

Mobile County, AL

American Rescue Plan Act (“ARPA”): *State & Local Fiscal Recovery Fund*

Funding, Eligibility and Reporting Overview
October 8, 2021



American Rescue Plan Act ("ARPA")



ARPA: Overview

- President Biden signed into law on March 11, 2021.
- **Largest economic rescue plan in U.S. history.**
- **\$1.9 trillion** in federal recovery funds for “COVID-related” relief.
- Strong focus on the negative **economic**, not just **public health**, impacts of the pandemic.
- Emphasis on **equality** for socially disadvantaged populations.



State & Local Fiscal Recovery Fund

Overview

- **Far less restrictive** than CARES Act and CRF
 - No longer required to show expenses were “necessary due to COVID-19.”
 - General nexus test: “**related to COVID-19**”
- Strong focus on **economic impact**—no longer just about public health response
- Emphasis on providing **equity-based services** for socially disadvantaged populations
- Allowed for coverage of expenses under **six broad categories**



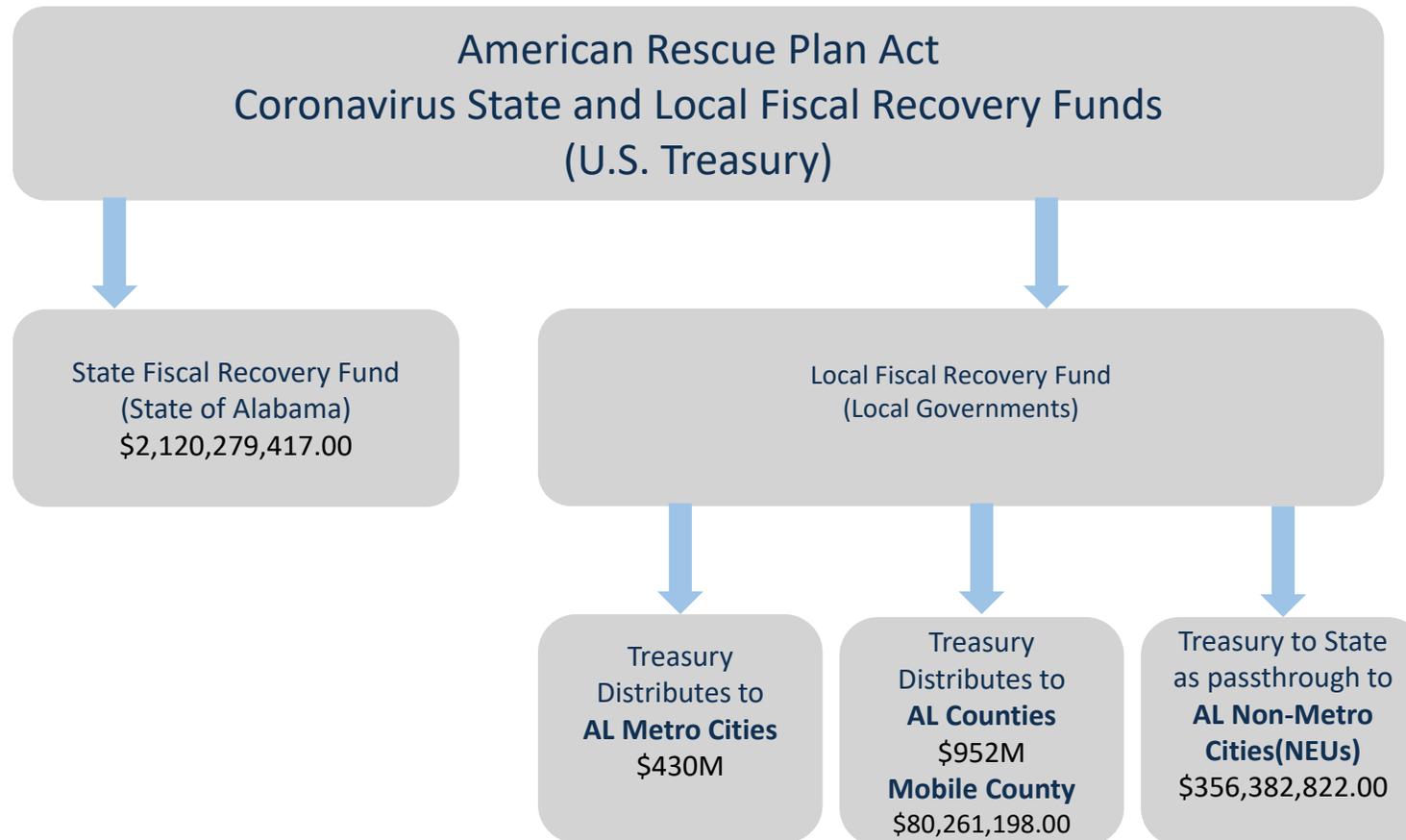
ARPA: Overview

- Eligibility Period:
 - **March 3, 2021-December 31, 2024**
- MUST obligate funds by: December 31, 2024
- Period of performance extends to: December 31, 2026

