



The American Rescue Plan Act of 2021: Guidance for Local Governments

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**The following overview is provided for informational purposes only. For specific guidance on approved Use of Funds, please contact state and local officials to confirm qualifications for project funding.*

The American Rescue Plan Act of 2021ⁱ (ARPA)

ARPA provides Pennsylvania's local governments with resources to recover from the impacts of the COVID-19 pandemic. Boroughs, townships and small cities are receiving funds to address local public health, support economic recovery, and improve physical infrastructure through the Coronavirus Local Fiscal Recovery Fund (CLFRF)ⁱⁱ.

Coronavirus Local Fiscal Recovery Fund (CLFRF)

CLFRF funds "provide a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery."ⁱⁱⁱ Since the approval of the program, over 2,300 of Pennsylvania's 2,500+ municipalities have received \$484 million in local recovery funding.^{iv} These funds provide local governments with funding to address public health, advance economic stabilization and other local recovery needs incurred due to COVID-19. CLFRF is designed to provide support for local governments while states, counties and metropolitan cities receive a separate allocation from ARPA.

Use of Funds

This one-time infusion is intended to relieve and uplift those most impacted by COVID-19, including public health institutions and individuals, households, small businesses, local governments, mental health and human services, housing and food security systems, and nonprofits. Recognizing that all communities have been impacted by the pandemic differently, the CLFRF guidance recommends engaging in meaningful dialogue with local residents, small businesses and other stakeholders about the use of these funds within their community. The CLFRF is being disbursed in two "tranches," and the first tranche was disbursed almost immediately after ARPA was signed into law. The next and last tranche is expected to be delivered during the summer of 2022. Local governments have until the end of 2024 to decide how to use their allocations.

Addressing the Impacts of COVID-19

Since the beginning of the pandemic, local governments, public health agencies, businesses, and individuals have all responded to a multitude of constantly evolving circumstances caused by the pandemic. With all the changes over the past year+, some are still grappling with how to put the CLFRF funds to the best possible use. And while a number of recommendations and resources have been provided by Pennsylvania's important local government associations like the Pennsylvania Municipal League^v, Pennsylvania State Association of Township Supervisors^{vi}, the Pennsylvania State Association of Boroughs^{vii}, and the Local Government Academy^{viii}, there still remain uncertainties on the local best use of funds.

CLFRF Guidance: Engagement and Transparency

An important component of CLFRF is its focus on transparency and public engagement. To ensure the impacts of COVID-19 are fully addressed, local governments and residents should engage in meaningful, authentic dialogue via a transparent, accessible process to secure broad public health improvements and economic recovery.

One important role local governments provide is an accessible platform to connect residents and representatives on current priorities and needs, now virtually or physically. Although engaging the public can be challenging, it can be an effective way to connect on immediate priorities and needs of the community. And it provides opportunities for community members and representatives to provide invaluable and mutual guidance and feedback. Scrutiny is likely, but an engaged community creates local support for initiatives. And when support is needed again, there is more likely to be an enthusiastic response to collaborate again.

CLFRF Guidance: Equitable Process

An even more important aspect of the CLFRF guidance is ensuring the full process is equitable and inclusive, from identifying needs, accumulating input, and implementing programs. It would be welcomed if local governments used funds to improve access into the political process for at-risk communities via the CLFRF process. Before COVID-19, many neighbors faced joblessness, homelessness and food insecurity, and the pandemic exacerbated these circumstances. CLFRF guidance encourages local governments to reach directly out to at-risk communities, communities of color and other disenfranchised populations.

A community that works together for a healthier, more equitable, and prosperous future will be better prepared for dealing with the next issue that impacts public health and wellness. Effective community resilience and long-term sustainability depends on meaningful, authentic and equitable resident, business, and stakeholder participation and buy-in.

Local governments should ask:

- Are there historically underserved, marginalized, or adversely affected groups that you intend to serve?
- How equal and practical is the ability for residents or businesses to become aware of the services funded by CLFRF?
- Are there differences in the level of access to benefits and services across groups? Are there administrative requirements that result in disparities in ability to complete applications or meet eligibility criteria?
- Are intended outcomes focused on closing gaps, reaching universal levels of service, or disaggregating progress by race, ethnicity, and other equity dimensions?

Additional Recommendations

- Local governments can coordinate efforts to identify and prioritize households, businesses and nonprofits that are most disproportionately impacted by the pandemic.
- Local governments and communities can increase exposure for local vendors and contractors for goods and services

- Provide adequate time for feedback once determinations have been made for spending CLFRF funds.
- Coordinate with peers

Description of Uses of Funds

The U.S. Department of the Treasury and Pennsylvania Department of Community and Economic Development^{ix} state that local government recipients of the CLFRF funds may use these funds to “support COVID-19 response efforts, replace lost revenue, support economic stabilization for households and businesses, and address systemic public health and economic challenges.”

