



American Rescue Plan Act (ARPA)

Overview and Guidance

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- **Total cost: \$1.9 trillion**
 - **\$350 billion allocated to states, municipalities and counties across the country**
- **Connecticut:**
 - **Overall General Government = \$2.66 billion**
 - **Municipalities = \$1.56 billion**
 - **Overall Education = \$1.105 billion**
 - **Boards of Education for k-12 = \$995 million**



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Municipalities = \$1.56 billion

- **Funding to municipalities distributed on a modified CDBG formula (\$870 million)**
 - **Entitlement city – Population greater than 50,000**
 - Direct allocation from Treasury Department
 - **Non-entitlement – Population less than 50,000**
 - Treasury used States to pass-through funds
- **County allocations (\$691 million) – Unique to CT**
 - Treasury used States to pass-through funds



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Statutory language specifically authorizes use of the funds:

- a) 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;
- b) To respond to workers performing essential work during the COVID–19 by providing premium pay to eligible workers of local government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
- c) For the provision of government services to the extent of the reduction in revenue due to the pandemic (relative to revenues collected in the most recent full fiscal year prior to the emergency);
- d) To make necessary investments in water, sewer, or broadband infrastructure.

Allows transfer to a private nonprofit organization, Tribal organization, public benefit corporation involved in the transportation of passengers or cargo, or special-purpose unit of State or local government.



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Prohibited uses:

- Paying down unfunded pension liabilities
- Applying as matching funds toward other federal grants
- Paying interest or principal on outstanding debt, or for consent decrees/legal settlements
- Contribute to reserve or rainy day funds

Timing

- **Local governments will receive funding in two tranches**
 - **First: 50% 60 days after enactment (May-June 2021)**
 - **Second: 50% approximately one year from receipt of first allocation**

** State has no discretionary authority to modify funds or impose additional restrictions on projects.*



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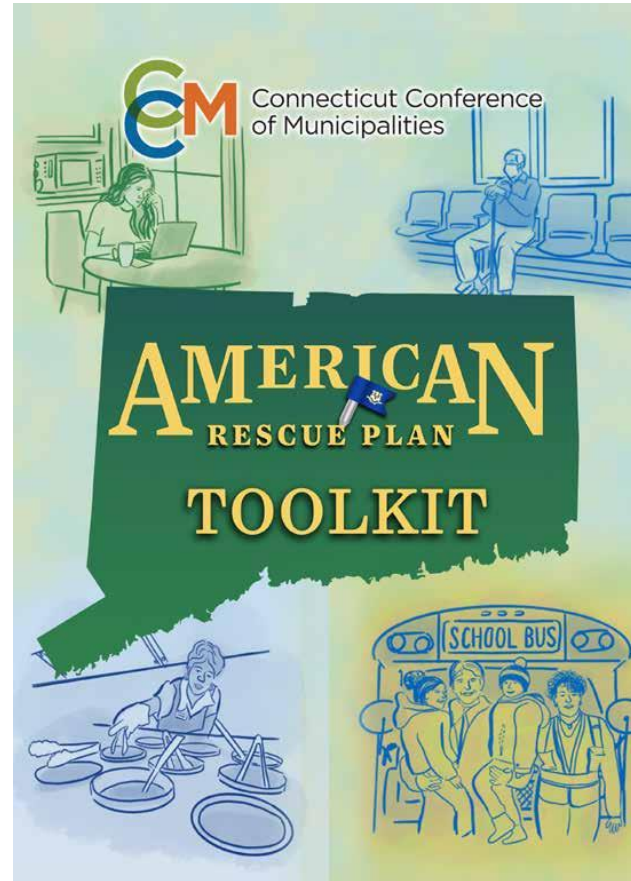
Other Notes:

- Treasury Interim Rule (IFR)
 - Final Rule before end of calendar year 2021
- Funds must be “obligated” by the end of calendar year 2024
- For non-entitlement towns, funding may not exceed 75% of the most recent adopted local budget as of January 27, 2020.
- IFR separated into:
 - Eligible projects
 - Encouraged projects
 - Prohibited

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CCM ARP Advisory Service Committee

- Provide guidance, best practices and develop resources.





