

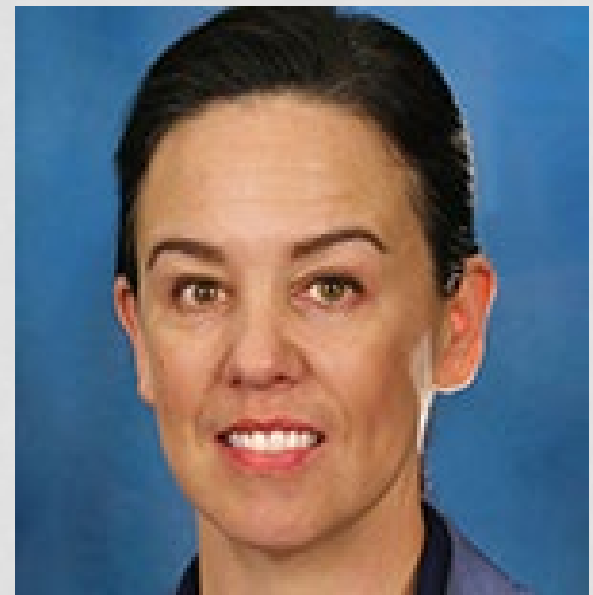
CREATIVE STRATEGIES FOR
AMERICAN RESCUE PLAN ACT
FUNDS



2022 Mid-Year Seminar
Washington, D.C.



Lori Lein, Moderator
*General Counsel,
Alabama League of
Municipalities*



Morgain Patterson
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Louisiana Municipal
Association*

OVERVIEW OF ARPA STATE & LOCAL FISCAL RECOVERY FUND

- Signed into law on March 11, 2021
- Local governments paid in two tranches:
 - (1) 50% starting May of 2021
 - (2) 50% 12 months after the first tranche
- Funds must be obligated by December 31, 2024
- Funds must be expended by December 31, 2026

OVERVIEW OF ARPA STATE & LOCAL FISCAL RECOVERY FUND

Direct Recipients

- States (\$195.3B)
- Counties (\$65.1B)
- Municipalities with populations over 50,000 (*Metros*, \$45.6B)
- Territories (\$4.5B)
- Tribal Governments (\$20B)

Indirect Recipients

- Municipalities with populations less than 50,000 (\$19.5B)

(Non-Entitlement Units)

TOTAL = \$350 billion

ARPA FINAL RULE

ELIGIBLE USES



Lost Public Sector Revenue

Cities can choose one of the following to determine loss of revenue:

➤ Calculate counterfactual revenue at four points in time compared to revenues collected in FY 2019.



➤ **NEW** – Cities can assume a revenue loss of up to \$10 million, not to exceed the total allocation, through the period of performance.

All but six Kentucky cities – Ashland, Bowling Green, Covington, Lexington, Louisville, and Owensboro – have total allocations of less than \$10 million.

Those with less than \$10 million may use their **entire LFRF allocation** toward government services, which are not necessarily connected to COVID response.

Government Services: any service traditionally provided by a government.



» Road building and maintenance, and other infrastructure



» ***NEW – General government administration, staff, and administrative facilities***

» Environmental remediation

» Health services

» Provision of police, fire, and public safety services (including purchase of fire trucks and police vehicles)

Restrictions on Use section applies to all uses of funds, including those potentially considered as government services.

Government services do not include financing expenses, debt service, legal judgments, consent decrees, or depositing into rainy day funds.

COVID-19 Mitigation and Prevention

Eligible Uses

- ✓ Vaccination programs, including incentives and sites
- ✓ Public communication efforts
- ✓ Medical supplies and personal protective equipment (PPE)
- ✓ Ventilation system installation and improvement
- ✓ **NEW** – Transportation to reach vaccination or testing sites
- ✓ **NEW** – Emergency response equipment (e.g., response radio systems)
- ✓ **NEW** – Prevention and treatment equipment (e.g., ventilators and ambulances)
- ✓ Support for prevention or mitigation strategies for:
 - Congregate living facilities
 - **NEW** – Public facilities
 - **NEW** – Schools
 - **NEW** – Small businesses
 - **NEW** – Nonprofits
 - **NEW** – Impacted industries



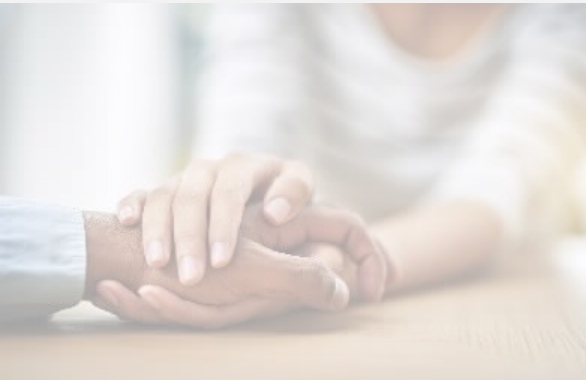


Medical Expenses







Funds may be used for expenses to households, medical providers, or others that incurred medical costs due to the pandemic, including:

- NEW – Paid family and medical leave for public employees to comply with COVID-19 precautions
- NEW – Unreimbursed expenses for medical care for COVID-19 testing or treatment
- NEW – Emergency medical response expenses
- Treatment of long-term symptoms or effects of COVID-19

