

*Federal Reserve Bank of Boston | Working Places Initiative*

# Community Strategies for Equitable ARPA Funding

Jay Williams, Hartford Foundation for Public Giving

Michael Wallace, National League of Cities

Marie-Frances Rivera, MassBudget

Ted Brady, Vermont League of Cities and Towns

# ARPA: Coronavirus State and Local Fiscal Recovery Fund Guidance Update

National League of Cities





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

\$65 billion of DIRECT aid to EVERY city, town or village across the country.

[nlc.org/stateleague](https://nlc.org/stateleague)

**NLC** **DELIVERS**

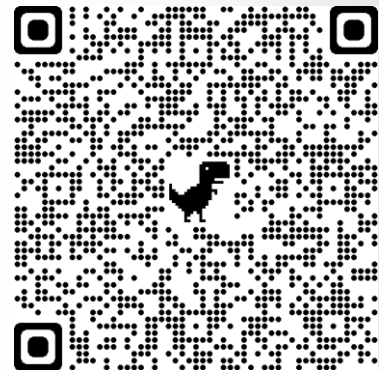
The U.S. Department of the Treasury released:

- Guidance/Interim Final Rule
- Frequently Asked Questions (FAQ)
- Allocation for Metropolitan cities
- Opened portal for Metropolitan cities to apply for funding
- State guidance for NEUs

Many of the points that NLC advocated for were adopted in the Interim Final Rule.

Visit the Treasury webpage for more info about the Coronavirus State and Local Recovery Fund.

[Treasury.gov/SLFRP](https://treasury.gov/SLFRP)



## Eligible Expenditures

- COVID-19 Public Health Response
- COVID-19 Economic Response
- Premium Pay for essential work
- Necessary investment in water, sewer, and broadband infrastructure
- Lost Revenue

## Ineligible Expenditures

- Federal Matching Requirements
- Premium pay for not frontline work (telework)
- Pensions
- Infrastructure not included in the eligible expenditures
- Rainy day funds, financial reserves, and outstanding debt

## Framework of Interim Rule

- Non-exclusive lists of allowable expenditures
  - Categories include intervention for Qualified Census Tracts, public health, direct aid, community & economic development, infrastructure
- Encouraged expenditures
  - Categories include addressing racial disparities, inequities, disproportionate harm
- Prohibited expenditures
  - Categories include pension funds, legal settlements, federal match requirements

## Framework to Assess Eligibility for Projects and Services

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

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.

- COVID-19 Mitigation and Prevention
- Medical Expenses
- Behavioral Health Care Including Addiction Treatment
- Public Health and Public Safety Employees
- Data, Design, and Execution of Health Programs
- Health Disparities
- Survivors Benefits

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.

- Direct cash and loan interventions
- Assistance to business and non-profits
- Impacted industries and workers
- Housing and Community Development
- Homelessness
- Childcare and Education
- Program improvement through data analysis, targeted consumer outreach, improvements to data or technology infrastructure, and impact evaluations.



- Addressing disparities in Qualified Census Tracts.
- Services to address homelessness such as supportive housing
- Affordable housing development to increase supply of affordable and **high- quality living units**
- Housing vouchers, residential counseling, or housing navigation assistance to facilitate household moves to neighborhoods with high levels of economic opportunity and mobility
- *Given the exacerbation of health disparities during the pandemic and the role of pre-existing social vulnerabilities in driving these disparate outcomes, **services to address health disparities are presumed to be responsive to the public health impacts of the pandemic.***
- Services that connect residents with health care resources and public assistance programs and **build healthier environments**
- **Housing services to support healthy living environments** and neighborhoods conducive to mental and physical wellness
- **Remediation of lead paint or other lead hazards** to reduce risk of elevated blood lead levels among children

## Small Businesses Create New Jobs

- Small businesses make up nearly half of U.S. private-sector employment.
- Responsible for two-thirds of net new jobs.
- 400,000 small businesses have closed since the beginning of the pandemic.

## Disparate Harm for Low-Wage Workers

- “The COVID–19 emergency may have lasting negative effects on economic outcomes, particularly in **exacerbating disparities that existed prior to the pandemic.**”
- Low- and mod-income jobs are substantial part of total pandemic job losses
- Low-wage jobs disproportionately require in-person frontline work.
- **Concentrated poverty results in a cascade of additional burdens on families and reduces economic potential**

## COVID-19 Related Harm

- Eligible uses must be designed to address an economic harm resulting from or exacerbated by the public health emergency.
- Economic harm may either be immediate or delayed.
- “Expenditures to aid businesses that did **not** experience a negative economic impact from the public health emergency would not be an eligible use under this category.”