The following recommendations are drawn from the reporting categories outlined in the Recovery Plan Template.^x

1. Public Health

NOTE: Specific reporting categories for Public Health include vaccination, testing, contact tracing, prevention in congregate settings, PPE, medical expenses, capital investments to public facilities that respond to COVID, other COVID public health expenses including communications, enforcement, payroll costs for public health, safety and other public sector staff responding to COVID, mental health services, substance use services, other public health services.

The highest priority and most immediate use of funds should effectively, efficiently and equitably address the public health impacts of COVID-19. Local governments play an important role in instilling and maintaining public confidence in the effectiveness and safety of public health measures. For example, CLFRF funds can support efforts that enable more efficient distribution of vaccinations, testing, and contact tracing. Local governments also have an important role in supporting those in need of mental health and substance abuse services by directing them to resources and holding a repository of local services. And above all, the local government plays a vital role in ensuring the competence and reliability of the institutions that deliver these services.

Although local governments have limited capacity, they can provide straightforward, credible information for individuals to access trusted resources on vaccinations and other COVID-19 related resources. While building confidence through consistent, transparent and factual communications about the vaccine is everyone’s responsibility, there is not a one-size fits all approach to increase vaccine confidence. Local governments can use CLFRF funds to support local medical professionals, religious leaders, and other community messengers who hold an important responsibility for increasing vaccination rates.

While there is broad agreement within the scientific community that vaccines are the most powerful and effective way to defeat the COVID-19 pandemic, local governments know that this agreement may not be broadly accepted within their own communities. There may also be demographic or geographic barriers that have been exacerbated by the pandemic that have deepened this position, highlighting the importance of transparency and communication about vaccine procurement, distribution, prioritization and administration.^{xi} Establishing avenues for community engagement, such as surveys and information sharing, to better understand the unique reasons for hesitancy to accessing resources can eliminate barriers and improve recovery efforts.

Local governments can provide consistent information and outreach through trusted community voices. Local governments can also encourage organizations to include vaccine education in other community health programs (e.g. substance abuse programs, mental/physical health programs, etc.)^{xii} CLFRF provides funds to support these efforts, especially those that focus on providing resources for disadvantaged communities and communities of color.

2. Negative Economic Impacts

NOTE: Specific reporting categories for Negative Economic Impacts include household assistance for food programs, rent, mortgage and utility aid, cash transfers, internet access programs, eviction prevention, unemployment benefits or cash assistance to unemployed workers, job training assistance, contributions to UI Trust Funds, small business economic assistance, aid to nonprofit organizations, aid to tourism, travel or hospitality, aid to other impacted industries, other economic support, rehiring public sector staff.

Governments have multiple tools available to communicate with the public and these platforms can help residents and local governments better connect and understand the unique and diverse negative economic impacts of the pandemic. COVID-19 impacted households, small businesses, industries and the public sector in variety of ways, and CLFRF funds can support each of these groups to recover from the impacts of COVID-19. Local governments may not have the appropriate systems in place to provide direct assistance to those with the highest needs, however, there are likely community partners that could provide support in coordination with the local government. Of course, the first step is engaging and communicating with the community to identify priorities and needs.

CLFRF funds can help to assess and improve public access to household assistance, such as food and housing security, to workforce resources and direct cash assistance for essential needs. Municipal cooperation and collaborating with neighboring municipalities and community-based organizations can enhance the effectiveness of recovery efforts.

If a township or borough's residents do not have any needs for household assistance, unemployed worker support, or support for the tourism, travel, hospitality or other industries and all public sector positions are staffed, funds could be used to:

- a. support assessments on the need for affordable/equitable housing in the community,
- b. evaluate average energy burden of residents,
- c. look into access to transportation (including walkability and transit),
- d. foster access to fresh food and/or passive and active recreational amenities
- e. evaluate opportunities to improve accessibility to job centers.

Each of these evaluations could qualify as long as they relate to public health and the needs of residents, businesses and others are met immediately, equitably, and transparently.

3. Services to Disproportionately Impacted Communities

NOTE: Specific reporting categories for Services to Disproportionately Impacted Communities include education assistance such as early learning, aid to high poverty districts, academic services, social, emotional and mental health services, child care, home visiting, services to foster youth or family involved in child welfare system, affordable housing, services for unhoused persons, community health workers or benefits navigators, lead remediation, community violence interventions.

CLFRF funds are designed to assist those that have been negatively impacted by the pandemic, whether health-related or financially. COVID-19 has brought to light, once again, that vulnerable populations in our communities are not well equipped to sustain their livelihoods when a disruptive event challenges us.