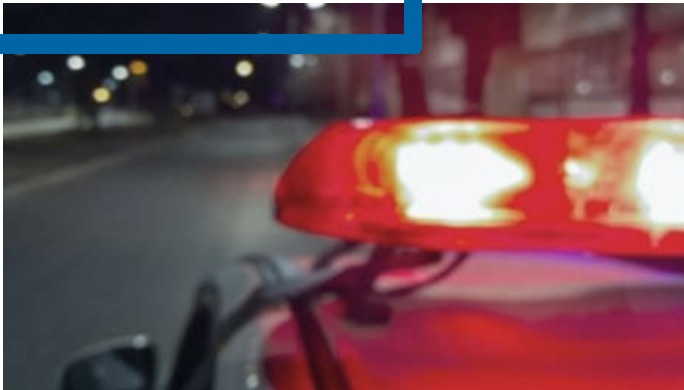
Behavioral Health Care



Eligible Uses:

-  **NEW** – Expansion of access to evidence-based services for opioid use disorder prevention, treatment, harm reduction, and recovery
-  **NEW** – Enhanced behavioral health services in schools
-  **NEW** – Services for pregnant women or infants born with neonatal abstinence syndrome
-  **NEW** – Peer support groups, costs for residence in recovery housing, and suicide prevention hotline services
-  Behavioral health facilities and equipment
-  Prevention, outpatient treatment, inpatient treatment, crisis care, diversion programs, and more.

Preventing and Responding to Violence








Cities may use funds to respond to violence through:

- Referrals to trauma recovery services for crime victims
- Community violence intervention programs, such as evidence-based practices like focused deterrence and wraparound services

Cities may use funds to respond to increased gun violence through:

- Advancing community policing
- Enforcement efforts to reduce gun violence
- Technology and equipment to support law enforcement response


Treasury presumes the following households and communities are impacted by the pandemic:


-  Low- or moderate-income households or communities
-  **NEW** – Households at or below 300% of the Federal Poverty Guidelines (FPG); or
-  **NEW** – Households at or below 65% of the area median income (AMI) for the county and household size
-  **NEW** – Can presume households earning below \$65,880 annually or communities with a median income below this level are impacted by the pandemic
-  Households that experienced unemployment; faced increased food or housing insecurity; or qualify for Medicaid, child health insurance, or child care subsidies

Economic
Response:
Assistance to
Households



Treasury presumes the following households and communities are impacted by the pandemic:

 NEW – When providing affordable housing programs, households that qualify for:
National Housing Trust Fund; and
Home Investment Partnerships Program


 NEW – When providing services to address lost instructional time in K-12 schools, any student who lost access to in-person instruction for a significant period of time

Economic Response: Assistance to Households



Eligible projects for households and communities



- » Food and assistance to food banks
- » Emergency housing assistance
- » **NEW** – Health insurance coverage expansion
- » Benefits for surviving family members who died from COVID-19
- » Job and workforce assistance
- » **NEW** – Financial services to unbanked or underbanked
- » Burials, home repair, and home weatherization
- » Cash assistance
-  » **NEW** – Internet access and digital literacy, including public wi-fi networks and free wi-fi in public housing communities
- » **NEW** – Paid sick, medical, and family leave
- » Assistance for applying for public benefits or services
- » Childcare and early learning services, home visiting programs, child welfare-involved services
- » **NEW** – Assistance to address learning loss for K-12 students
- » **NEW** – Long-term housing security, including affordable housing and permanent supportive housing

Treasury presumes the following households and communities are disproportionately impacted by the pandemic:

Low-income households or communities

NEW – Income at or below 185% of the Federal Poverty Guidelines (FPG) for the size of the household

NEW – Income at or below 40% of the area median income (AMI) for the county and size of household

NEW – Can presume that household earning below \$40,626 annually or a community with a median income below this level is impacted by the pandemic

Households in Qualified Census Tracts (QCTs)

NEW – Households that qualify for certain federal benefits, such as Medicaid, welfare, SNAP, free and reduced-price lunch, etc.










Eligible Projects for disproportionately impacted households and communities

- Pay for community health workers to help households access health and social services
- Remediation of lead paint or other lead hazards
- Primary care clinics, hospitals, health services, medical equipment
- Housing vouchers and assistance relocating to neighborhoods with higher economic opportunity
- Investments in neighborhoods to promote improved health outcomes
- **NEW** – Improvements to vacant and abandoned properties, including rehabilitation, maintenance, renovation, and conversion to affordable housing
- Services to address educational disparities
- Schools and other educational equipment and facilities

Impacted Small Businesses



Cities can identify small businesses impacted by the pandemic, and measures to respond, in many ways:

-  Decreased revenue or gross receipts
-  Financial insecurity
-  **NEW** – Increased costs
-  Capacity to weather financial hardship
-  Challenges covering payroll, rent or mortgage, and other operating costs



Impacted Small Businesses

Assistance to impacted small businesses includes the following:

-  Loans or grants to mitigate financial hardship
 - Supporting payroll and benefits
 - Costs to retain employees
 - Mortgage, rent, utility, and other operating costs
-  Technical assistance, counseling, or other services to support business planning



N BOOKS

BOOKS

WILSON, Ltd.

