

# American Rescue Plan Act (ARPA) of 2021

Evan Rosenthal, Esq.  
Kerry Parsons, Esq.  
Nabors, Giblin & Nickerson, P.A.  
1500 Mahan Drive, Suite 200  
Tallahassee, Florida 32308  
[Erosenthal@ngn-tally.com](mailto:Erosenthal@ngn-tally.com)  
[kparsons@ngn-tally.com](mailto:kparsons@ngn-tally.com)  
(850) 224-4070

**Nabors  
Giblin &  
Nickerson P.A.**

# ROADMAP

- General Overview of the American Rescue Plan Act
- Local Fiscal Recovery Fund Overview
- Uses
- Key Dates
- Questions

# BRIEF OVERVIEW OF THE AMERICAN RESCUE PLAN ACT

One Hundred Seventeenth Congress  
of the  
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Sunday,  
the third day of January, two thousand and twenty-one*

An Act

To provide for reconciliation pursuant to title II of S. Con. Res. 5.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “American Rescue Plan Act of 2021”.

# SOME OF THE DIFFERENT POTS OF MONEY

Program	Amount	Recipient	Purpose
Homeowner Assistance Fund	\$10 billion	States (to households)	Delinquent mortgage payments (mandate to prioritize socially disadvantaged households)
Emergency Rental Assistance Fund	\$21.6 billion	States (to households)	Delinquent rent and utility payments (\$2.5 billion targeted for "high-need grantees")
Small Business Credit Initiative	\$10 billion	States (to households)	Funding of small business credit expansions, including \$500 million for businesses with <10 employees
Employee Retention Credit & Paid Leave Credit		Small businesses	Allows businesses to offset payroll tax liability up to \$7,000/employee/qtr.  Paid leave credits extended through 9/21.  Dollar for dollar tax credit to \$5,000 in wages
Restaurant Revitalization Fund	\$29 billion	Restaurants and other eligible businesses	Funding of pandemic-related revenue loss up to \$10 million per business, \$5 million per physical location
Elementary & Secondary School Assistance	\$128.5 billion	School districts	Mitigation of learning loss through implementing summer learning, afterschool programs, or extended school year programs.
Higher Education Assistance	\$39.5 billion	Colleges and Universities	Emergency financial aid grants to students, as well as outreach to financial aid applicants experiencing recent unemployment.
Airports	\$8 billion	Airport authorities	Funds to offset COVID mitigation related costs, and debt service payments
Public Transportation	\$21.6 billion	Public transit systems	Public transit payroll reimbursement, lost revenue reimbursement, administrative leave payments due to reductions in service