ARPA:

State and Local Fiscal Recovery Fund

State & Local Fiscal Recovery Fund *Overview*





State & Local Fiscal Recovery Fund

Allocations

- Overall funding: **\$350 billion**
- States: **\$195.3 billion**
- Local Governments: **\$130.2 billion**
 - **Counties**: **\$65.1 billion**
 - Metropolitan Cities: **\$45.6 billion**
 - Non-Entitlement Units of Government: **\$19.5 billion**
- Tribal Governments: **\$20 billion**
- U.S. Territories: **\$4.5 billion**

State & Local Fiscal Recovery Fund

Eligible Expenses



Support the Public Health Response



Address Negative Economic Impacts



Infrastructure (Water, Sewer, Broadband)



Premium Pay for Essential Workers



Replace Public Sector Revenue Loss



Provide Equity-Based Services



Eligible Expenses

Public Health Response

- “to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)...”
- Eligibility Test:
 1. **Identify a need or negative impact** of the COVID-19 pandemic; and
 2. **Identify how** the program, service, or other intervention **addresses the identified need or impact.**



Eligible Expenses

Public Health Response

- Public Health Expenditures Identified by Treasury:
 - 1. COVID-19 Mitigation & Containment:**
 - Services and programs that are needed to contain COVID-19
 - 2. Medical Expenses:**
 - Care and services to address public health needs, risks presented by new variants and long-term effects of the virus.
 - 3. Behavioral Health:**
 - New or enhanced government services to meet mental health, substance use, and other behavioral needs.
 - 4. Public Health & Safety Staff:**
 - Human resources necessary to respond to the negative public health impacts of the pandemic.



Eligible Expenses

Public Health Response

- Examples of Potential Programs/Expenses:
 - Providing care and services to respond to new **COVID-19 variants**, long-term effects, and overall impact on the public's health.
 - Enhancement of **healthcare capacity**, including healthcare facilities.
 - Enhancement of public health **data systems**.
 - **Supporting vulnerable populations** to access medical or public health services.
 - **Enforcement** of public health orders.
 - **Ventilation** improvements in key settings such as healthcare facilities.
 - Support **congregate living facilities**
 - Enhanced **services for child-welfare and foster families**
 - **Behavioral healthcare programs**



Eligible Expenses

Economic Response

- “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.”
- Eligibility Test:
 1. A negative impact or harmful consequences of the economic disruption resulting from or exacerbated by the COVID-19 public health emergency; and
 2. The intended program, service, or other intervention would address and specifically responds to the harmful consequences.

Eligible Expenses

Economic Response



Eligible Expenditures Identified by Treasury:

➤ **Workers & Families:**

- Assistance to unemployed workers and job training
- Food, housing, cash, directed assistance to households
- Survivor's benefits for family of COVID-19 victims

➤ **Small Businesses:**

- Loans/grants to mitigate financial hardship
- Loans/grants/direct assistance to implement COVID-19 prevention or mitigation tactics
- Technical assistance

➤ **Public Sector:**

- Rehire staff
- Replenish state UI funds
- Administer economic relief programs

➤ **Impacted Industries:**

- Tourism
- Other similarly affected sectors



Eligible Expenses

Infrastructure-Water and Sewer

- Includes *improvements to infrastructure, such as buildings or upgrading facilities and transmission, distribution, and storage systems.*
- Eligible uses are those aligned to the Environmental Protection Agency project categories across the:
 - Clean Water State Revolving Fund
 - Drinking Water State Revolving Fund



Eligible Expenses

Infrastructure-Water and Sewer

Clean Water State Revolving Fund

- Supports projects that improve water quality and address water pollution.
- Examples:
 - Construct, improve, repair wastewater treatment plants
 - Control non-Point sources of pollution
 - Improve resiliency of infrastructure to severe weather events
 - Create green infrastructure
 - Protect waterbodies from pollution

Drinking Water State Revolving Fund

- Assist with water infrastructure capital improvements including installation and replacement of failing treatment and distributions systems



Eligible Expenses

Infrastructure- Water & Sewer

- Examples of Eligible Expenditures:
 - Improving **drinking water treatment**
 - Fixing leaky or old pipes (**water distribution**)
 - Improving source of **water supply**
 - Replacing or constructing finished **water storage** tanks
 - Other infrastructure projects needed to protect public health
- The rule also “encourages” recipients to select projects that will improve resiliency to the effects of climate change, consistent with efforts to protect lower-income communities that tend to be most affected by climate disasters; and to replace lead service lines associated with negative lifelong impacts for exposed children.