BOOKS BOUGHT
& SOLD

363-0882

Disproportionately Impacted Small Businesses

Treasury presumes that small businesses operating within a Qualified Census Tract (QCT) are disproportionately impacted by the pandemic

Assistance to disproportionately impacted small businesses include:

- NEW – Rehabilitation of commercial properties, storefront improvements, and façade improvements
- NEW – Technical assistance, business incubators, and grants for start-up or expansion costs for small businesses
- NEW – Support for microbusinesses, including financial, childcare, and transportation costs



Assistance to Nonprofits



Cities can identify nonprofits impacted by the pandemic – and measures to respond – in many ways, including:

Decreased revenue (e.g., from donations and fees)

Financial insecurity

NEW – Increased costs (e.g., uncompensated increases in service need)

Capacity to weather financial hardship

Challenges covering payroll, rent or mortgage, and other operating costs





Assistance to Nonprofits

Can Include:

Loans or grants to mitigate financial hardship

Technical or in-kind assistance or other services that mitigate negative economic impacts of the pandemic

 **NEW** – Must operate as a 501(c)(3) or 501(c)(19) [veterans] tax-exempt organization

 **NEW** – Nonprofits operating within a Qualified Census Tract (QCT) can receive appropriate responses that are related and reasonably proportional to address disproportionate impacts.





Aid to Impacted Industries

Two main ways an industry can be designated as “impacted”:

- ① Travel, tourism, or hospitality sector
- ② A different industry that:
 - **NEW** – Experienced at least 8% employment loss from pre-pandemic levels; or
 - **NEW** – Experiencing comparable or worse economic impacts as tourism, travel, and hospitality industries as of April 1, 2022, based on economic indicators and whether they are generally due to the COVID-19 public health emergency

Treasury encourages cities to define narrow and discrete industries eligible for aid.

Aid to Impacted Industries



- May only be provided to support businesses or attractions operating prior to the pandemic and affected by required closures and other efforts to contain the pandemic
- Should be broadly available to all businesses within the impacted industry and should go toward operational expenses first





Eligible Projects:

- Aid to mitigate financial hardship, such as payroll costs, lost pay and benefits for returning employees, support of operations and maintenance of existing equipment and facilities
- Technical assistance, counseling, or other services to support business planning
- COVID-19 mitigation and infection prevention measures




Public Safety, Health, and Human Services Staff






Public Safety:

-  Police officers
-  Firefighters and EMS responders
-  Correction and detention officers
-  Dispatchers and supervisor personnel supporting public safety staff

Public Health:

-  Employees providing medical or other physical or mental health services
-  Lab technicians, medical examiners, and other support services
-  Public health department employees

Human Services

-  Employees providing or administering social services and public benefits
-  Child welfare services employees
-  Child, elder, or family care employees

Public Safety, Health, and Human Services Staff



Time Spent on COVID-19 Response

- ➔ Share of employees' time spent responding to COVID-19 is eligible
- ➔ Can assume employees who spend more than half their time responding as 100% coverable
- ➔ Must periodically reassess the determination but do not need to track staff hours
- ➔ Payroll and covered benefits are eligible for LFRF dollars for the portion of time spent on COVID-19 response

Cities will likely have few employees who fully qualify under these provisions.

Government Employment and Rehiring Public Sector Staff

Restoring Pre-Pandemic Employment

- Hire back employees for pre-pandemic positions:
 - **NEW** – May hire employees for the same positions that existed on January 27, 2020, but were unfilled or eliminated as of March 3, 2021
 - May cover payroll and benefits for these positions through December 31, 2024
- Hire above pre-pandemic baseline or have flexibility in positions:
 - **NEW** – May hire employees for any position up to 7.5% above the city's pre-pandemic baseline of full-time equivalent (FTE) employees
 - Must have begun employment on or after March 3, 2021
 - May cover payroll and benefits for these positions through December 31, 2024

Government Employment and Rehiring Public Sector Staff



Retaining Public Sector Workers

- **NEW** – Provide additional funding for employees who experienced pay reductions or were furloughed, less unemployment benefits received
- **NEW** – Maintain current compensation levels to prevent layoffs
- **NEW** – Provide worker retention incentives, including reasonable compensation increases
 - Less than 25% base pay for an individual or less than 10% for a group or category of employees

NOTE: Must still be tied to performance, not an unauthorized bonus based on Kentucky Constitution § 3

Government Employment and Rehiring Public Sector Staff



LFRF money may be used to improve the efficacy of public health and economic programs through:

- ✓ Program evaluation and evidence resources
- ✓ Data analysis resources
- ✓ Technology infrastructure
- ✓ Community outreach and engagement
- ✓ Hiring staff, consultants, or technical assistance

LFRF money can address administrative needs, including:

- ✓ Administrative costs for programs responding to the public health emergency and its economic





Effective Service
Delivery



Premium Pay



May provide up to \$13/hour, not to exceed \$25,000 during the LFRF performance period, for eligible workers performing essential work

-  Includes all local government workers and many more categories than outlined in the IFR
-  Excludes teleworking from a residence and must involve either:
 - Regular in-person interactions with coworkers or others; or
 - Regular physical handling of items handled by coworkers or others
-  **NEW** – Written justification is required if employee makes 150% or more of average annual wages or is exempt from FLSA overtime provisions
-  **NEW** – Premium pay cannot be paid to volunteers

Premium Pay:

Can we provide onetime bonuses to city employees?



Neither ARPA nor state law allows cities to provide bonuses to city employees or elected officials.



Amounts calculated for back pay can be paid in a lump sum; however, premium pay must be based on an hourly rate of pay, which means overtime and pay-related benefits are also affected.

Water and Sewer



Projects must still conform to requirements of the EPA's Drinking Water State Revolving Fund (DWSRF) or Clean Water State Revolving Fund (CWSRF)

- **NEW** – LFRF money may be used for additional stormwater projects, including culvert repair, resizing, and removal; replacement of storm sewers; and additional stormwater infrastructure
- **NEW** – Other projects are eligible dealing with wells, dams, reservoirs, and lead remediation
- **NEW** – DWSRF- and CWSRF-eligible projects are presumed to be necessary investments; however, cities will still need to consider cost-effectiveness and sustainability

Broadband



» **NEW** – Cities should prioritize projects designed to serve locations without access to reliable 100/20 Mbps broadband service, but they can invest in other areas with identified needs (e.g., affordability, reliability, etc.)