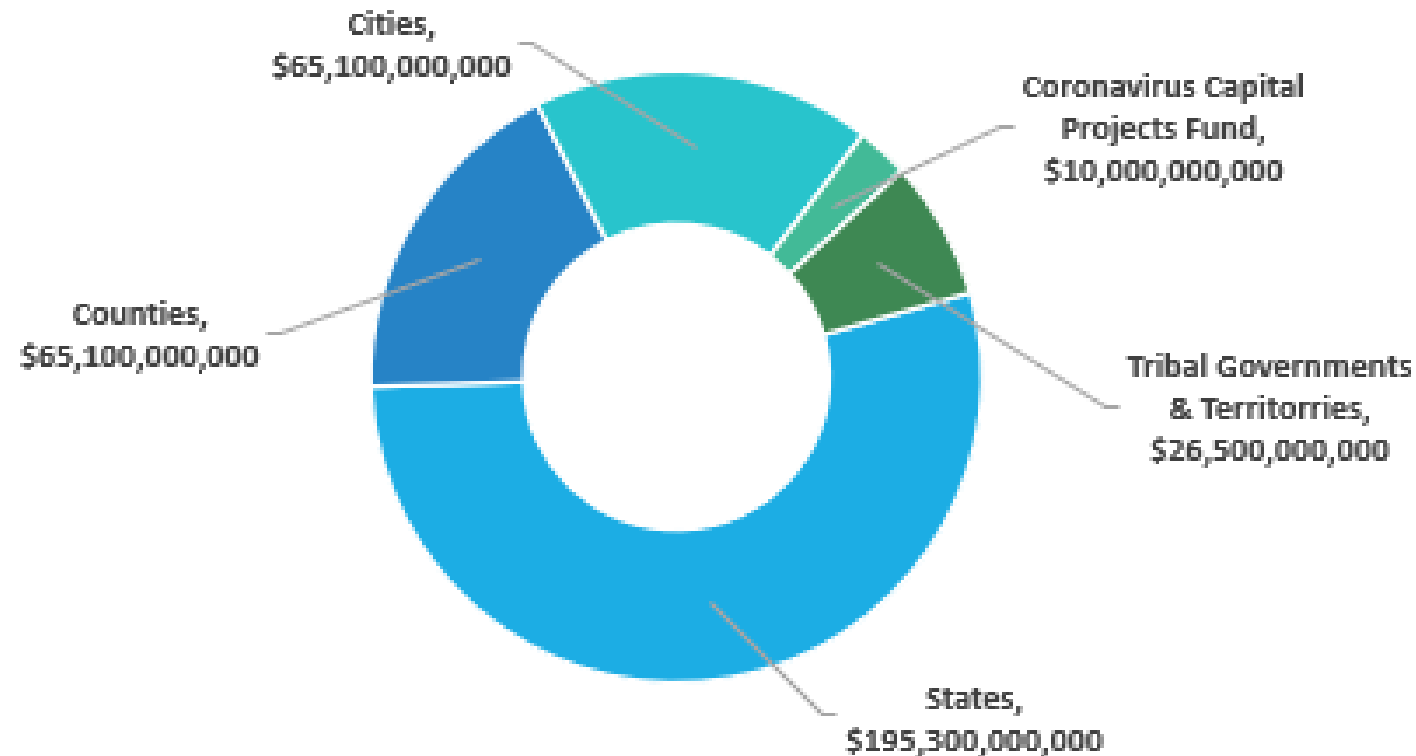
# LOCAL GOVERNMENT FISCAL RECOVERY FUND

- The American Rescue Plan Act effective March 11, 2021; Pub. L. 117-2, codified at 42 U.S.C. 802 *et seq.* Section 603.
- The Interim Final Rule is effective immediately under the emergency rule making provisions. However, Treasury is allowing and encouraging comments. 31 CFR Part 35

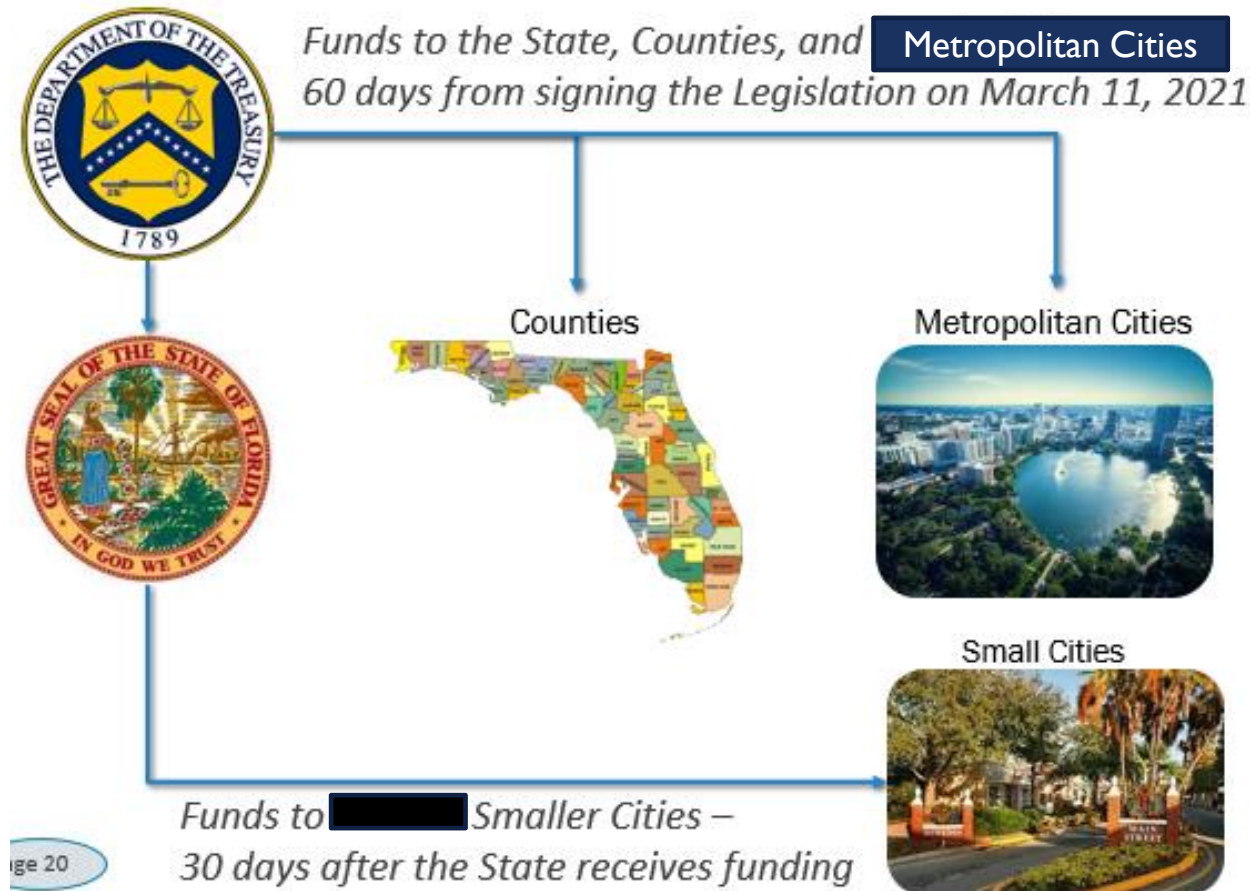
# COVID STATE AND LOCAL FISCAL RECOVERY FUNDS

