

American Rescue Plan Funding for Townships

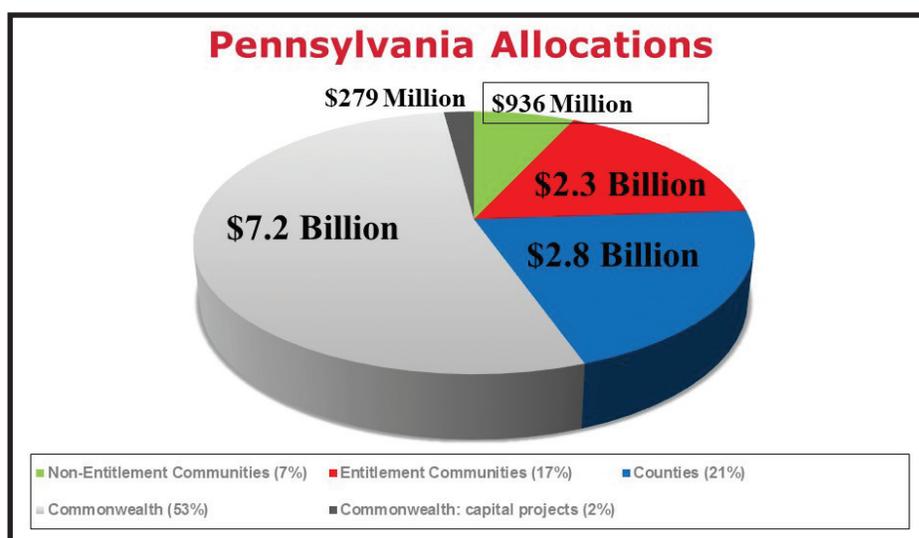
On March 11, President Biden signed a \$1.9 trillion federal coronavirus relief package, known as the American Rescue Plan Act of 2021, into law. The package will provide \$360 billion for state and local governments, with \$13.722 billion coming to Pennsylvania. The commonwealth will receive \$7.5 billion (including a \$279 million set aside for capital projects), counties will receive \$2.8 billion, and municipalities with populations of more than 50,000 (entitlement communities) will receive \$2.3 billion. In addition, municipalities in Pennsylvania with a population of less than 50,000 (non-entitlement communities), which includes nearly all townships, boroughs, and small cities, will split \$936 million based on population (while Philadelphia alone will receive more than \$1.3 billion). This means that EVERY township will receive funding from this act.

This fact sheet will provide you with guidance on what we know, and what information is not yet available, so that your township can begin to plan for the receipt of these funds.

How much will my township receive?

The funds will be distributed based on population and townships will receive a range of payments, from a low near \$1,000 to a high of \$8.6 million. PSATS has compiled the distributions and you can [click here](#) to see the amount your township will receive. This information is also available by going to psats.org and clicking on "COVID-19 Info."

Townships should note that there is a cap on these funds of 75 percent of their 2020 budget. This means that if 75 percent of your township's 2020 budget for all funds (*general fund, state fund, all other funds*) is less than your township's distribution, then you would need to return the difference in these funds.



Pennsylvania's allocations from the American Rescue Plan.

When will we receive these funds? Townships should receive 50 percent of their distribution in June 2021, and the remaining 50 percent a year from now, in June 2022. Townships should note that these funds will first be sent from the federal government to Pennsylvania, and the commonwealth will distribute the funds to townships.

How much time will we have to spend these funds? Nearly four years. Townships will have from the time they receive their first distribution in June 2021 until **December 31, 2024**, to spend these funds.

How can we use these funds? Townships may use the funds for expenses in four categories.

1. Responding to the COVID-19 emergency or addressing its negative economic impacts. This could include unreimbursed costs for responding to the COVID-19 emergency, as well as aid to households, small businesses, nonprofits, and industries such as tourism and hospitality, to help address the negative economic impact of the pandemic. Nonprofits would

include volunteer fire departments and nonprofit ambulance companies. Authorities are also eligible.

2. Providing premium pay to eligible workers performing essential work or grants eligible to employers that have eligible workers. Premium pay could not exceed \$13 per hour or \$25,000 per worker. Eligible workers are those needed to maintain continuity of operations of essential critical infrastructure and are designated by the board of supervisors. Township employees designated as eligible workers could be given bonuses or the township could provide grants to employers of eligible workers.

3. Lost revenue replacement for the provisions of government services due to the COVID-19 emergency. For determining lost revenue due to COVID-19, the act uses 2019 as the base year. The federal funds can be used to replace the lost revenues, such as reductions in liquid fuels revenues, earned income tax revenues, real estate tax revenues, or impact fee

payments or any other revenue reductions since 2019 that can be attributed to the pandemic.

4. Make necessary investments in water, sewer, and broadband infrastructure. Township officials should note that this item does not specify roads and bridges. The funds could be used to provide broadband for residents, such as a “hot spot” at township buildings or parks. Townships are also able to transfer funds to a municipal authority for one of these purposes.

Because this is a one-time infusion of funds, townships should consider using it to focus on capacity building and infrastructure. Townships should be prepared to operate without these funds in future years.

Are there prohibited uses of these funds? Yes. Funds cannot be deposited into pension funds. In addition, no funds can be used to offset revenue resulting from a state tax cut.

Is there any further guidance available on the allowable uses? The U.S. Treasury is charged with oversight of the act but has not yet provided additional guidance or rules. PSATS will continue to share new information as it becomes available.

What kind of reporting will be needed? We do not yet have details on reporting, other than that periodic reporting

will be required and that all municipalities will need a valid DUNS number. (*DUN & Bradstreet provide DUNS numbers, which are unique nine-digit numbers.*) In addition, the Commonwealth will be required to report to the U.S. Treasury on the use of the funds.

What should we do now? Township officials should begin to evaluate their options and plan how to use these funds properly and to best benefit their communities. As townships have until December 31, 2024 to spend the funds, this is a process that should be careful and deliberate.

In addition, if your township does not currently have a DUNS number, now is the time to request one. Go to fedgov.dnb.com or call 1-866-705-5711 to begin the registration process.

Municipalities with populations of *more than 50,000 (entitlement communities)* must also ensure that they have an active SAM registration in place to receive the funds. SAM is the official government-wide database to register with to do business with the U.S. government. SAM registrations must be renewed annually. To learn more, go to sam.gov.



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