Projects should meet or exceed symmetrical 100 Mbps download and upload speeds unless impractical; then should be at least 100/20 Mbps service

NEW – The service provider must either participate in the FCC’s Affordable Connectivity Program (ACP) or provide access to a broad-based affordability program to low-income consumers like ACP

LFRF money may cover modernization of cybersecurity for all new and existing broadband infrastructure, including both hardware and software

Restrictions on Use



Cities cannot use their LFRF money to:

- ❌ Pay for debt service or financing expenses
- ❌ Replenish financial reserves (e.g., rainy day fund)
- ❌ Satisfy obligations under a settlement agreement, judgment, consent decree, or debt restructuring
- ❌ Violate existing federal, state, or local laws; regulations; or the intent, terms, and conditions of ARPA

Program Administration



- ➔ Funds must be used for costs incurred on or after March 3, 2021
- ➔ Costs must be obligated by December 31, 2024, and expended by December 31, 2026
- ➔ Cities may transfer funds to subrecipients to carry out eligible uses on behalf of the city
- ➔ **NEW** – Cities can provide loans for otherwise eligible uses, but loan programs have special rules
- ➔ **NEW** – Only the portion of revenue loss can go toward federal match requirements of other programs, although each program has its own rules
- ➔ Cities can use LFRF money to cover both direct and indirect administrative costs associated with the program

PROCUREMENT MANDATES AND
PROTOCOLS

FOR ARPA USAGE

FINANCIAL MANAGEMENT

(200.302-200.309)

Fund Accounting

- Track the grant funds separate from other funds

Reporting

- Financial management system must be able to accurately provide up-to-date reports of the use of funds

Written Policy on Cost Allowability

- Recipient must have a written policy that determines the reasonableness, allocability, and allowability of costs in accordance with the Uniform Guidance and Terms and Conditions of the award

Cost Share

- Typically, federal funds cannot be the NFE (Non-Federal Entity) portion for a federal program
- Treasury has indicated that funds under the lost-revenue category can be used for the NFE portion*

COST PRINCIPLES

(200.400-200.416)

Key Parts to Focus On

- Necessary
- Reasonable
- Allowable
- Allocable
- Documentation
- Uniformly Applied

Items/Actions Not Allowed

- Alcoholic Beverages
- Bad Debts
- Contributions & Donations
- Entertainment
- Fines and Penalties
- Interested on Borrowed Capital
- Lobbying Costs
- Social Memberships
- And More....

PROCUREMENT STANDARDS

(200.318-200.327)

Recipients and Subrecipients should use these provisions when acquiring property or services

Recipients and Subrecipients must have and must follow their own documented procurement procedures, consistent with state and local laws and regulations

Recipients and Subrecipients must meet the minimum standards of the Uniform Guidance

GENERAL PROCUREMENT STANDARDS

200.318

Maintain written standards of conduct covering conflicts of interest

Avoid acquisition of unnecessary, duplicative items

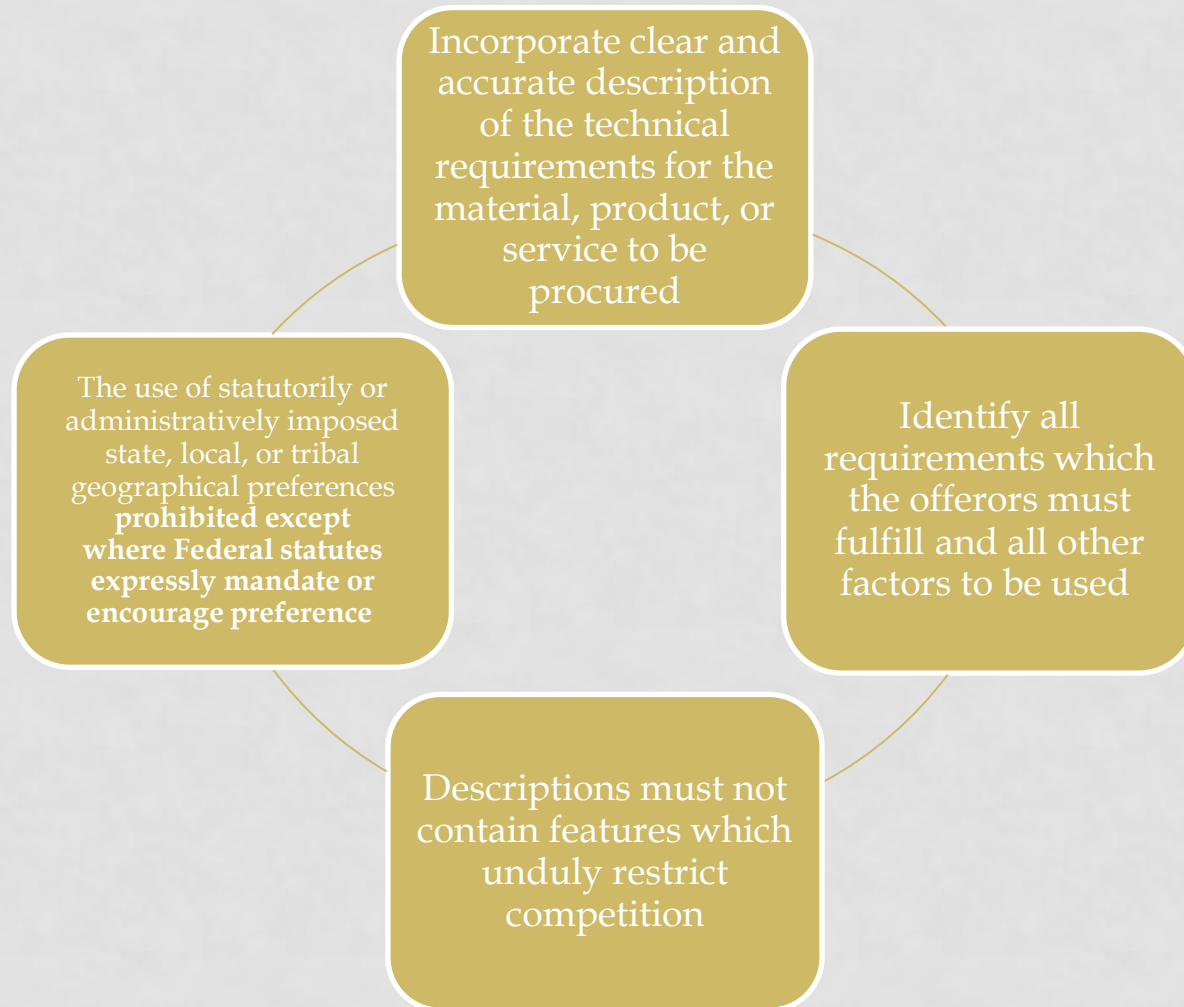
Encouraged to enter into state/local intergovernmental agreements, economies of scale

