



American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF)

Presented by Luke Morgan, ARPA Coordinator

ARPA-State and Local Fiscal Recovery Funds

- The American Rescue Plan Act (ARPA) was signed on March 11, 2021
- \$350 billion allocated in State and Local Fiscal Recovery Funds (SLFRF)
 - Fight the pandemic
 - Maintain vital public services
 - Build a strong, resilient, and equitable recovery
- Local governments receive the funds in two tranches:
 - 50% delivered beginning in May 2021
 - 50% delivered approximately a year later

**Harrisonburg received
\$23,834,094
in SLFRF**

The Final Rule

- The U.S. Department of Treasury regulates and enforces the use of ARPA funds.
- Local governments must follow compliance and reporting guidelines.
- Treasury has released several iterations of the rule describing eligible and ineligible uses of funds as well as other provisions
- The Final Rule went into effect on April 1, 2022.

General Restrictions on Use

- × Offset a Reduction in Net Tax Revenue
- × Deposits into Pension Funds
- × Debt Service or Replenishment of Financial Reserves
- × Settlements and Judgements
- × Additional General Restrictions

Impact-Based Restrictions

- Certain uses of funds are restricted based on toward whom the funding is targeted
 - Impacted individuals and groups
 - Disproportionately impacted individuals and groups
- Treasury enumerates several criteria defining each group

Low-income
 $\leq \$40,626$

Moderate-income
 $\leq \$65,880$

Impacted Populations



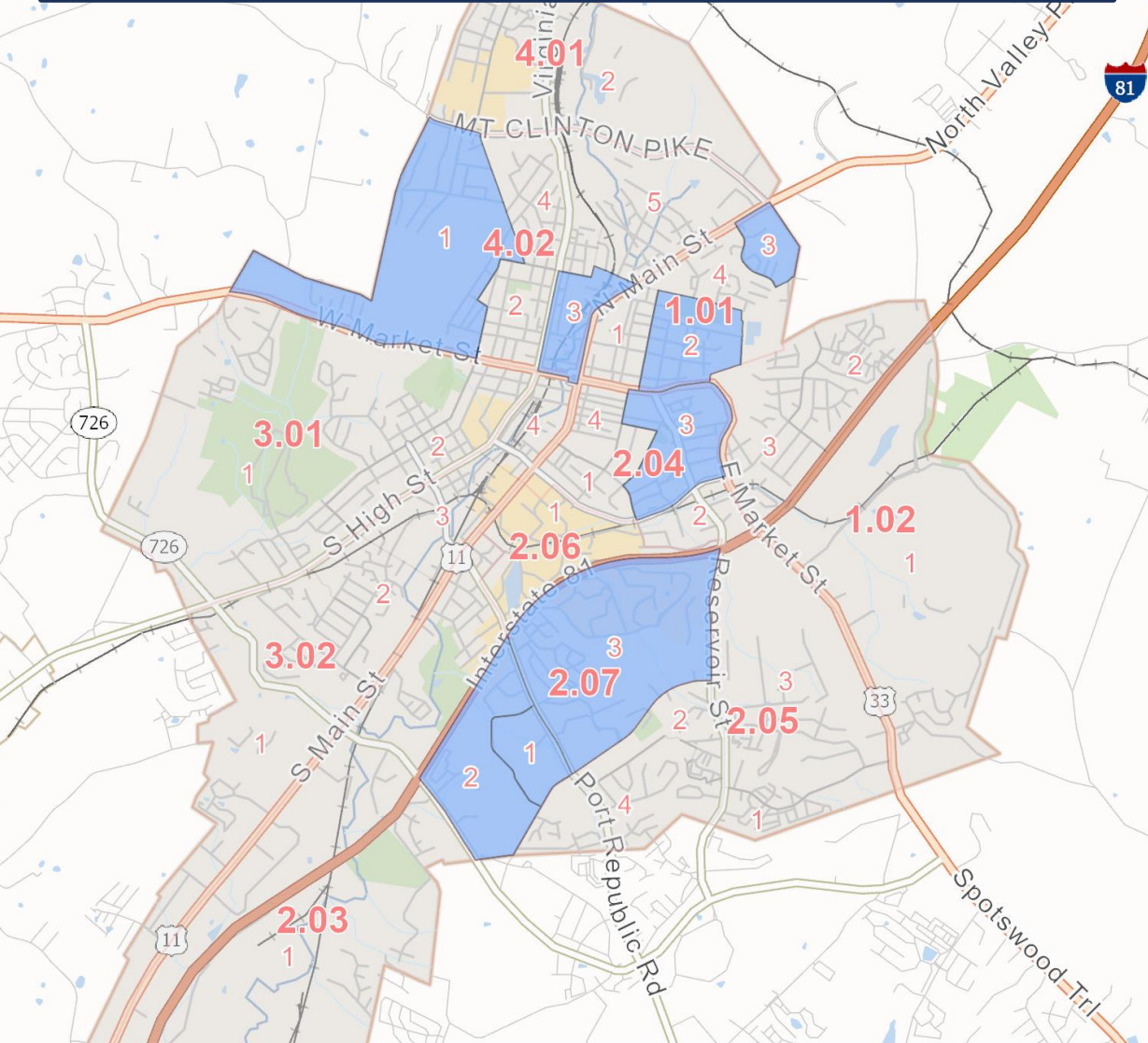
- ❖ Low- or moderate-income
- ❖ Experienced:
 - ❖ Unemployment
 - ❖ Increased food insecurity
 - ❖ Increased housing insecurity
- ❖ Qualify for:
 - ❖ CHIP
 - ❖ CCDF
 - ❖ Medicaid
 - ❖ National Housing Trust Fund and HOME

