

PERMITTED USES OF PAYMENTS FROM ARPA'S LOCAL FISCAL RECOVERY FUND

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Four General Uses of the Local Fiscal Recovery Fund

1. Respond to the public health emergency or its negative economic impacts;
2. Provide premium pay to essential workers or grants to employers of essential workers by providing premium pay to eligible workers;
3. Provide government services to the extent of any revenue reduction resulting from the pandemic; and
4. Make necessary capital investments in water, sewer, and/or broadband infrastructure.

Funds can be used to cover costs incurred during the period beginning March 3, 2021 and ending December 31, 2024.



1

Responding to the Public Health Emergency or its Negative Economic Impacts

Twelve Ways to Respond (list is non-exclusive):

1. COVID-19 response and prevention (further detailed on next slide)
2. Public Health and Safety Staff
3. Hiring State and Local Government Staff.
4. Assistance to Unemployed Workers
5. Contributions to State Unemployment Insurance Trust Funds
6. Assistance to Small Businesses
7. Assistance to Nonprofits
8. Aid to Tourism, Travel, Hospitality, and other Impacted Industries that responds to the negative economic impacts of the COVID-19 public health emergency
9. Assistance to Households
10. Expenses to Improve Efficacy of Public Health or Economic Relief Programs
11. Survivor's Benefits
12. Disproportionately Impacted Populations and Communities



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Responding to the Public Health Emergency or its Negative Economic Impacts

COVID-19 Response and Prevention: Expenses Related To...

Testing, monitoring, and contact tracing	Disinfection of public areas and other facilities	Emergency medical responses including emergency medical transportation	Acquisition and distribution of medical and protective supplies, like sanitation products and PPP
COVID-19-related expenses in congregate living facilities*	COVID-19 vaccination programs and sites	Establishing and operating public telemedicine capabilities for COVID-19-related treatment	Treatment of the long-term symptoms or effects of COVID-19
Providing paid sick and paid family and medical leave to public employees	Support for quarantining or isolation of individuals	Increasing treatment capacity*	Mental health treatment, substance misuse treatment, and other behavioral health services.
Technical assistance to local authorities on mitigation of COVID-19-related threats to public health and safety	Communication related vaccination programs and public health orders	Establishing or enhancing public health data systems; and	Improving ventilation systems in congregate settings, public health facilities, or other public facilities



1

Responding to the Public Health Emergency or its Negative Economic Impacts

- A broader range of services are eligible uses when provided:
 - To populations disproportionately impacted by the pandemic;
 - To individuals living in Qualified Census Tracts; or
 - When these services are provided by Tribal governments.
- Examples encompass health & human services and housing:

Health & Human Services	Housing
Funding community health workers to help community members access health services	Services to address homelessness and improve access to affordable housing among unhoused individuals
Funding public benefits navigators to assist community members with applying for public benefits or services	Affordable housing development
New, expanded, or enhanced early learning services , including pre-kindergarten, Head Start, or partnerships between pre-kindergarten programs and local education authorities, or administration of those services.	Housing vouchers , residential counseling, or housing navigation assistance
Remediation of lead paint or other lead hazards to reduce risk of elevated blood lead levels among children	Housing services to support healthy living environments conducive to mental and physical wellness
Community violence intervention programs to prevent violence and mitigate the increase in violence during the pandemic	



2 Provide Premium Pay to Essential Workers or Grants to Employers of Essential Workers

Who are essential workers? Workers who have been and continue to be relied on to maintain continuity of operations of essential critical infrastructure sectors. The list is long!

Some examples include:

- Staff at nursing homes, hospitals, and home care settings
- Workers at farms, food production facilities, grocery stores, and restaurants
- Employees of the local government
- Janitors and sanitation workers
- Truck drivers, transit staff, and warehouse workers
- Public health and safety staff
- Childcare workers, educators, and other school staff
- Social service and human services staff



2

What is Premium Pay?

- An amount up to \$13 per hour in addition to wages, up to a total of \$25,000 per eligible worker.
- May be provided retrospectively for work performed at any time since the start of the COVID-19 public health emergency.
- Treasury encourages prioritizing retrospective premium pay where possible, as many essential workers have not yet received additional compensation for work conducted over the course of many months.
- An essential worker may receive both retrospective premium pay for prior work as well as premium pay for current or ongoing work.
- If premium pay would increase a worker's total pay above 150 % of their residing state or county average annual wage for all occupations, as defined by the [Bureau of Labor Statistics' Occupational Employment and Wage Statistics](#) (whichever is higher) the local government must provide a written justification of how the premium pay is responsive to workers performing essential work during the public health emergency.



3

Provide Government Services to the Extent of any Revenue Reduction Resulting From the Pandemic

- Recipients facing budget shortfalls may use payments from the Local Fiscal Recovery Fund for the provision of government services **to the extent of reduction in revenue.**
- “To the extent of reduction in revenue” = However much the locality has lost in revenue is the amount the locality can spend on government services.
- With this money, local governments will be able to continue to provide services and ensure that fiscal austerity measures do not hamper the broader economic recovery.
- Note: This is a big difference between ARPA and the CARES Act as CARES Act funds could not be used to replace lost revenue.



3

What Does “Revenue Reduction” Mean?