Encouraged to use Federal excess and surplus property in lieu of purchasing new when feasible

Encouraged to use value engineering clauses in construction contracts

Only award contracts to responsible contractors

FULL AND OPEN COMPETITION



UNIFORM GUIDANCE

2 CFR 200

The Uniform Guidance, codified at 2 CFR 200, provides a single location for grants and other federal assistance. The Uniform Guidance is mandatory for awards of federal funds to states, local, and tribal governments.

Uniform Guidance

Subpart A – Acronyms and Definitions (200.0-200.1)

Subpart B – General Provisions (200.100-200.113)

Subpart C – Pre-Federal Award Requirements and Awards Contents of Federal Awards
(200.200-200.216)

Subpart D – Post-Federal Award Requirements (200.300-200.346)

Subpart E – Cost Principles (200.400-200.476)

Subpart F – Audit Requirements (200.500-200.521)

Appendices I-XII

PROCUREMENT METHODS

- Micro-Purchases (Under \$10k)
- Small Purchases (Under \$250)
- Sealed Bids
- Competitive Proposals
- Non-Competitive Proposal

REQUIRED CONTRACT AND PO PROVISIONS

Administrative & legal remedies for breach of contract

Termination for cause and for convenience

Equal-Employment Opportunity

Copeland Anti-Kickback Act

Contract work hours and safety standards

Rights to inventions made under a contract

Clean Air Act and Federal Water Pollution Control Act

Debarment and suspension

Byrd Anti-Lobbying Amendment

Procurement of recovered materials

Prohibition on certain telecommunications and video surveillance services or equipment

Davis Bacon Act*

CONTRACTOR VS. SUBRECIPIENT

Contractor



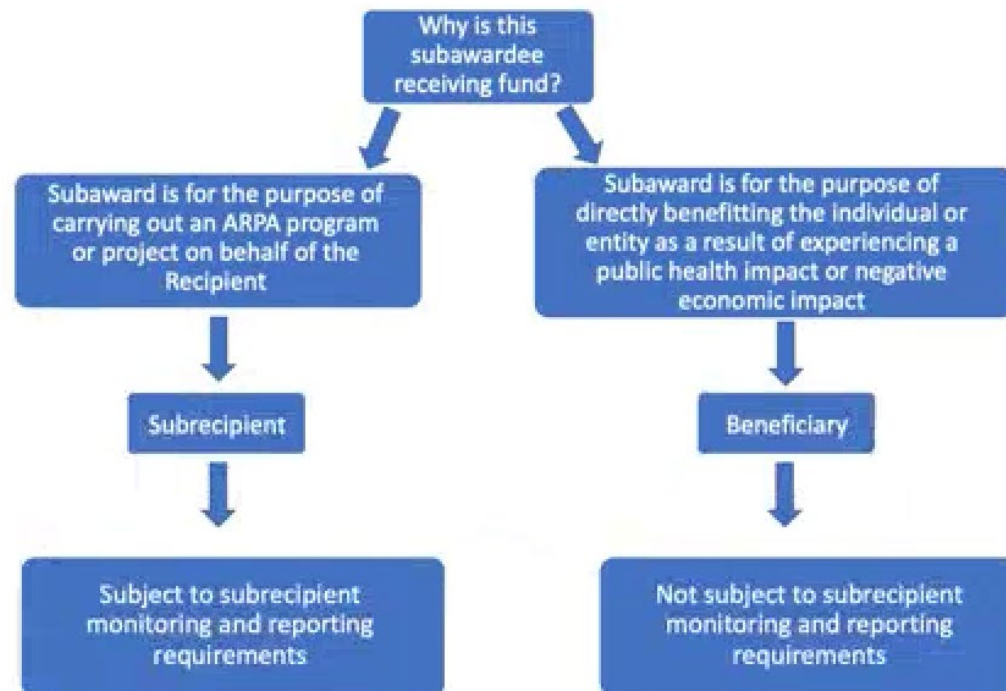
Entity that receives a contract for the purpose carrying out services for the project or program under the Federal award