Local governments can use CLFRF funding to identify and directly support the most vulnerable populations in their communities. If a local government doesn't have a registry of the high-risk residents, CLFRF funds can be used to develop a registry and protocol for engaging those high-risk

populations. This can be a proactive step that can mitigate severe impacts of current and future emergency situations. Contacting those citizens could help save lives and even improve their situations.

In addition, the pandemic has resulted in eviction moratoriums, increased unemployment benefits and utility shut-off moratoriums. With these protections expiring, many are left with serious concerns and not knowing where to turn. Local governments can use CLFRF funds to directly or indirectly assist childcare disruptions, food assistance for children and families, healthcare assistance, energy bill support, support for housing insecurity, and other household related expenses. The flexibility provided by CLFRF funds enables local governments to make significant contributions towards ensuring residents are able to recover from the losses incurred due to COVID-19.

4. Premium Pay

NOTE: Specific reporting categories for Premium Pay include Public Sector Employees, private sector grants to other employers.

ARPA encourages premium pay for essential workers who have been relied on to maintain critical sectors, including health care, sanitation, emergency response, food production and delivery, child and family care, social services, education and others. Eligible workers are defined as “those workers needed to maintain continuity of operations or essential critical infrastructure sectors and additional sectors as each Governor of a State or territory...may designate as critical to protect the health and well-being of the residents of their State...”

These sectors are critical for protecting the health and well-being of their communities. Offering a premium wage to those who have borne and will bear the greatest health risks because of their service in critical infrastructure is important for our collective recovery while compensating these essential workers for the heightened risks they’ve faced and continue to face.

Examples of those essential workers eligible for premium pay include:^{xiii}

- Staff at nursing homes, hospitals and home care settings
- Workers at farms, food production facilities, grocery stores and restaurants
- Janitors and sanitation workers
- Truck drivers, transit staff and warehouse workers
- Public health and safety staff
- Childcare workers, educators and other school staff
- Social service and human services staff
- Other work involving regular in-person interactions or regular physical handling of items that were also handled by others.
- A worker would not be engaged in essential work for telework performed from a residence.

Many of the workers performing essential work are low- or moderate-income workers, and these workers should be prioritized to receive premium pay or grants to recognize their sacrifices and the critical services and risks taken by these workers. ARPA defines premium pay “to mean an amount up to \$13 per hour in addition to wages or remuneration the worker otherwise receives an in aggregate amount not to exceed \$25,000 per eligible worker.”

Additionally, because premium pay is intended to compensate essential workers for the risks incurred due to COVID-19, “it must be entirely additive to a worker’s regular rate of wages and other remuneration and may not be used to reduce or substitute for a worker’s normal earnings.” It’s

encouraged to provide retrospective premium pay where possible to recognize the efforts of our essential workers that responded to COVID-19.

5. Infrastructure

NOTE: Specific reporting categories for Infrastructure include Clean Water, wastewater treatment, collection and conveyance, wastewater, combined sewer overflows, storm water, energy conservation, water conservation, Drinking Water treatment, transmission and distribution, source storage and other water infrastructure, Broadband “Last Mile” projects and other Broadband projects.

Eligible investments in infrastructure are broken down into two primary categories; Water and Sewer Infrastructure and Broadband Infrastructure. The COVID-19 health emergency has once again highlighted the need for investment and improvement in these important sectors. These sectors provide critical needs for the public that improve health standards.

If making investments in critical infrastructure, it is encouraged to hire locally. It is also encouraged to communicate with the public before final determinations are made on the critical infrastructure having the highest priority for this one-time infusion of funding.

For water and sewer infrastructure, funds are provided “to construct, improve and repair wastewater treatment plants, control non-point sources of pollution, improve resilience of infrastructure to severe weather events, create green infrastructure, and protect waterbodies from pollution.” There is flexibility in this section to address unique local needs as long as improvements protect public health and comply with drinking water regulations.

For broadband infrastructure, COVID-19 has underscored the importance of accessible, high-speed, reliable and affordable broadband coverage to participate in critical activities. The need for and importance of remote connectivity has been underscored by the impacts of the public health emergency, however, many Pennsylvanians live in areas where no broadband infrastructure is available or it is unaffordable. CLFRF funds provide for broadband infrastructure investments in unserved or underserved households and businesses. Once again, flexibility is provided to local governments to identify and prioritize based on their local knowledge.

6. Revenue Replacement

NOTE: Specific reporting categories for Revenue Replacement include Provision of Government Services.

CLFRF provides an opportunity for local governments to recover lost revenues due to COVID-19 response relative to revenues collected in the most recent full fiscal year prior to the pandemic. ARPA recognizes that local governments provide a wide variety of essential services, so CLFRF funds may be used to address a reduction in local government revenues experienced due to the COVID-19 public health emergency. With many local governments facing budget shortfalls, CLFRF provides an opportunity to ensure they can continue providing essential government services.