Eligible Expenses

Infrastructure- Broadband

- ARP's investments in broadband infrastructure represent a direct response to the pandemic-revealed need for reliable, high-speed internet access for remote school, work, and health care delivery.
- Priority focus on households and businesses with unreliable internet access, including those with:
 - Without a wireless connection capable of delivering 25 Mbps download/3 Mbps upload
- Eligible investments must, where feasible, be designed to provide the following reliable services:
 - **Minimum 100 Mbps download/100 Mbps upload speeds unless impractical**



Eligible Expenses

Equity-Based Services

- Treasury has placed an emphasis on states and localities using these funds to **assist the disproportionate impact that COVID-19 has had on socially disadvantaged communities.**
- Treasury **presumes expenditures to be eligible** if they are in fact serving a need in these communities.
- This **explicit mandate** is seen throughout the ARPA—not just within the State and Local Fiscal Recovery Fund.

Eligible Expenses

Equity-Based Services



- Eligible Expenditures Identified by Treasury:
 - **Addressing Health Disparities:**
 - Community health workers and benefits navigators.
 - Remediation of lead paint and other lead hazards.
 - Community violence intervention programs.
 - **Investing in Housing & Neighborhoods:**
 - Services to combat homelessness.
 - Affordable housing developments.
 - Housing vouchers, residential counseling, navigation assistance.
 - **Addressing Educational Disparities:**
 - New or expanded early learning services.
 - Expanded resources for high-poverty school districts.
 - Educational services such as tutoring and afterschool care.
 - Educational services for social, emotional, and mental health needs.
 - **Promoting 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.

Eligible Expenses

Premium Pay for Essential Workers

- Recipients may use this funding to provide premium pay to eligible workers performing essential work in either a public sector role or through grants to third parties.
- Pay may not exceed \$13 per hour or \$25,000 per worker
- Examples of eligible workers:
 - Nursing home, home-care, and hospital staff;
 - Workers at farms, food production facilities, and restaurants;
 - Janitors and sanitation workers;
 - Truck drivers and transit workers;
 - Public health and safety staff;
 - Childcare workers, educators, and school staff; and
 - Health and human service staff.



Local Fiscal Recovery Fund:

Ineligible Expenses



- Net reduction in tax revenue.
- Deposits into pension funds.
- Funding debt service, legal settlements, or judgments.
- Deposits to rainy day funds or financial reserves.

ARPA:

Reporting & Documentation Requirements

State & Local Fiscal Recovery Fund: Reporting Requirements

****for recipients with a population over 250K*



Interim Report	Project and Expenditure Report	Recovery Plan
<p><u>Contents:</u></p> <ul style="list-style-type: none"> Initial overview of status of uses of funding 	<p><u>Contents:</u></p> <ul style="list-style-type: none"> Types of projects funded Financial data Information on contracts, grants, and subawards over \$50K 	<p><u>Contents:</u></p> <ul style="list-style-type: none"> Approach and objectives Descriptions of funded projects Performance and evidence information Promoting equity
<p><u>Deadline:</u></p> <ul style="list-style-type: none"> One time submission August 31, 2021 Covers date of award through July 31, 2021 	<p><u>Deadline:</u></p> <ul style="list-style-type: none"> Quarterly By January 31, 2021 (for expenses from award date through 12/31/21) and 30 days after the end of each quarter thereafter 	<p><u>Deadline:</u></p> <ul style="list-style-type: none"> Annually By August 31, 2021 (Covering award date through July 31, 2021) and annually thereafter



State & Local Fiscal Recovery Fund

Documentation Requirements for all expenses

- Documentation will need to be supplied for all projects and expenditures funded with SLFRF dollars
- Documentation:
 - Narrative 50-100 word description of the project or expenditure(s).
 - How this project/expenditure relates to a negative impact related to COVID-19. Note, the negative impact does not have to be caused directly by the pandemic but there needs to be a relationship shown between the negative impact/need and the pandemic.
 - Description of services/expenditures funded.
 - Description, if applicable, as to how this project/expenditure serves a disproportionately impacted population.
 - Description of whether or not this project/expenditure provides an equitable service.
 - Statement as to when the completion of this project will occur or delivery of services or good will occur.
 - Proof of purchase: check, bank statement, cc statement, purchase order, contract if for a value over \$50K

ARPA:

***Proposals & Risk Assessments
for County Expenditures***

State & Local Fiscal Recovery Fund

Proposals For Use of County Funds

- Entities wishing to petition for use of County funds to support eligible expenditures will need to be submitted in a formal proposal for review and consideration by the County
- All proposals must be submitted using the approved template
- Risk Assessments will be performed/drafted for all proposals determining if they articulate an eligible use of SFRR dollars.

State & Local Fiscal Recovery Fund: Risk Assessments



- **Detailed risk assessments for larger planned expenditures/projects is crucial in defending an audit and reducing the risk of claw back by U.S. Treasury!**
- Risk Assessments:
 - Articulate the expenditure/program/system sought to be purchased or reimbursed with ARPA funds
 - Identify the expense total and applicable Treasury expense category
 - Articulate the test set forth by Treasury for that expense category
 - Perform a detailed analysis of how the test is or is not satisfied
 - Articulate any risks presented by the expense and suggestions to mitigate against that risk