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AMERICAN RESCUE PLAN ACT (ARPA)

Overview of Funding and Eligible Uses

DISCLAIMER

The information provided in this presentation does not, and is not intended to, constitute legal advice; instead, all information, content, and materials made available in this presentation are for general informational purposes only. Information in this presentation may not constitute the most up-to-date information. The eligible uses of ARPA Funds described in this document are provided as examples of opportunities and uses that may be approved as allowable expenditures of ARPA Funds and are not intended to be nor should be interpreted as approval or guaranty of eligibility. Each investment opportunity and request for ARPA funding should be reviewed by independent counsel for compliance with the U.S. Department of the Treasury's guidelines regarding the use of ARPA Funds.

INTRODUCTION TO GMS

- ❖ GMS Funding Solutions (GMS) specializes in medium to large-scale capital projects (\$250,000 - \$800 million), that involve comprehensive land development and/or public infrastructure expenditures.
- ❖ The GMS Team conducts comprehensive analyses of project budgets, determining extraordinary costs that may be offset with the successful pursuit of competitive grant funding or low-interest, fixed-rate loans.
- ❖ ***GMS provides individualized and comprehensive funding and financing strategies to allow otherwise cost-prohibitive projects to move forward***, resulting in new private investment and job creation opportunities in local communities.
- ❖ Our clients include: municipalities, municipal authorities, counties, hospital and healthcare systems, higher education institutions, non-profit organizations and for-profit businesses

THE GMS PROCESS

The GMS Team meticulously manages the funding strategy for each project, from pursuit of funding through close-out audit, guiding clients with every step of the process.

- ❖ **Research:** reviewing available programs to find the best funding source(s) for the project
- ❖ **Position Competitive Funding:** developing compelling stakeholder briefing materials used to inform stakeholders on the Project's key attributes
- ❖ **Economic Impact Analysis:** utilizing IMPLAN Modeling System to estimate changes within regional economies that will result from a project's implementation
- ❖ **Develop Persuasive Grant Applications:** coordinating with the appropriate funding agencies throughout the application phase
- ❖ **Stakeholder Engagement:** identifying most influential stakeholders, seeking their buy-in and engaging their advocacy to give clients the highest likelihood of success
- ❖ **Post-Award Services:** including grant administration, compliance, drawdown of funds, and close-out audit

INTRODUCTION TO SALZMANN HUGHES

- ❖ Salzmnn Hughes, P.C. is a law firm with five office locations across central Pennsylvania
- ❖ Salzmnn Hughes, P.C. serves over 100 municipal entities throughout the Commonwealth.
- ❖ We strive to provide comprehensive municipal services to our clients and develop strategies tailored to meet each clients' goals and objectives.

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THE AMERICAN RESCUE PLAN ACT

- ❖ The American Rescue Plan Act (“ARPA”) became law on March 11, 2021
- ❖ Established Coronavirus Local Fiscal Recovery Fund (\$350B)
 - Direct allocations to Counties and Metropolitan Cities
 - 50% in 2021 and 50% in 2022
 - Allocation via states for Non-entitlement Units of Local Government (NEUs)
 - 50% in 2021 and 50% in 2022
 - Special Purpose Units of Government (Municipal Authorities)
 - *Did not receive a funding allocation, but local governments may transfer funds to a municipal authority for a qualifying use.*

TREASURY GUIDANCE

- ❖ The Interim Final Rule – The proposed Treasury regulation implementing the program. Final Rule expected to be published in September 2021.
- ❖ Frequently Asked Questions (“FAQs”) - Most recently updated on July 19, 2021.
- ❖ Compliance and Reporting Guidelines – Issued June 24, 2021.
- ❖ Treasury’s Portal for Recipient Reporting – Issued August 9, 2021.

GENERAL ELIGIBILITY TEST

- ❖ The Interim Final Rule lays out a general, two-part eligibility test for uses of the funds.
 - A recipient should first consider whether an economic harm exists and whether this harm was caused or made worse by the COVID-19 public health emergency.
 - The use must “respond to” the identified negative economic impact.
 - 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.
- ❖ Funds must be obligated no later than December 31, 2024
- ❖ Funds must be spent no later than December 31, 2026

OVERVIEW OF ELIGIBLE USES

❖ Revenue Loss

- Funds allocated to this use must be used to provide government services (direct provision of services to citizens)
 - Broad range of uses including: maintenance of infrastructure, building new infrastructure with cash, public safety services.
 - See Census Classification Manual – Expenditure Functions
- Funds cannot be used for the following:
 - Principal or interest payments on existing debt
 - Replenishing or creating reserve funds
 - Paying settlements or judgments
 - Extraordinary payments to pension obligations

❖ Responding to the Public Health Emergency and its Negative Economic Impacts

- Additional flexibility for projects located in Qualified Census Tracts

❖ Broadband, Water, and Sewer Projects

- Water/sewer projects must be eligible under the Clean Water State Revolving Fund or Drinking Water State Revolving Fund

❖ Grants to sub-recipients such as authorities, small businesses, non-profits, etc.