Disproportionately Impacted Populations



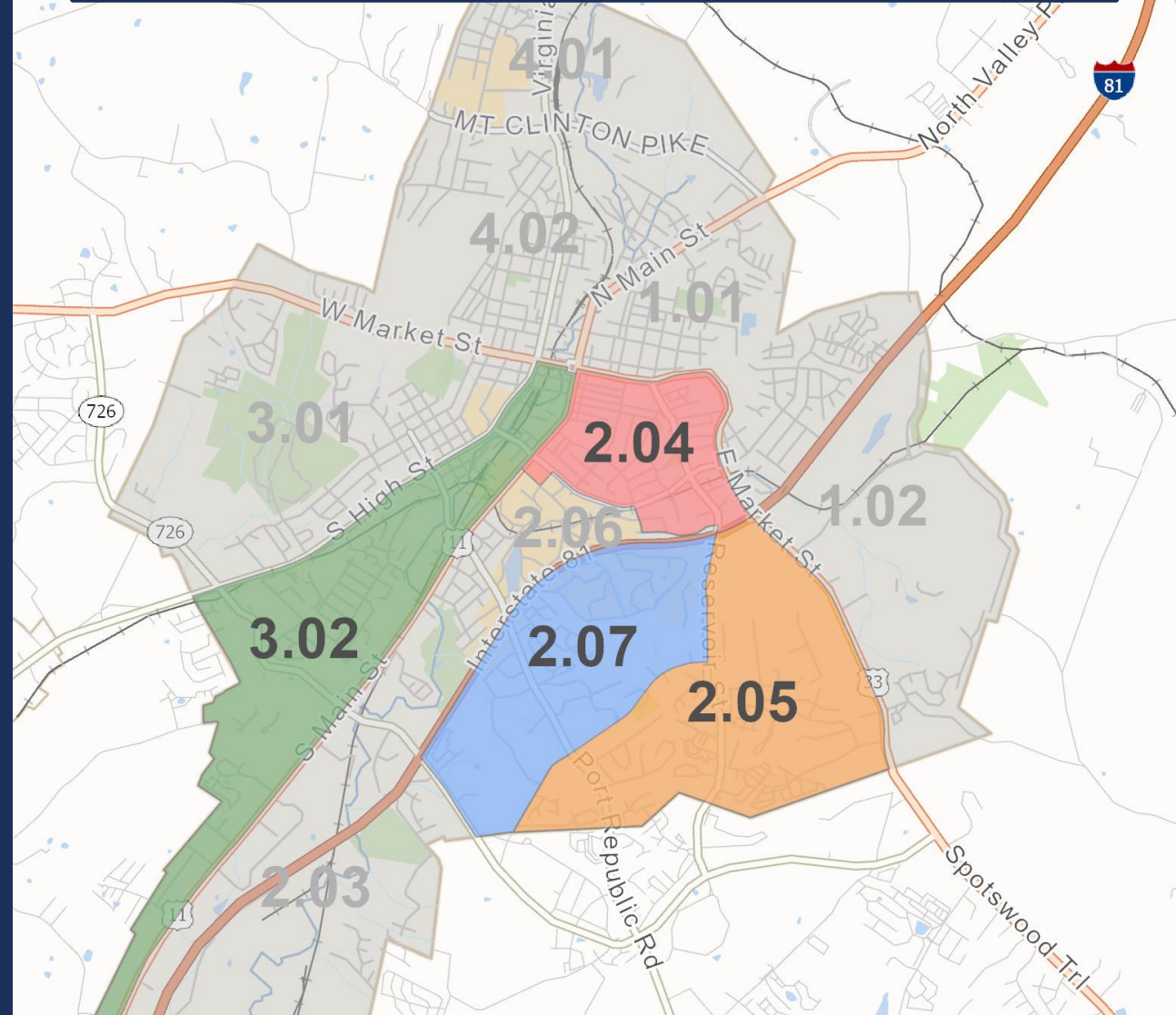
- ❖ Low-income
- ❖ Reside in Qualified Census Tracts (QCTs)
- ❖ Qualify for:
 - ❖ TANF
 - ❖ SNAP
 - ❖ Other programs