- Provides \$350 billion in SLG Funding

ARP Funding for State and Local Governments



# TIMING AND FLOW OF FUNDS



- Timing of payments to Counties:
  - 50% in May to local governments and remainder 12 months later.
- Metropolitan Cities (pop. > 50,000) receive funds directly from Treasury. Small cities will receive funding through the State.

# CATEGORIES OF FUNDING UNDER THE LOCAL FISCAL RECOVERY FUND



Support Public  
Health  
Expenditures



Address  
Negative  
Economic  
Impacts



Replace Lost  
Public Sector  
Revenue



Premium Pay  
for Essential  
Workers



Infrastructure  
Investments



# PUBLIC HEALTH

- Eligible Uses include:
  - COVID-19 Mitigation and Prevention (vaccination programs, medical care, testing, contact tracing; supporting for isolation or quarantine; supports for vulnerable populations to access medical services and health surveillance...);
  - Medical Expenses;
  - Behavioral Health Care to meet behavioral health needs exacerbated by the pandemic and respond to other public health impacts;
  - Public Health and Safety Staff – payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees to the extent that their services are devoted to mitigating or responding to COVID.
  - Expenses to improve the design and execution of health and public health programs.
- The list of uses is not exclusive.

# NEGATIVE ECONOMIC IMPACTS

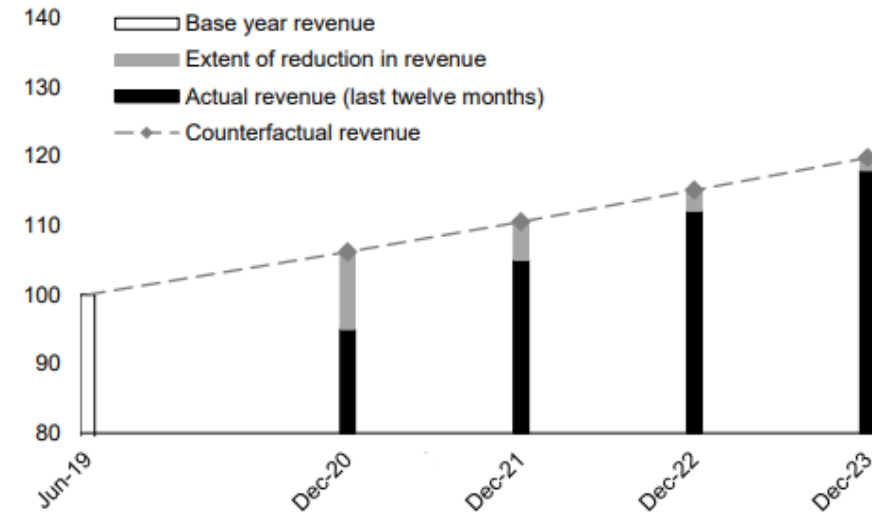
- Recipients are permitted to use funds to respond to the public health emergency with respect to COVID-19 or its negative economic impacts. Eligible uses must be in response to the disease itself or the harmful consequences of the economic disruptions resulting from or exacerbated by the COVID-19 public health emergency. Additionally, the eligible use must “respond to” the identified negative economic impact.