❖ Social Services

ELIGIBLE EXPENDITURE CATEGORIES

1: Public Health

1.1	COVID-19 Vaccination ^
1.2	COVID-19 Testing ^
1.3	COVID-19 Contact Tracing
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5	Personal Protective Equipment
1.6	Medical Expenses (including Alternative Care Facilities)
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10	Mental Health Services*
1.11	Substance Use Services*
1.12	Other Public Health Services

2: Negative Economic Impacts

2.1	Household Assistance: Food Programs* ^
2.2	Household Assistance: Rent, Mortgage, and Utility Aid* ^
2.3	Household Assistance: Cash Transfers* ^
2.4	Household Assistance: Internet Access Programs* ^
2.5	Household Assistance: Eviction Prevention* ^
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers*
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)* ^
2.8	Contributions to UI Trust Funds
2.9	Small Business Economic Assistance (General)* ^
2.10	Aid to Nonprofit Organizations*
2.11	Aid to Tourism, Travel, or Hospitality
2.12	Aid to Other Impacted Industries
2.13	Other Economic Support* ^
2.14	Rehiring Public Sector Staff

3: Services to Disproportionately Impacted Communities

3.1	Education Assistance: Early Learning* ^
3.2	Education Assistance: Aid to High-Poverty Districts ^
3.3	Education Assistance: Academic Services* ^
3.4	Education Assistance: Social, Emotional, and Mental Health Services* ^
3.5	Education Assistance: Other* ^
3.6	Healthy Childhood Environments: Child Care* ^
3.7	Healthy Childhood Environments: Home Visiting* ^
3.8	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System* ^

3.9 Healthy Childhood Environments: Other* ^

3.10	Housing Support: Affordable Housing* ^
3.11	Housing Support: Services for Unhoused Persons* ^
3.12	Housing Support: Other Housing Assistance* ^
3.13	Social Determinants of Health: Other* ^

3.14 Social Determinants of Health: Community Health Workers or Benefits Navigators* ^

3.15 Social Determinants of Health: Lead Remediation ^

3.16 Social Determinants of Health: Community Violence Interventions* ^

4: Premium Pay

4.1	Public Sector Employees
4.2	Private Sector: Grants to Other Employers

5: Infrastructure²⁷

5.1	Clean Water: Centralized Wastewater Treatment
5.2	Clean Water: Centralized Wastewater Collection and Conveyance
5.3	Clean Water: Decentralized Wastewater
5.4	Clean Water: Combined Sewer Overflows
5.5	Clean Water: Other Sewer Infrastructure
5.6	Clean Water: Stormwater
5.7	Clean Water: Energy Conservation
5.8	Clean Water: Water Conservation
5.9	Clean Water: Nonpoint Source
5.10	Drinking water: Treatment
5.11	Drinking water: Transmission & Distribution
5.12	Drinking water: Transmission & Distribution: Lead Remediation
5.13	Drinking water: Source
5.14	Drinking water: Storage
5.15	Drinking water: Other water infrastructure
5.16	Broadband: "Last Mile" projects
5.17	Broadband: Other projects

6: Revenue Replacement

6.1	Provision of Government Services
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7: Administrative

7.1	Administrative Expenses
7.2	Evaluation and Data Analysis
7.3	Transfers to Other Units of Government
7.4	Transfers to Non-entitlement Units (States and territories only)

*Denotes areas where recipients must identify the amount of the total funds that are allocated to evidence-based interventions (see Use of Evidence section above for details)

^Denotes areas where recipients must report on whether projects are primarily serving disadvantaged communities (see Project Demographic Distribution section above for details)

PUBLIC HEALTH

Public Health & Safety and Mental & Behavioral Health

❖ Eligible Uses:

- ***Services to contain and mitigate the spread of COVID-19***, including vaccination, medical expenses, testing, contact tracing, quarantine costs, capacity enhancements, and other related activities.
- ***Behavioral healthcare services***, including mental health or substance misuse treatment, crisis intervention, and related services.
- ***Payroll and covered benefits for public health, healthcare, human services, and public safety staff*** to the extent that the work on the COVID-19 response.
- ***Capital investments in public facilities to meet pandemic operational needs are also eligible***, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics.
- ***Activities to address the disparities in public health outcomes.***

NEGATIVE ECONOMIC IMPACTS

Small Business/Non-Profit Assistance

- ❖ *Deliver assistance to workers and families facing negative economic impacts due to COVID-19, including support for unemployed workers, aid to households, and survivor's benefits for families of COVID-19 victims to include:*
 - Food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance; emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training.
- ❖ *Support small businesses/non-profits with loans, grants, in-kind assistance and counseling programs to include:*
 - Supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs; as well as COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing program

NEGATIVE ECONOMIC IMPACTS – CONTINUED

Tourism & Hospitality

❖ *Speed the recovery of impacted industries, including the tourism, travel and hospitality sectors as well as:*

- Aid a planned expansion or upgrade of tourism, travel and hospitality facilities delayed due to the pandemic.
- Recipients may use funds to assist impacted industries other than travel, tourism, and hospitality provided that recipients consider the extent of their impact in such industries as compared to tourism, travel, and hospitality, the industries enumerated in the statute.