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Support Public Health Response

- To contain and mitigate the spread of COVID-19 (or future pandemics)
 - Vaccination incentives
 - Medical expenses
 - Quarantine costs
 - Implementing mitigation strategies (improving air quality)
- Behavioral health services
 - Behavioral health response
 - Substance abuse treatment and prevention
 - Crisis intervention
- Provide payroll to public safety and public health personnel (related to their work in COVID-19 response)



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Address Negative Economic Impact

- **Provide direct assistance to business and households impacted by COVID**
 - Loans and grants
 - Creating incubator space for entrepreneurs while offering childcare
 - Workforce development
 - Assistance to manufacturing and agricultural businesses
 - Housing assistance
- **Tourism, hospitality, travel**
 - Creating a commercial and tourism coordinator
 - Marketing
 - Outdoor recreation improvements
- **Economic recovery**
 - Redevelopment of properties
 - Arts and culture
 - Façade improvements
- **Rebuilding public sector by rehiring staff and implementing economic relief programs**



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Investments in Sewer and Water

- **Projects eligible under EPA's Clean Water State Revolving Fund**
 - Wastewater treatment plants
 - Control non-point sources of pollution
 - Green infrastructure
 - Manage and treat stormwater
 - Protect water bodies from pollution
- **Projects eligible under EPA's Drinking Water State Revolving Fund**
 - Upgrade facilities to improve water quality
 - Transmission, distribution and storage systems
 - Consolidation or establishment of drinking water systems
- Design and engineering costs are eligible expenses (including road improvements caused by construction)



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Broadband Infrastructure

- **Provide services to unserved or underserved households or businesses**
 - Those lacking access to 25/3 Mbps wireline service
- **Projects must “reliably meet or exceed symmetrical speeds of 100 Mbps” or at least 100/20 Mbps with the ability to scale to 100 Mbps symmetrical**



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Replace Loss of Revenue

- Use a specified formula to compute reduction in revenue and compare with actual revenue. The difference is the amount that can be used for “government service”.



General Revenue collected in the most recent full FY prior to the COVID-19 public health emergency



Average annual revenue growth over the three full FYs prior to the COVID-19 public health emergency (minimum 4.1%), adjusted to the calculation month