## Proportional Assistance

- Responses must be related and reasonably proportional to the extent and type of harm experienced;
- Uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses.

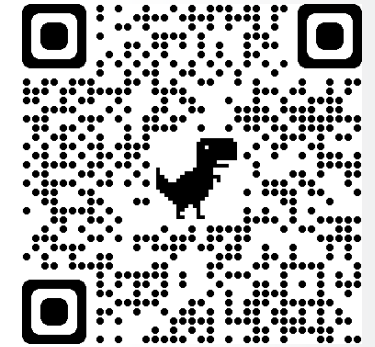
## Flexible Criteria

- Recipients should consider local economic conditions and business data
- Criteria may include businesses with less capacity to weather financial hardship, such as the smallest businesses, those with less access to credit, or those serving disadvantaged communities.

- **Local governments are encouraged to address the needs of households and businesses that were disproportionately and negatively impacted by the public health emergency.**
- Treasury encourages expenditures that foster **strong, inclusive, and equitable recovery**, especially uses with long-term benefits for health and economic outcomes.
- Funds cannot be reserved in a way that constitutes savings for future spending needs unrelated to COVID-19 harm.
- Local governments must publicly report assistance provided to private-sector businesses, and its connection to negative economic impacts of the pandemic.
- Local governments should maintain records to support their assessment of how businesses or business districts receiving assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts

NLC's COVID-19 Hub: <https://www.nlc.org/covid-19-pandemic-response/>

- Blogs
- 5 fact sheets: Reporting Requirements, Receiving Funds, State Conditions
- Prohibited Uses, Calculating Revenue Loss
- Revenue Loss Calculator
- Webinar recordings



Tell NLC what kind of additional programming and resources will be useful for your municipal operations:

<https://bit.ly/3eVyvWt>





- 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
- Six Considerations to Leverage ARPA Funds for **Economic Mobility**
- Meeting the Moment: Leveraging American Rescue Plan Act Funds to Improve **Mental Health & Wellbeing**
- How Local Leaders Can Help Residents Access the Emergency **Broadband** Benefit
- Six Do's and Don'ts for Local **Emergency Rental Assistance**
- What Small Cities Need to Know to Access ARPA Local Relief Funds
- Supporting **Local Businesses** with America's Rescue Plan

June 16, 2021

# Ted Brady

Executive Director

Vermont League of Cities and Towns



[Vlct.org/arpa](https://vlct.org/arpa)  
[tbrady@vlct.org](mailto:tbrady@vlct.org)

# Planning Framework for Maximum Impact and Best Use of Municipal ARPA Funds



Vermont League  
of Cities & Towns

## 1. PRIORITIZE GOOD GOVERNANCE

- Convene all Stakeholders & Build Consensus
- Follow Allowable Uses Under ARPA
- Meet all Accounting & Reporting Rules
- Comply w/ all Local & State Laws/Ordinances
- Ensure Transparency Throughout
- Do Not Create Future Budget Deficits

## 2. LEVERAGE YOUR ARPA AID

- Use a Thoughtful Strategic Planning Process
- Leverage w/ ARPA, FEMA & Other \$ Fed Sources
- Coordinate w/ Other State & Local Programs
- Collaborate w/ Community Partners & Orgs
- Use Existing Delivery Systems for Efficiency
- Don't Reinvent the Wheel: Learn from Others

## 3. INVEST IN BEST USES FOR LONG-TERM RECOVERY

- Invest in Urgent Health and Economic Needs
- Prioritize Short-Term Investments w/ Lasting Benefits
- ID and Address Pre-COVID Inhibitors to Growth
- Move Quickly to Stimulate a Faster Recovery
- Measure Progress Throughout to Inform Ongoing Plans

# Treasury Guidance / What You CAN Spend \$ On

1. **Pandemic Response:** To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
2. **Workforce/Personnel:** To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
3. **Lost Revenue:** For the provision of government services to the extent of the reduction in revenue due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
4. **Water, Sewer, Broadband Infrastructure:** To make necessary investments in water, sewer, or broadband infrastructure. In addition, Congress clarified two types of uses which do not fall within these four categories

# What You **CAN** ARPA Spend \$ On:

- Presumption of Eligibility in Qualified Census Tracts as defined by HUD...
- Plus “...other populations, household, or geographic areas disproportionately impacted by the pandemic..”
  - Building Stronger Communities through Investments in Housing and Neighborhoods
    - Homelessness services
    - Affordable Housing
  - Addressing Educational Disparities
    - Addressing high-poverty school issues
    - Student mental health
  - Promoting Healthy Childhood Environments
    - Childcare