Subrecipient



Receives award from a pass-through entity to carry-out part of a Federal award received by the pass-through entity

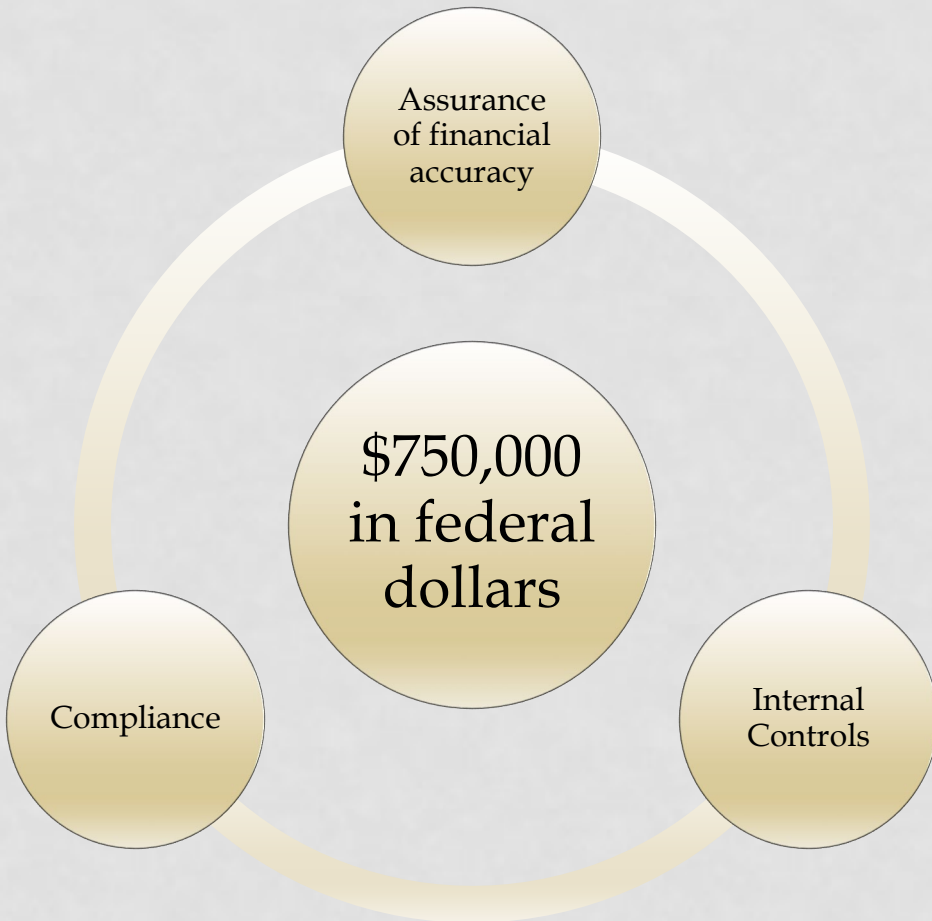
SUBRECIPIENT VS. BENEFICIARY



SUBRECIPIENTS/SUBAWARDS



AUDIT SUBPART F



ACCOUNTING AND
REPORTING MANDATES

ARPA REPORTING:
OPEN THE PORTAL

Treasury's Portal for Recipient Reporting

State and Local Fiscal Recovery Funds

https://home.treasury.gov/system/files/136/SLFRF_Treasury-Portal-Recipient-Reporting-User-Guide.pdf

ARPA REPORTING REQUIREMENTS:
250K OR MORE POPULATION AND
\$10M OR MORE IN SLFRF FUNDS

Project and Expenditure (P&E) Report

- Initial
 - From date of award through December 31, 2021
 - Due on January 31, 2022
- Quarterly
 - For the 4 periods ending March 31, June 30, September 30, and December 31
 - Due April 30, July 31, October 31, and January 31

ARPA REPORTING REQUIREMENTS:
BELOW 250K IN POPULATION AND
LESS THAN \$10 MILLION IN SLFRF FUNDS

Project and Expenditure (P&E) Report

- Initial
 - From date of award through March 31, 2022
 - Due on April 30, 2022
- Annually
 - For the period of April 1 through March 31
 - Due annually every April 30

ARPA REPORTING: **REQUIRED DOCUMENTS**

Upload the following documents before April 30, 2022 to portal:

1. Copy of the signed award **terms and conditions** agreement
2. Copy of signed assurances of compliance with Title VI of the **Civil Rights Act of 1964**
3. Copy of actual **budget documents** validating the top-line budget total

NEUs likely provided all 3 to the state agency that administered funding as part of their request for funding

ARPA REPORTING: REPORTING ROLES

Designate staff or officials for the following three reporting roles (each should first register with [ID.me](#) then [Login.gov](#)):

1. **Account Administrator** – maintains names, contact information, and user roles
2. **Point of Contact for Reporting** – primary contact for receiving U.S. Treasury official notifications and officially responsible for completing the Project and Expenditure reports
3. **Authorized Representative for Reporting** – certifies and submits official reports on behalf of the NEU and communicates with U.S. Treasury on matters such as extensions or amendments of reports

ARPA REPORTING: **REPORTING ROLES**

- The recipient may designate **one individual for 1, 2, or for all three roles**
- **Multiple individuals** can be designated for each role
- The recipient **may make changes** and updates to the list of designated individuals whenever needed*