Low-Income Areas



Every reasonable effort has been made to assure the accuracy of these maps and associated data. The City of Harrisonburg assumes no liability arising from use of these maps or data. THE MAPS ARE PROVIDED WITHOUT WARRANTY OF ANY KIND, either expressed or implied, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Any errors or omissions should be reported to the GIS Administrator of the City of Harrisonburg, Department of Information Technology.

Qualified Census Tracts



Every reasonable effort has been made to assure the accuracy of these maps and associated data. The City of Harrisonburg assumes no liability arising from use of these maps or data. THE MAPS ARE PROVIDED WITHOUT WARRANTY OF ANY KIND, either expressed or implied, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Any errors or omissions should be reported to the GIS Administrator of the City of Harrisonburg, Department of Information Technology.

Identifying Other Eligible Populations

- Local governments may identify other impacted and disproportionately impacted populations, but the identification process must be based on:
 - Academic research or government research publications,
 - Analysis of local government data, or
 - Analysis of existing data sources



Four Expenditure “Buckets”

Revenue
Loss

Public Health
and Negative
Economic
Impacts

Premium
Pay

Water,
Sewer, and
Broadband

Bucket 1: Revenue Loss

Bucket 1: Revenue Loss

- Revenue Loss is the revenue governments lost as a result of COVID-19
- Calculated by subtracting actual revenue from expected revenue using an average growth rate of 5.2% and FY 2019 as the base year

Harrisonburg Revenue Loss Calculations

	FY 2019 (Base Year)	FY 2020	FY 2021
Expected Revenue*		\$201,123,784	\$211,582,221
Actual Revenue	\$191,182,304	\$194,248,462	\$202,723,910
Revenue Loss		\$6,875,322	\$8,858,311

*Expected Revenue calculated by multiplying previous year's revenue by the Average Growth Rate of 5.2%

\$8,100,462 (34%)

Non-Revenue Loss Funds

\$15,733,632 (66%)

