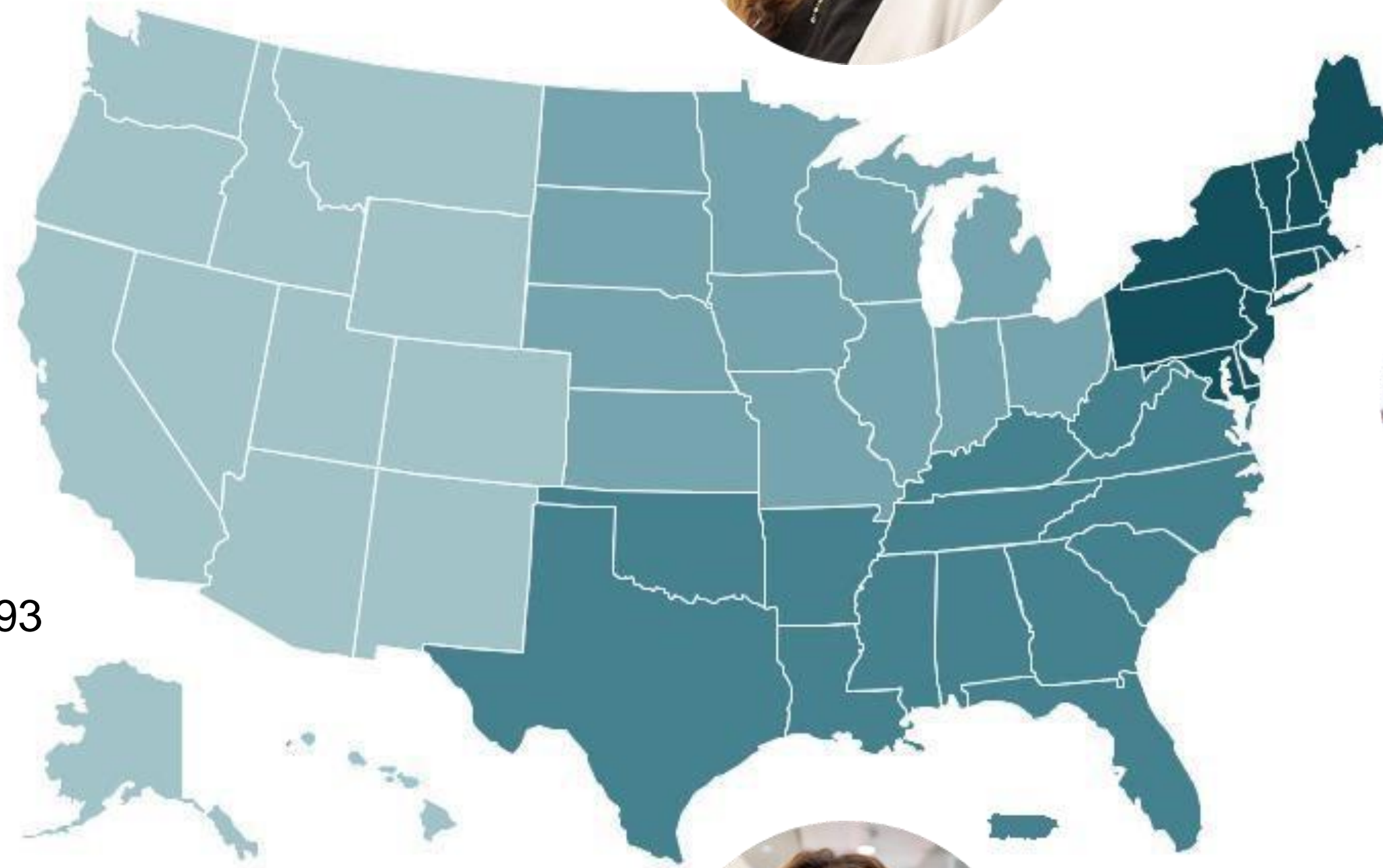
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