# LOST REVENUE

- Funds may be used for the provision of government services to the extent of the reduction in revenue experienced due to the COVID public health emergency.

(Chart from pg. 53 of Interim Final Rule)

The overall methodology for calculating the reduction in revenue is illustrated in the figure below:



## PREMIUM PAY

- Funds may be used by recipients to provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency or to provide grants to third party employers with eligible workers performing essential work.
  - “Essential Work” is defined as work involving regular in-person interactions or regular physical handling of items that were also handled by others. (telework not allowed).
  - “Eligible Worker” means those workers needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as each Governor of the State or territory may designate as critical to protect the health and well-being of the residents of their state.

# INFRASTRUCTURE INVESTMENT

- Allows for a broad range of necessary investments in projects that improve access to clean drinking water, improve wastewater and stormwater infrastructure systems, and provide access to high-quality broadband service.

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Projects include the installation, upgrade, or replacement of treatment facilities, finished water storage facilities, and transmission and distribution systems. Other projects, such as water system consolidation, may also be eligible. In general, unless a project is expressly prohibited by statute or regulation, it is likely eligible for DWSRF assistance as long as it addresses present or prevents future violations of health-based drinking water standards. When in doubt contact your EPA Regional DWSRF coordinator.

## DRINKING WATER STATE REVOLVING FUND

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To be eligible for CWSRF assistance, a project must meet the criteria of one of the eleven CWSRF eligibilities listed under Section 603(c) of the Clean Water Act. Projects include:

- Construction of publicly owned “treatment works” (as defined in the CWA)
- Decentralized wastewater treatment systems
- Water conservation, reuse, recycling, and efficiency projects
- Measures to increase security of publicly owned treatment works
- Stormwater management/treatment

## CLEAN WATER STATE REVOLVING FUND

## INELIGIBLE USES

- For negative economic impacts, uses that bear no relation or are grossly disproportionate to the type of extent of harm experienced.
- Cash transfers to households grossly in excess of the amount of negative economic harm directly related to the pandemic.
- No rainy-day funds and similar financial reserves would not address the needs or response to COVID-19 but would constitute a savings for future spending needs.
- Pension Funds.
- Non-federal match for other federal programs whose statute or regulations bar the use of Federal Funds to meet matching requirements.
- Duplication of Benefits.



## KEY DATES

- Covered period is March 3, 2021 – December 31, 2024.
- Costs must be incurred by December 31, 2024.

“Cost incurred by” means to require only that recipients have obligated the Fiscal Recovery Funds by such date. The period of performance will run until December 31, 2026.

“Obligation” is defined as: an order placed for property and services and entering into contracts, subawards, and similar transactions that requirement payment.

## KEY DATES CONTINUED....

- Direct Recipient Reporting – required to submit one interim report and thereafter quarterly Project and Expenditure reports through the end of the award period on December 31, 2026.
- The interim report – include expenditures by category at the summary level from the date of award to July 31, 2021; Report due by August 31, 2021.
- Quarterly reports – Project and Expenditure reports including financial data, information on contracts and subawards over \$50,000, types of projects funded and other information. The initial will cover 2 quarters from date of award through September 31, 2021 and must be submitted by October 31, 2021.
- Entities that exceed a population of 250,000 residence also required to submit an annual Recovery Plan Performance report to Treasury.

# RECOUPMENT OF FUNDS AND APPEALS

- Step 1: Identification by Treasury of an issue with use of funds;
- Step 2: Notice of violation is issued to entity.
- Step 3: The local government may request reconsideration with 60 days of receipt of the notice.
- Step 4: Within 60 days a determination will be made.

If repayment is required, it must be within 120 calendar days of the initial notice if no request for reconsideration or 120 calendar days of final notice of recoupment were asked to reconsider.



# New Guidance Recently Published By Treasury

# REFERENCES

- U.S. Treasury

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

- Florida Association of Counties

<https://www.fl-counties.com/>

- National Association of Counties

<https://www.naco.org/resources/featured/naco-recovery-fund-faqs>

- National League of Cities

<https://www.nlc.org/covid-19-pandemic-response/>

- Government Finance Officer's Association

<https://www.gfoa.org/materials/the-american-rescue-plan-what-gfoa-members-need-to>



QUESTIONS?