Revenue Loss Funds

\$23,834,094

Total ARPA Funds

Bucket 1: Revenue Loss

- Revenue Loss is the revenue governments lost as a result of COVID-19
- Calculated by subtracting actual revenue from expected revenue using an average growth rate of 5.2% and FY 2019 as the base year

Harrisonburg Revenue Loss Calculations

	FY 2019 (Base Year)	FY 2020	FY 2021
Expected Revenue*		\$201,123,784	\$211,582,221
Actual Revenue	\$191,182,304	\$194,248,462	\$202,723,910
Revenue Loss		\$6,875,322	\$8,858,311

*Expected Revenue calculated by multiplying previous year's revenue by the Average Growth Rate of 5.2%

\$8,100,462 (34%)

Non-Revenue Loss Funds

\$15,733,632 (66%)

Revenue Loss Funds

\$23,834,094

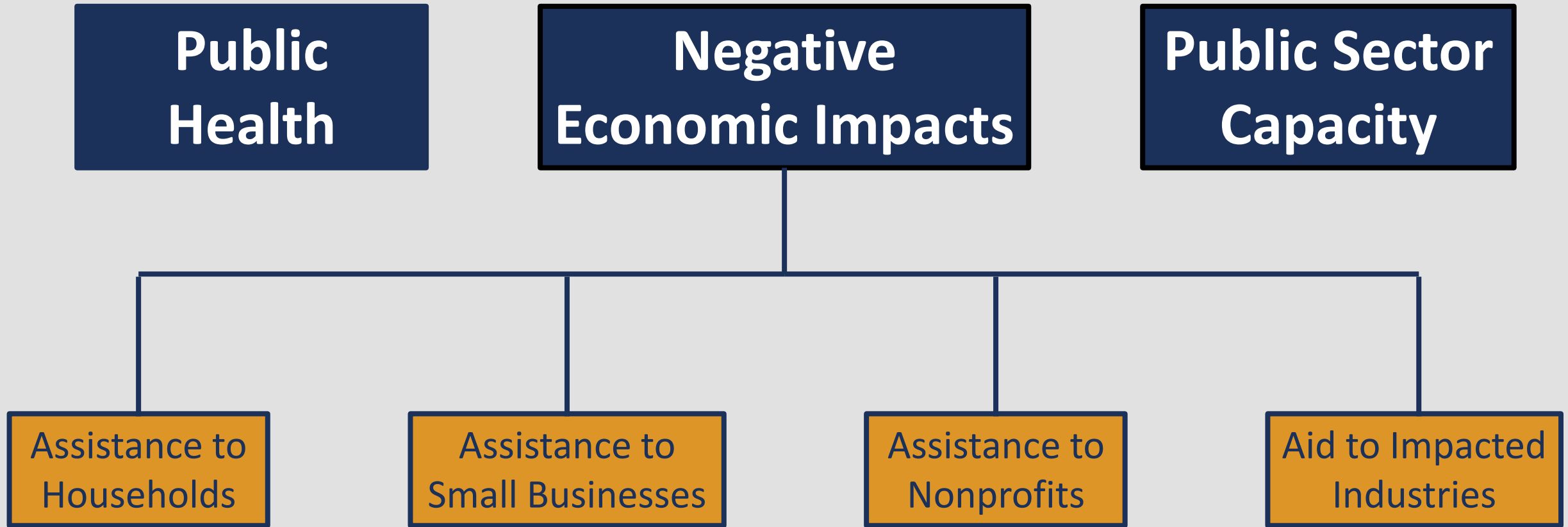
Total ARPA Funds

Bucket 1: Revenue Loss

- Revenue Loss is the most flexible eligible use category.
- Local governments may expend ARPA funds on generally any service traditionally provided by a government up to its revenue loss amount.
- Services not traditionally provided by a government cannot be funded through the revenue loss category.