* changes **must** be processed by the Account Administrator

PROJECT AND EXPENDITURE REPORT

Project and Expenditure Report User Guide

State and Local Fiscal Recovery Funds

<https://home.treasury.gov/system/files/136/Project-and-Expenditure-Report-User-Guide.pdf>

PROJECT AND EXPENDITURE REPORT

Information for *Each Project*

1. **NEU recipient number** (assigned by state agency)
2. **Project name, ID number** (*carefully* assigned by the recipient), **project expenditure category, and description** (major activities)
 - a. For each project **fully or partially funded** by ARPA dollars
 - b. **Each project** can have only **one expenditure category**, ***BUT***
 - c. **Each expenditure category** can have **more than one project**

PROJECT AND EXPENDITURE REPORT

Information for *Each Project*

3. Current period **obligations** and cumulative obligations
4. Current period **expenditures** and cumulative expenditures

**** cities and counties with 250K+, enter the adopted budget for the project, too ****
5. **Program income** (the gross income generated through activities supported by ARPA funds)

PROJECT AND EXPENDITURE REPORT

Information for *Each Project*

6. **Status of completion:**
 - a. Not started,
 - b. Completed less than 50%,
 - c. Completed 50% or more, or
 - d. Completed.

7. **Project demographic distribution and use of evidence for certain expenditure categories (infrastructure, *e.g.*)**

PROJECT AND EXPENDITURE REPORT

Information for *Each Project*

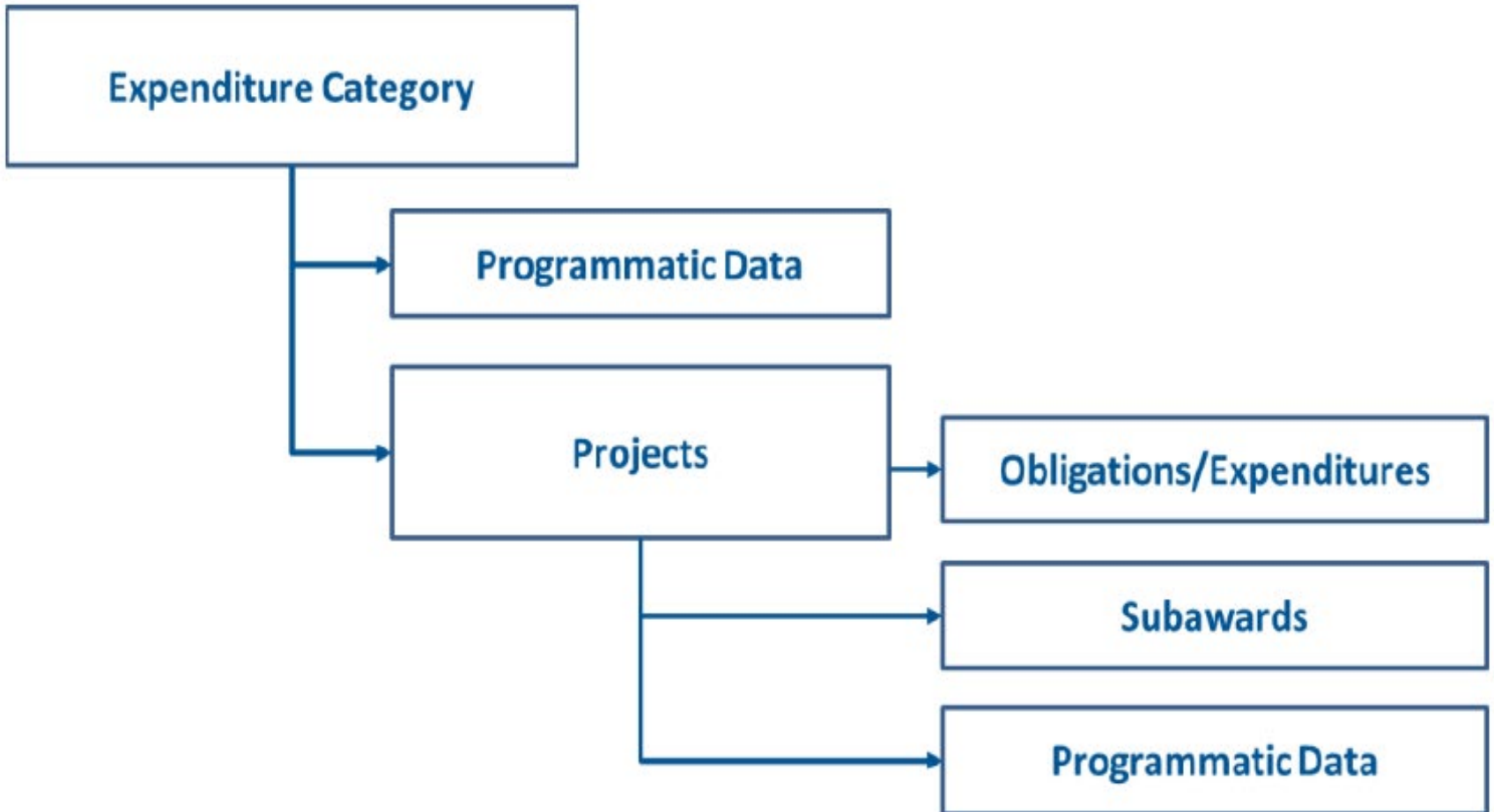
8. **Programmatic data** at both the expenditure category and at each project level (where required)

**** no additional programmatic data required for Revenue Replacement (Expenditure Category 6.1)*

9. **Contracts, grants, loans, transfers and direct payments of more than \$50,000** (including subrecipients)

**** EC 6.1 Revenue Replacement reporting does not require such subrecipients, subawards, or expenditures separately reported*

PROJECT AND EXPENDITURE REPORT



PREPARE FOR EXCITEMENT...