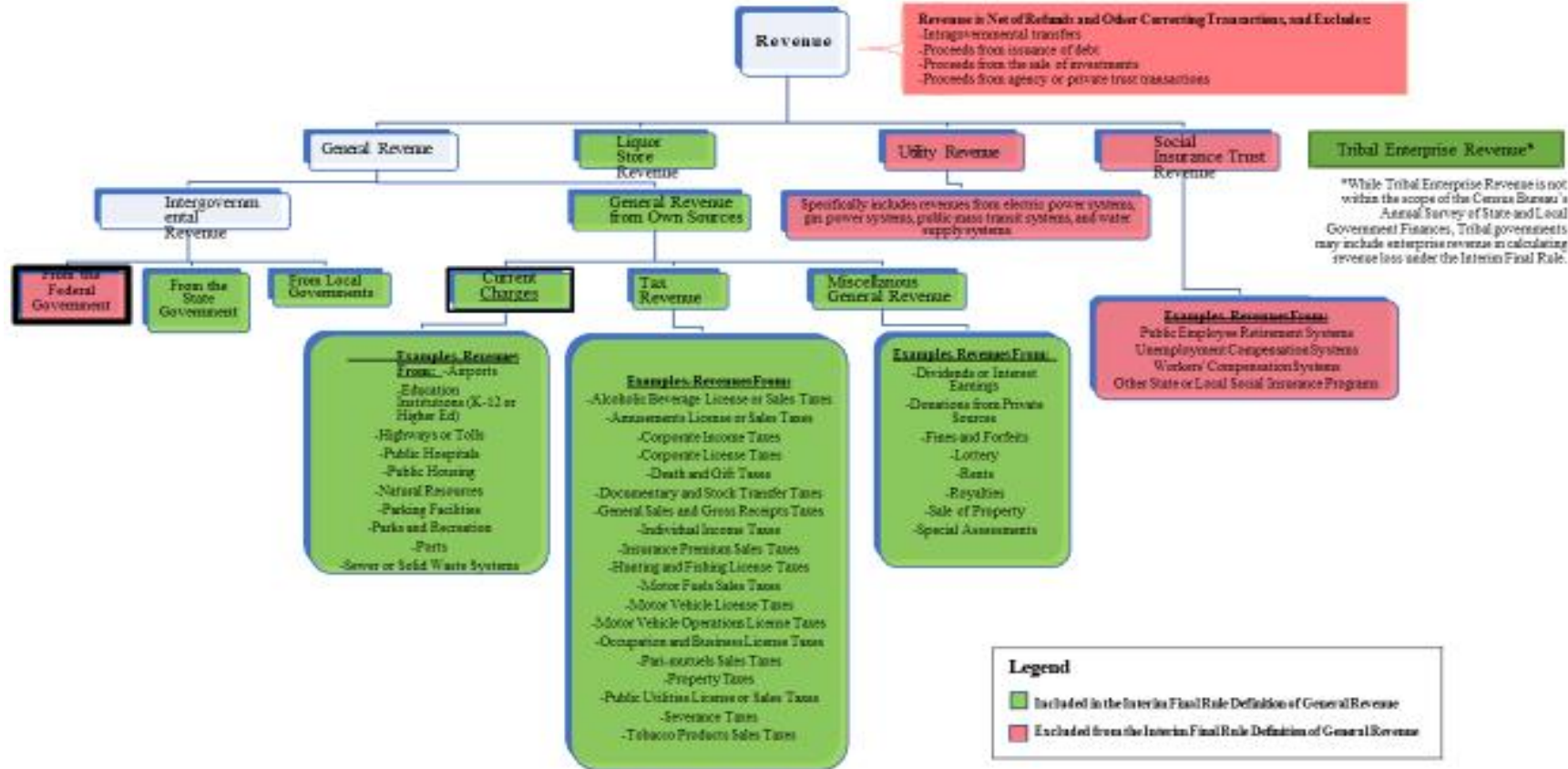
Actual general revenue collected during 12-month period ending on calculation date



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AS OF JULY 19, 2021

Appendix: Interim Final Rule Definition of General Revenue Within the Census Bureau Classification Structure of Revenue



Source: U.S. Bureau of the Census Government Finance and Employment Classification Manual, 2006 Annual Survey of State and Local Government Finances



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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 expenditure summary 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 | | By October 31, 2021, and then annually thereafter ¹¹ | Not required |
| Tribal Governments | | | |
| Metropolitan cities and counties with a population below 250,000 residents which received less than \$5 million in SLFRF funding | Not required | | |
| NEUs | | | |

NEW Project and Expenditure Report deadlines:

- Metropolitan: **January 31**
- NEUs: **April 30**



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Basic Foundations

- Follow allowable uses established by Treasury
- Meet and maintain consistency in reporting and accounting
- Comply with state and local laws and regulations
- Be organized and ensure transparency
- Do not create future budget deficits



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Best Approaches

- **Convene all stakeholders in your community**
 - Government officials, department heads, businesses, non-profits, residents, attorneys, technical experts
- **Invest in future prosperity and positive long-term recovery results**
- **Provide funds to those that have an immediate need**
 - Families, businesses, non-profits
- **Use existing delivery channels and compliment existing efforts for efficiency**
 - Non-profits, COGs, business groups
- **Measure progress and modify if necessary**



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CCM ARP Advisory Service Committee (Next Steps)

- Waiting for Treasury Final Rule
- Sustainable CT
- CT Main Street Association and economic developers on example projects
- Provide common terms and definitions
- Encourage regional efforts



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Common Questions:

- Who has the authority to appropriate funds?
- Do plans need to be pre-approved by Treasury or other agency?
- How is “loss of revenue calculated” and what are “government services” that funds can be used for?
- What type of account can the funds be kept?



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Other Questions?

Thank you!

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