



PSATS TOWN HALL

American Rescue Plan Act Funding Update

January 20, 2022

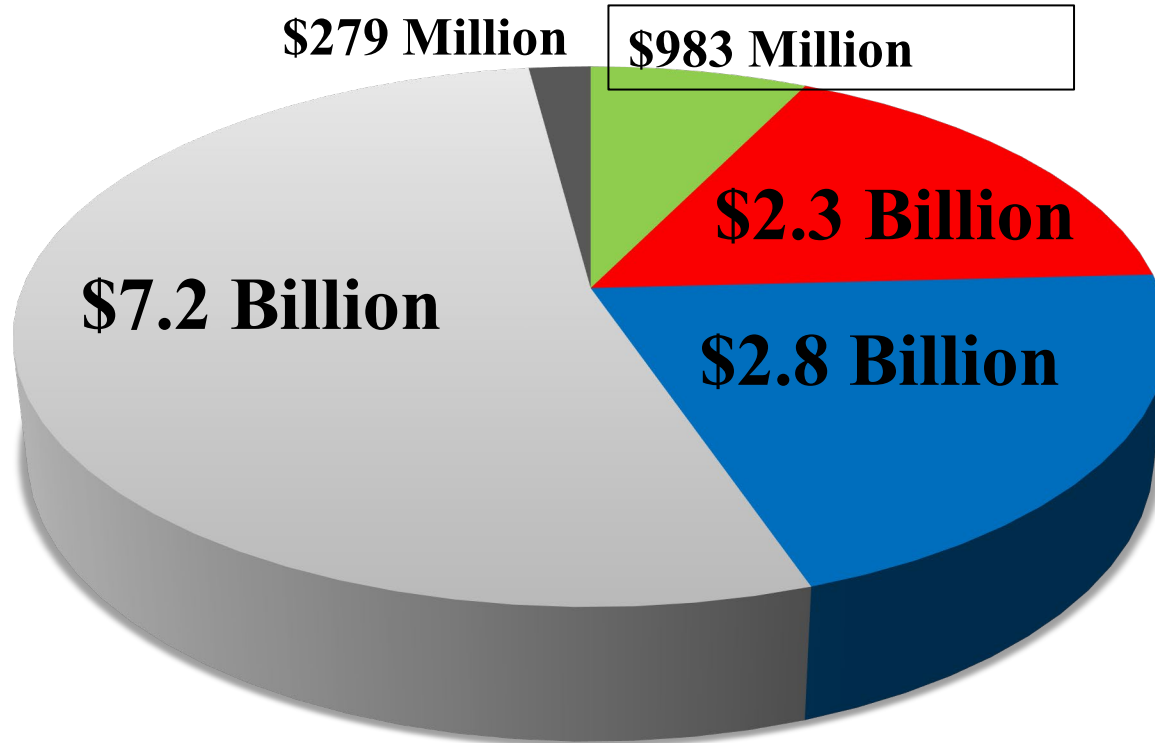


Agenda

- Overview of American Rescue Plan Act
- Review of Treasury Department Final Rule and Permitted Uses
- Reporting
- Q&A



Pennsylvania Allocations



- Non-Entitlement Communities (7%)
- Entitlement Communities (17%)
- Counties (21%)
- Commonwealth (53%)
- Commonwealth: capital projects (2%)

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Background

- **New federal funds -
American Rescue Plan for pandemic-related and other allowable expenses**
- **Requested funds in 2021**
 - 50% June 2021**
 - 50% June 2022**



Background

- Oversight agency – U.S. Treasury published Interim Final Rule May 2021 and FAQs on how to use funds
- Final Rule published January 6, 2022 and takes effect April 1, 2022
 - Townships may use funds in a manner consistent with the final rule now to take advantage of expanded flexibilities



Timing on Use

- ARP funds may be used to cover costs incurred after 3/3/21
- Funds must be obligated by 12/31/24
- Funds must be spent by 12/31/26



Prohibited Uses

■ Prohibited Uses include:

- ❧ No allocations to "rainy day" funds
- ❧ No pension plan payments
- ❧ No payment of interest/principal on loans
- ❧ No fees/costs associated with debt
- ❧ No satisfaction of settlements/judgments
- ❧ Cannot use on expenses prior to March 3, 2021
- ❧ Funds may not be used for a project that conflicts with the purpose ARP (*uses that undermine COVID-19 mitigation practices*)



Other Laws

- **Other state and federal laws and regulations apply**
 - Bidding
 - Prevailing Wage
 - Conflicts-of-Interest
 - Environmental Standards
 - Civil Rights



Permitted Uses

1.) Lost revenue replacement -- NEW

- Final Rule added option to assume a "standard allowance" of up to \$10 million (*or amount of award*)
 - One-time election for life of the program
 - Eliminates administrative burden of calculating actual lost revenues
 - Simplifies the program and reporting
 - Does not matter if you did not have actual losses



Permitted Uses

1.) Lost revenue replacement

- Remains the most flexible eligible use category
 - *“Major simplification for thousands of recipients”*
- Funds are subject to streamlined reporting and compliance
 - *“Is your jurisdiction electing to use the standard allowance of up to \$10 million, not to exceed your total award allocation, for identifying revenue loss? Yes/No ”*
- May be used as matching local share for federal grants



Permitted Uses

1.) Lost revenue replacement

- May spend on "provision of government services"
 - *“Any service traditionally provided by a government unless Treasury has stated otherwise”*
- Includes:
 - Infrastructure, such as roads and bridges
 - Cybersecurity
 - Provision of police, fire, and EMS
 - General government administration, staff, and administrative facilities



Permitted Uses

1.) Lost revenue replacement

- Will we need to track how lost revenues are spent?
- What if we already calculated lost revenues for 2020 and spent them?
- What if we spent funds for another category during 2021?