EXPENDITURE CATEGORIES: **RESPONDING TO PUBLIC HEALTH** **EMERGENCY**

1. COVID-19 vaccination
2. COVID-19 testing
3. COVID-19 contact tracing
4. Prevention in congregate settings
5. Personal protective equipment
6. Medical expenses
7. Other COVID-19 public health expenses
8. COVID-19 assistance to small businesses
9. COVID-19 assistance to non-profits
10. COVID-19 aid to impacted industries
11. Community violence interventions
12. Mental health services
13. Substance abuse services
14. Other public health services

EXPENDITURE CATEGORIES: **NEGATIVE ECONOMIC IMPACTS**

1. Household assistance: food programs
2. Household assistance: rent, mortgage, and utility aid
3. Household assistance: cash transfers
4. Household assistance: internet access programs
5. Household assistance: paid sick and medical leave
6. Household assistance: health insurance
7. Household assistance: services for unbanked
8. Household assistance: survivor's benefits
9. Unemployment benefits or cash assistance to unemployed workers
10. Assistance to unemployed or underemployed workers
11. Healthy childhood environments: child care
12. Healthy childhood environments: home visiting
13. Healthy childhood environments: services to foster youth or families in child welfare system

EXPENDITURE CATEGORIES: **NEGATIVE ECONOMIC IMPACTS**

14. Healthy childhood environments: early learning
15. Long-term housing security: affordable housing
16. Long-term housing security: services for unhoused persons
17. Housing support: housing vouchers and relocation assistance for disproportionately impacted communities
18. Housing support: other housing assistance
19. Social determinants of health: community health workers or benefits navigators
20. Social determinants of health: lead remediation
21. Medical facilities for disproportionately impacted communities
22. Strong healthy communities: neighborhood features that promote health and safety
23. Strong healthy communities: demolition and rehabilitation of properties
24. Addressing educational disparities: aid to high-poverty districts

EXPENDITURE CATEGORIES: **NEGATIVE ECONOMIC IMPACTS**

25. Addressing educational disparities: academic, social and emotional services
26. Addressing educational disparities: mental health services
27. Addressing impacts of lost instructional time
28. Contributions to unemployment insurance trust funds
29. Loans or grants to mitigate financial hardship
30. Technical assistance, counseling or business planning
31. Rehabilitation of commercial properties or other improvements
32. Business incubators and start-up or expansion assistance
33. Enhanced support to microbusinesses
34. Assistance to impacted nonprofit organizations
35. Aid to tourism, travel or hospitality
36. Aid to other impacted industries
37. Other economic impact assistance

EXPENDITURE CATEGORIES: **PUBLIC SECTOR CAPACITY**

1. Public sector workforce: payroll and benefits for public health, public safety, or human services workers
2. Public sector workforce: rehiring public sector staff
3. Other public sector workforce
4. Public sector capacity: effective service delivery
5. Public sector capacity: administrative needs

EXPENDITURE CATEGORIES: **PREMIUM PAY FOR ESSENTIAL WORKERS**

1. Public sector employees
2. Private sector: grants to other employers

EXPENDITURE CATEGORIES: **WATER AND SEWER INFRASTRUCTURE**

1. Clean water: centralized wastewater treatment
2. Clean water: centralized wastewater collection and conveyance
3. Clean water: decentralized wastewater
4. Clean water: combined sewer outflows
5. Clean water: other sewer infrastructure
6. Clean water: stormwater
7. Clean water: energy conservation
8. Clean water: water conservation
9. Clean water: nonpoint source
10. Drinking water: treatment
11. Drinking water: transmission and distribution
12. Drinking water: lead remediation
13. Drinking water: source
14. Drinking water: storage
15. Drinking water: other water infrastructure
16. Water and sewer: private wells
17. Water and sewer: IJJA Bureau of Reclamation match
18. Water and sewer: other

EXPENDITURE CATEGORIES: **BROADBAND INFRASTRUCTURE**

19. Broadband, “Last mile” projects
20. Broadband, IIJA match
21. Other broadband projects

EXPENDITURE CATEGORIES:
REVENUE REPLACEMENT

6.1 Provision of government services

6.2 Non-federal match for other federal programs

EXPENDITURE CATEGORIES: **ADMINISTRATIVE COSTS**

7.1 Administrative expenses

7.2 Transfers to other units of government

ACCOUNTING FOR ARPA FUNDS: BANKING

Consider depositing ARPA funds in a separate bank account

- ✓ The bank account can earn interest, and the use of interest income is not restricted
- ✓ The bank statement will have to be reconciled, and that reconciliation should be reviewed in writing, monthly
- ✓ Use checks drawn on this account when spending ARPA funds
- ✓ Can reconcile the annual Project and Expenditure Report to the bank statement

ACCOUNTING FOR ARPA FUNDS: KEEPING YOUR LEDGER STRAIGHT

- Record ARPA transactions in a separate fund (either special revenue or capital projects fund type)
- Must report by both project and expenditure category
 - ▶ each project can have only one expenditure category
 - ▶ each expenditure category can apply to more than one project
- Will need to accumulate total obligated and spent by both project and expenditure category

I HAVE QUESTIONS



LOTS OF QUESTIONS

HOW ABOUT YOU???

