

Breaking Down the American Rescue Plan Act: What Cities Need to Know

Florida League of Cities





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What is the American
Rescue Plan Act (ARPA)?

Understanding ARPA

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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
- ▶ Creates the Coronavirus State and Local Fiscal Recovery Funds (SLFRF)
 - **\$350 billion** for states, municipalities, counties, tribes and territories
 - **\$130.2 billion** for local governments:
 - **\$65.1 billion** for 19,000+ municipalities
 - **\$65.1 billion** for 3,000+ counties
 - **\$1.5 billion** for Florida metropolitan cities; \$1.4 billion for Florida non-entitlement units (NEUs)
- ▶ ARPA funds are not competitive
 - Every municipality is entitled to receive funds

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UNDERSTANDING ARPA

- ▶ ARPA is being administered by the U.S. Department of the Treasury
- ▶ Treasury has been directed by Congress to determine allocation amounts for metro cities and establish program rules for all municipalities
- ▶ Treasury has provided guidance and resources to assist cities with receiving, managing, spending and reporting usage of funds
- ▶ Every municipal government is a “prime recipient,” including metro and NEU cities. Treasury oversees state pass-throughs of ARPA funds to NEUs
- ▶ Will receive funds in 2 tranches:
 - First half this summer
 - Second half will be released 12 months later

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METROPOLITAN CITIES VS. NON-ENTITLEMENT UNITS (NEUs)

- ▶ Treasury classified each municipal government as a “metropolitan city” or “non-entitlement unit” (NEU)
- ▶ **Metropolitan cities:** Generally cities **above 50,000 population**, those that directly receive CDBG funding and those that relinquish or defer their status as a metropolitan city for the purposes of CDBG (Defined in the Housing and Community Development Act of 1974)
 - Includes cities that are principal cities of their metropolitan statistical area
 - Can request funds through Treasury portal: home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/request-funding
- ▶ **Non-entitlement units:** Generally cities **under 50,000 population** and municipalities not classified as metropolitan
 - Funds pass through the State to NEUs
 - Treasury’s NEU checklist for requesting initial payment can be accessed at: home.treasury.gov/system/files/136/NEU_Checklist_for_Requesting_Initial_Payment.pdf

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ARPA TIMELINE

- ▶ **March 3, 2021** – Costs incurred on or after this date are eligible for payment by Coronavirus State and Local Fiscal Recovery Funds
- ▶ **March 11, 2021** – Signed into law
- ▶ **May 2021** – Interim Final Rule released
- ▶ **July 16, 2021** – Comment period on Interim Final Rule closed
- ▶ **August 31, 2021** – Deadline to submit documentation verifying NEU's top-line budget figure to State
- ▶ **October 31, 2021** – Initial Annual Project and Expenditure report due to Treasury (should cover all activity from date of award to September 30, 2021)
- ▶ **Summer 2022** – Second tranche of funding to be released
- ▶ **December 31, 2024** – Date by which all Coronavirus State and Local Fiscal Recovery Funds must be obligated
- ▶ **December 31, 2026** – Date by which all Coronavirus State and Local Fiscal Recovery Funds must be expended

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ELIGIBLE USES OF FUNDS

Based on the Compliance and Reporting Guidance from Treasury, there are seven broad categories and 66 subcategories of eligible uses (p. 31)

- ▶ Response to public health concerns raised by the pandemic
- ▶ Response to negative economic impacts of the pandemic
- ▶ Services to disproportionately impacted communities
- ▶ Premium pay to essential workers (private and public)
- ▶ Improvements to water, sewer and broadband infrastructure
- ▶ Replacement of lost revenue by local governments due to pandemic
- ▶ Administrative costs

home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf

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INELIGIBLE USES OF FUNDS

- ▶ Payments into pension funds, rainy day funds, financial reserves or outstanding debts
- ▶ Premium pay for telework
- ▶ Projects or services that fall outside the seven spending categories

**Please note this list is NOT comprehensive*

To see how other municipalities are using funds, visit NLC's Local Action Tracker at nlc.org/resource/covid-19-local-action-tracker

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REPORTING REQUIREMENTS AND DEADLINES

Metropolitan Cities

- ▶ Interim Report
 - One-time report with expenditures by Expenditure Category from date of award to **July 31, 2021** (required even if no expenditures have been made)
 - Deadline: **August 31, 2021**
- ▶ Quarterly Project and Expenditure Reports
 - Initial report will cover two calendar quarters from date of award to **September 30, 2021**
 - Deadline: **October 31, 2021** (subsequent reports due within 30 calendar days after each calendar quarter)
- ▶ Recovery Plan Performance Report for cities with populations over 250,000
 - Template now available on Treasury's website:
home.treasury.gov/system/files/136/SLFRF-Recovery-Plan-Performance-Report-Template.docx

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REPORTING REQUIREMENTS AND DEADLINES

Non-entitlement Units (NEUs)

- ▶ Annual Project and Expenditure Reports
 - Initial report will cover from date of award to **September 30, 2021**
 - Deadline: **October 31, 2021** (subsequent reports due October 31 annually)



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THINGS TO THINK ABOUT ...

- ▶ Solicit community input and feedback
- ▶ Collaborate where you can (county/other cities)
- ▶ Document everything for posterity
- ▶ Think about how will it be described on the front page of the newspaper
- ▶ Determine the harm/need you are looking to address



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TREASURY RESOURCES

- ▶ **Interim Final Rule:** [govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf](https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf)
- ▶ **Frequently Asked Questions – General** (updated periodically): home.treasury.gov/system/files/136/SLFRPFAQ.pdf
- ▶ **Frequently Asked Questions – NEU-specific:** home.treasury.gov/system/files/136/NEU-FAQs.pdf
- ▶ **Quick Fact Sheet: Brief Summary of ARPA:** home.treasury.gov/system/files/136/SLFRP-Fact-Sheet-FINAL1-508A.pdf
- ▶ **Compliance and Reporting Guidance:** home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf

Visit Treasury.gov/SLFRP for more resources

Have questions? Email SLFRP@treasury.gov

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Florida Division of Emergency Management

- ▶ For program updates and documents, visit FloridaDisaster.org/ARPA
- ▶ For general questions, email LFRF@em.myflorida.com



National League of Cities

- ▶ For more information, resources and updates, visit NLC.org/ARP

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Resources and updates found at
FLCities.com/RescuePlan



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