SERVICES TO DISPROPORTIONATELY IMPACTED COMMUNITIES

Addresses Projects Occurring in a Qualified Census Tract (QCT)

❖ Eligible Uses:

- Addressing health disparities – Community health workers, public benefits navigators, community violence intervention
 - Addressing housing disparities – Supportive housing services, affordable housing development, housing assistance
 - Addressing Educational Disparities – Early childhood learning, tutoring, after school programming
 - Addressing general childhood health and welfare – Summer youth programs, camps, and recreation programs
- ❖ Presumed eligible uses are not necessarily confined to QCT. Recipients can provide the services that are presumed eligible in a QCT to other populations, households, or geographic areas disproportionately impacted by the pandemic if they are able to demonstrate how the pandemic disproportionately impacted the populations, households, or geographic areas to be served
- ❖ Utilize data and information from the Interim Rule to form logic.

PREMIUM PAY

Premium Pay

Includes economic harms to the public sector and essential workers - healthcare, education and childcare, transportation, sanitation, grocery and food production, and public health and safety, among others.

❖ Eligible Uses:

- Rebuild public sector capacity by rehiring staff, replenishing state unemployment insurance funds, and implementing economic relief programs.
- Grants to local municipalities to rehire public sector employees that lost employments due to the pandemic.
- Premium pay for essential workers – “essential work” is defined in the Interim Rule as work not performed while teleworking and involving regular in-person interactions with others.

INFRASTRUCTURE

Necessary investments to improve access to clean drinking water, support vital water, sewer and broadband infrastructure.

❖ Eligible Uses:

▪ Water, Sewer, Stormwater Infrastructure

- Uses aligned to Environmental Protection Agency project categories for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund.
- Grants to municipal authorities or private companies for use in developing water and sewer infrastructure that will allow for development, and ultimately benefit the economy.
- Public projects that address and enhance energy efficiency and conservation.
- Recipients may also use this funding for, managing and treating stormwater or subsurface drainage water, facilitating water reuse, and securing publicly owned treatment works.

▪ Broadband Infrastructure

- Development of broadband infrastructure that reliably delivers minimum speeds of 100 Mbps download and 100 Mbps upload. To meet the immediate needs of unserved and underserved households and businesses, recipients are encouraged to focus on projects that deliver a physical broadband connection by prioritizing projects that achieve last mile-connections.

❖ **Ineligible Uses:** Funding for infrastructure other than water, sewer and broadband is generally not eligible. ***NEPA does not apply to Treasury's administration of the Funds in regard to infrastructure as long as no other federal funding is used.***

❖ Deadline to obligate funds is December 31, 2024.

REVENUE REPLACEMENT

Recipients may use funds for the provision of government services to the extent of the reduction in general revenue experienced due to the COVID-19 public health emergency

❖ Eligible Uses:

- Ensure continuity of critical government services by closing budget shortfalls.
- ***Government services can include, but are not limited to,*** 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.

ADMINISTRATIVE

Recipients may use funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID–19 public health emergency and its negative economic impacts.

❖ Eligible Uses:

- Costs related to disbursing payments of Fiscal Recovery Funds and managing new grant programs established using Fiscal Recovery Funds.
- Costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.

GENERAL REPORTING REQUIREMENTS

DOCUMENT, DOCUMENT, DOCUMENT.

- ❖ Maintain active SAM registration (must be updated annually)
- ❖ Maintain records and financial documents for 5 years after all funds have been expended
- ❖ Recipients and sub-recipients that expend more than \$750,000 in Federal awards during their fiscal year will be subject to an audit under the Single Audit Act

REPORT TYPES

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

Source: US Department of Treasury, Compliance and Reporting Guidance: SLFRF, June 24, 2021

REPORT CATEGORIES

Interim Report: Provide initial overview of status and uses of funding. This is a one-time report.

- ❖ Revenue replacement data
- ❖ Distribution to NEUs

Project and Expenditure Report: Report on projects funded, expenditures, contracts, and sub-awards over \$50,000, and other information.

- ❖ Project listing and corresponding Expenditure Category (EC)
- ❖ Project description (50-250 words) and status
- ❖ Project demographic distribution
- ❖ Sub-awards (greater than or equal to \$50,000)
- ❖ Civil Rights compliance
- ❖ Required programmatic data (other than infrastructure projects)
- ❖ Required programmatic data (water/sewer/broadband)

Recovery Plan Performance Report: Provides information on the projects that large recipients are undertaking with program funding and how they plan to ensure program outcomes are achieved in an effective, efficient, and equitable manner. It includes key performance indicators identified by the recipient and some mandatory indicators identified by Treasury.

Questions?

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