- Recipients’ reduction in revenue is measured relative to the revenue collected in the most recent full fiscal year prior to the emergency.
- In its guidance, U.S. Treasury provides a methodology for calculating revenue lost due to the COVID-19 public health emergency.
- Step-by-step directions for calculating revenue reduction:
https://www.nlc.org/wp-content/uploads/2021/05/CLFRF-Revenue-Loss_FINAL.pdf
- The National League of Cities developed a calculator to help localities calculate revenue loss. Find it here:
<https://www.nlc.org/article/2021/06/03/lost-revenue-what-municipalities-need-to-know/>



3

Provide Government Services to the Extent of any Revenue Reduction Resulting From the Pandemic

- ***Replenished expenses must directly relate to the provision of government services***
- Government services can include:
 - maintenance or pay-go funded building of infrastructure, including roads;
 - modernization of cybersecurity, including hardware, software, and protection of critical infrastructure;
 - health services;
 - environmental remediation;
 - school or educational services; and
 - the provision of police, fire, and other public safety services.
- Government services do not include:
 - Replenishing financial reserves.
 - Interest or principal on any outstanding debt instrument.
 - Expenses associated with financial indebtedness for borrowed money.
 - Satisfaction of a settlement or judgement.
 - Judicially confirmed debt restricting in a judicial, administrative, or regulatory proceeding.



4

Make Necessary Investments in Water, Sewer, and/or Broadband Infrastructure

- **Water and Sewer:**

- If the project would be eligible to receive funding through the Environmental Protection Agency's Clean Water State Revolving Fund (CWSRF) or the Drinking Water State Revolving Fund (DWSRF), it works for the Local Fiscal Recovery Fund.
- Local governments identify the investments in water and sewer infrastructure that are of the highest priority for their communities.
- U.S. Treasury encourages using Fiscal Recovery funds for projects that:
 - Improve drinking water infrastructure
 - Consolidate or establish drinking water systems
 - Support cybersecurity needs to protect water or sewer infrastructure
 - Support efforts to address climate change
 - Provide relief in cases of a natural disaster
- ***Note: Funds cannot be used for the non-federal match portion of CWSRF, DWSRF funding***



4 Make Necessary Investments in Water, Sewer, and/or Broadband Infrastructure

Opportunities through the Clean Water State Revolving Fund

The CWSRF identifies 15 main project categories, but acknowledges other options are available:

1. Centralized Wastewater Treatment
2. Energy Conservation
3. Water Conservation
4. Stormwater Design and Infrastructure
5. Agricultural Best Management Practices
6. Decentralized Wastewater Treatment
7. Resource Extraction
8. Contaminated Sites
9. Landfills
10. Habitat Protection and Restoration
11. Silviculture
12. Desalination
13. Groundwater Protection and Restoration
14. Surface Water Protection and Restoration
15. Planning/Assessment (i.e., Asset Management)

- Gray infrastructure: Moves stormwater away from the built environment and impervious surfaces into collection systems (e.g., gutters, curbs, drains, etc.).
- Green infrastructure: Captures and filters rainwater where it lands, reducing stormwater that wastewater and sewer systems must process. Reduces flood risks and helps prevent pollution from entering local waterways.
- Cybersecurity: Develop effective cybersecurity practices and measures at publicly-owned treatment works.



4

Make Necessary Investments in Water, Sewer, and/or Broadband Infrastructure

Opportunities through the Drinking Water State Revolving Fund

The DWSRF identifies six project categories:

- 1. Treatment:** projects to install and upgrade facilities to improve drinking water quality
- 2. Transmission and Distribution:** projects to rehab, replace, or install pipes to improve water pressure to safe levels or to prevent contamination caused by leaky or broken pipes
- 3. Consolidation:** projects to connect 2+ water systems
- 4. Storage:** projects to install or upgrade finished water storage tanks to prevent contamination from entering distribution systems
- 5. Source:** projects to rehab wells or develop eligible sources to replace contaminated sources
- 6. Creation of New System:** projects to construct a new system to serve homes with contaminated individual wells or consolidate existing systems into a new regional water system

Cybersecurity opportunities: 1) Risk and Resilience Assessments; 2) Training; 3) Equipment and Infrastructure



4

Make Necessary Investments in Water, Sewer, and/or Broadband Infrastructure

- **Broadband:**

- Eligible projects are expected to meet or exceed symmetrical upload and download speeds of 100 Mbps.
- If required speeds cannot be achieved (due of the geography, topography, or excessive costs), the affected project would be expected to meet or exceed 100 Mbps download with a minimum of 20 Mbps upload with scalability to a symmetrical minimum of 100 Mbps.
- Projects must be designed to serve unserved or underserved households and businesses
- Unserved/Underserved: not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.



Deadline for Use of Payments from the Local Fiscal Recovery Funds

- Payments from the Fiscal Recovery Funds be used only to cover costs **incurred** by the local government between March 3, 2021 and December 31, 2024.
- “Incurred” means that the payments must be *obligated* by December 31, 2024.
- U.S. Treasury defines “obligation” as “an order placed for property and services and entering into contracts, sub-awards, and similar transactions that require payment.”



Reporting Deadlines

Note the recent deadline change

Table 2: Reporting requirements by recipient type

Recipient	Interim Report	Project and Expenditure Report	Recovery Plan Performance Report
States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents	By August 31, 2021, with expenditures by category	By October 31, 2021, and then 30 days after the end of each quarter thereafter ⁹	By August 31, 2021, and annually thereafter by July 31 ¹⁰
Metropolitan cities and counties with a population below 250,000 residents which received more than \$5 million in SLFRF funding			Not required
Tribal Governments			
Metropolitan cities and counties with a population below 250,000 residents which received less than \$5 million in SLFRF funding		By October 31, 2021, and then annually thereafter ¹¹	
NEUs	Not required		

Recipient	Project & Expenditure Report
States, territories, counties, cities, and Tribal governments	January 31, 2022 (instead of Oct 31, 2021) Will cover the period between award date and December 31, 2021.
NEUs	April 30, 2022 (instead of Oct 31, 2021) Will cover the period between award date and March 31, 2022.

*Further instructions will be provided at a later date, including updates to existing guidance as well as a user guide to assist recipients to gather and submit the information through Treasury's Portal.



Questions or Comments

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