Permitted Uses

2.) Response to COVID-19 emergency or its negative economic impacts (NEI):

- "Should consider whether and how the use would respond to the COVID-19 public health emergency"
 - Identify a need or negative impact; and
 - Identify how program, service or other intervention addresses identified need/impact
- Must be in response to COVID-19 or consequences of economic disruptions



Permitted Uses

2.) Response to COVID-19 emergency:

- Examples of permitted uses:
 - Enforcement of public health orders
 - New public communication efforts
 - Capital investments to meet pandemic operational needs/implement COVID-19 mitigation tactics
 - Purchases of PPE
 - Ventilation improvements
 - Employee COVID costs



Permitted Uses

2.) Response to NEI:

- Must be designed to address economic harm caused by COVID-19
 - Assess economic harm caused by COVID-19; and
 - Whether use of funds will respond to that harm
- NO aid to individuals/businesses with no NEI from COVID-19



Permitted Uses

2.) Response to NEI:

- Examples of permitted uses:
 - Assistance to unemployed workers and households (*can presume NEI caused by COVID-19*)
 - Improvements to tech infrastructure
 - Loans/grants/assistance to small businesses and non-profits (501(c)(3) or 501(c)(19))
 - Rehiring staff
- Response must be reasonably proportional



Permitted Uses

3.) Infrastructure investments:

- "Wide latitude" to identify Water and Sewer investments in public/private infrastructure
 - Aligned with eligible projects under EPA's Clean Water State Revolving Fund & EPA's Drinking Water State Revolving Fund:
 - Wastewater treatment plant improvements/builds
 - Control non-point sources of pollution
 - Improve resiliency to severe weather events
 - Green infrastructure (rain gardens, green streets, etc.)
 - Protect waterbodies & improve drinking water systems



Permitted Uses

3.) Infrastructure investments:

- Final Rule expanded water/sewer:
 - Broader set of lead remediation projects (faucets, fixtures, internal plumbing)
 - Expanded stormwater infrastructure, including culverts, under the Federal Water Pollution Control Act
 - Residential wells rehabilitation, contaminant testing, and treatment/remediation to address contamination
 - Dam and reservoir rehabilitation



Permitted Uses

3.) Infrastructure investments:

– Broadband

- Reliably meet upload/download speeds of 100 Mbps
- If those speeds aren't practicable:
 - Meet 100 Mbps download and at least 20 Mbps upload, but scalable to 100 Mbps for both
- Focus on unserved/underserved areas (based on 25 Mbps download and 3 Mbps upload)
- Prioritize last-mile connections



Permitted Uses

3.) Infrastructure investments:

- Final Rule has added an affordability requirement for broadband infrastructure:
 - The service provider for a completed broadband project servicing households is required to:
 - (1) Participate in the Federal Communications Commission's Affordable Connectivity Program (ACP)
 - (2) Provide access to affordability program to low-income consumers in the proposed service area of the broadband infrastructure that provides benefits proportional to those provided under the ACP



Permitted Uses

4.) Premium pay for essential workers

- Township boards of supervisors determine eligibility of workers (*need to be critical to protect health and well-being of residents*)
- May provide grants to other employers with eligible workers
- Up to \$13/hour, capped at \$25K per eligible worker
 - Must be in addition to regular wages
 - Can be paid retroactive to beginning of pandemic
 - Work-from-home employees are not eligible



Permitted Uses

4.) Premium pay for essential workers

- Must address heightened risks of being physically present or costs associated with illness
- Should prioritize lower-paid eligible workers
- Premium pay cannot increase total pay above 150% of higher of (1) state's average annual wage for all occupations or (2) county's average annual wage
- Includes payroll contributions to pension funds as part of the premium pay



Transfers

- **May transfer funds to other governmental entities (*municipal authorities*), non-profits (*501(c)3 or 501(c)19*), small businesses, etc.**
 - **Third-party uses must comply with recovery funding allowable uses**
 - **Responsibility still on recipient to ensure this compliance**



Reporting

- **Entitlement communities** (population of less than 250,000 who received under \$10 million in ARP funds)
- **Non-entitlement units (population under 50,000/NEUs)**
 - **Annual Project and Expenditures Reports**
 - First report due April 30, 2022
 - Covers March 3, 2021 to March 31, 2022
 - Future annual reports will cover one calendar year and must be submitted by April 30 each year



Reporting

■ Treasury Portal

- **Can now access through login.gov or id.me**
 - Cannot complete project and expenditure report yet, but can set up account
 - Issues? Email covidreliefitsupport@treasury.gov
- **Project and Expenditure User Guide**
 - Outlines how to access your account, upload documents, and enter information on projects and expenditures
 - Frequently Asked Questions about records, reporting, and compliance

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PSATS Resources

- **PSATS Morning News:** make sure that PSATS has your email address!
- American Rescue Plan Page at psats.org
- PSATS Member Discussion Groups
- PSATS Fact Sheets: More coming soon!
- Town Hall Available On-Demand

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THANK YOU!

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