Bucket 2: Public Health and Negative Economic Impacts

Bucket 2: Public Health and Negative Economic Impacts



Identifying Eligible Uses

- Step 1: Identify a health or economic impact on an individual or group

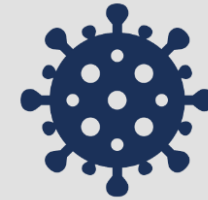
Step 2: Design a related, reasonably proportional response

Public Health



COVID-19 Mitigation and Prevention

Local governments can provide services to prevent and mitigate the spread and effects of COVID-19



Medical Expenses

Local governments may provide funds to households to cover medical costs incurred due to COVID-19



Behavioral Health Care

Local governments can provide services to address mental health, substance use, and other behavioral health issues



Preventing and Responding to Violence

Local governments may respond to an increase of violence in communities



Negative Economic Impacts: Assistance to Households



Impacted



Food Assistance



Homeless Services



Childcare



Affordable Housing
Development



Cash Assistance



Digital Literacy Programs

Disproportionately Impacted

Housing Vouchers



Improvements to Vacant
and Abandoned Properties



Schools and Educational
Equipment



Parks



Streetlights



Crosswalks/Sidewalks



Negative Economic Impacts: Assistance to Small Businesses



Local governments can identify small businesses impacted by the pandemic and design measures to respond.

Impacted Identification Criteria

- ✓ Decreased revenue
- ✓ Financial Insecurity
- ✓ Increased costs
- ✓ Capacity to weather financial hardships
- ✓ Challenges covering payroll, rent or mortgage, or other operating costs



Responses

- ✓ Loans or grants
- ✓ Technical assistance, counseling, or other business planning assistance

Presumed Disproportionately Impacted

- ✓ Operating in a QCT



Responses

- ✓ Rehabilitation of commercial properties, storefront and façade improvements
- ✓ Technical assistance, grants for start-up or expansion costs
- ✓ Support for microbusinesses (financial, childcare, transportation costs)

Negative Economic Impacts: Assistance to Nonprofits



Local governments can identify nonprofits impacted by the pandemic and design measures to respond.

Impacted Identification Criteria

- ✓ Decreased revenue
- ✓ Financial Insecurity
- ✓ Increased costs
- ✓ Capacity to weather financial hardships
- ✓ Challenges covering payroll, rent or mortgage, or other operating costs



Responses

- ✓ Loans or grants
- ✓ Technical or in-kind assistance that mitigate negative economic impacts

Presumed Disproportionately Impacted

- ✓ Operating in a QCT



Responses

- ✓ Local governments may identify related and reasonably proportional responses

Negative Economic Impacts: Aid to Impacted Industries



Local governments can identify industries impacted by the pandemic and design measures to respond.



Other industries may be designated “impacted” if they

**Experienced $\geq 8\%$
employment loss**

**Are experiencing similar or
worse economic impacts
than impacted industries**

Public Sector Capacity



Local governments can repair and strengthen their public sector capacity through three areas categories of uses:



Government Employment
and Rehiring Public
Sector Staff



Public Safety, Public Health,
and Human Services



Effective Service
Delivery

Bucket 3: Premium Pay

Bucket 3: Premium Pay

- ARPA funds may be used to provide premium pay to eligible workers performing essential work during the pandemic in addition to compensation the eligible worker otherwise receives. Local governments must:
 - Identify an “eligible” worker,
 - Verify that the eligible worker performs “essential work,” and
 - Confirm that the premium pay “responds to” workers performing essential work during the COVID-19 public health emergency
- May be paid retrospectively
- May not be used to reimburse a recipient for premium pay or hazard pay already received by the worker

Bucket 4: Water, Sewer, and Broadband

Bucket 4: Water, Sewer, and Broadband



Water and Sewer

Eligible Projects:

- Clean Water State Revolving Fund
- Drinking Water State Revolving Fund
- Other projects that are a necessary investment:
 - Provides adequate minimum level of service
 - Is a cost-effective means of meeting need
 - Is sustainable



Broadband

- Harrisonburg does not meet infrastructure eligibility criteria based on speeds.
- Harrisonburg has two broadband providers that meet the service minimums (100/20 Mbps).
- One provider offers access to the FCC's Affordable Connectivity Program (ACP).

Questions