For those local governments using CLFRF funds to replace lost revenues due to COVID-19, there is a specific calculation required to determine the maximum amount that can be used for this purpose. For those local governments considering using CLFRF for revenue replacement, it is encouraged to reach out to government finance officer associations that likely have helpful revenue replacement calculators modeled after the CLFRF guidance to calculate how much funding can be used for revenue loss.

The calculation for using CLFRF funds for revenue replacement is:^{xiv xv}

$$\text{Max} \{ [\text{Base Year Revenue} * (1 + \text{Growth Adjustment})^{nt/12}] - \text{Actual General Revenue}_t ; 0 \}$$

- **Base Year Revenue** = General Revenue collected in the most recent full fiscal year prior to the COVID-19 public health emergency.
- **Growth Adjustment** = greater of 4.1% (or 0.041) and the recipient's average annual revenue growth over the three full fiscal years prior to COVID-19 public health emergency.
- ***n*** = number of months elapsed from the end of the base year to the calculation date
- **Actual General Revenue** = recipients actual general revenue collected during 12-month period ending on each calculation date.
- **Subscript t** = calculation date

7. Administrative and Other

NOTE: Specific reporting categories for Administrative and Other include Administrative Expenses, evaluation and data analysis, transfers to other units of government, and transfers to non-entitlement units (states and territories only).

CLFRF funds allow local governments to use a portion of funding to administer programs, conduct evaluation and data analysis, as well as transfer funds to other units of governments and other administrative expenses, as necessary.

Reporting Requirements

Local governments will need to provide a detailed accounting of the uses of funds. As part of CLFRF, local governments must submit a Recovery Plan Performance Report to outline the goals and outcomes resulting from CLFRF funds.^{xvi}

The scale and potential of ARPA will be successful only if based on equitable engagement and transparent administration. Local governments have time to incorporate feedback from their most vulnerable populations. CLFRF guidance highly encourages local governments to engage communities and incorporate equity principles that will secure resilience beyond recovery. At each turn, the funds should improve upon existing access points into the political process and incorporate elements of transparency and equity. These actions can enhance the effectiveness of recovery efforts. CLFRF helps us all move beyond recovery and towards collective action that enables sustainable, resilient local well-being.

Want to know how much each Pennsylvania county, city, township or borough received?

- [see here for counties](#)
- [see here for metropolitan cities](#)
- [see here for boroughs, townships and small cities](#)

ⁱ American Rescue Plan Act of 2021 Text: <https://www.congress.gov/bill/117th-congress/house-bill/1319/text>

ⁱⁱ US Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

ⁱⁱⁱ US Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

^{iv} Pennsylvania Treasury: ARPA Coronavirus Local Fiscal Recovery Funds – Payments Made <https://www.patreasury.gov/chart/arpa.html>

^v Pennsylvania Municipal League: Advocacy Success: American Rescue Plan <https://www.pml.org/advocacy-success-american-rescue-plan/>

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- ^{vi} Pennsylvania State Association of Township Supervisors American Rescue Plan Funding for Townships: https://www.psats.org/wp-content/uploads/2021/03/COVID-19-Fact-Sheet-American-Rescue-Plan-Funding-for-Twps_3-21.pdf
- ^{vii} The Pennsylvania State Association of Boroughs – American Rescue Plan & COVID-19 Information: <https://boroughs.org/fullnews.php?id=49>
- ^{viii} Local Government Academy – The American Rescue Plan – Advice for Municipal Spending: <https://localgovernmentacademy.org/the-american-rescue-plan-advice-for-municipal-spending/>
- ^{ix} Pennsylvania Department of Community and Economic Development – COVID-19 ARPA Local Fiscal Recovery Funding: <https://dced.pa.gov/programs/covid-19-arpa-local-fiscal-recovery-funding/>
- ^x US. Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds Recovery Plan Performance Report: <https://home.treasury.gov/system/files/136/SLFRF-Recovery-Plan-Performance-Report-Template.docx>
- ^{xi} Organisation for Economic Co-operation and Development – Enhancing public trust in COVID-19 vaccination: The Role of Governments: <https://www.oecd.org/coronavirus/policy-responses/enhancing-public-trust-in-covid-19-vaccination-the-role-of-governments-eae0ec5a/>
- ^{xii} National Governors Association – State Strategies to Increase COVID-19 Vaccine Uptake in Rural Communities: <https://www.nga.org/center/publications/state-strategies-to-increase-covid-19-vaccine-uptake-in-rural-communities/>
- ^{xiii} US Department of the Treasury Interim final rule: <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>
- ^{xiv} US Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions (as of July 19, 2021) <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>
- ^{xv} US Department of the Treasury Interim final rule: <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>
- ^{xvi} US. Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds Recovery Plan Performance Report: <https://home.treasury.gov/system/files/136/SLFRF-Recovery-Plan-Performance-Report-Template.docx>