

AMERICAN RESCUE  
PLAN ACT  
2021

# ARPA Funding: Eligible Uses and Best Practices



# What You CAN Spend \$ On

## Seven (7) Categories in 66 Expenditure Categories:

1. Public Health
2. Negative Economic Impacts
3. Services to Disproportionately Impacted Communities
4. Premium Pay
5. [Revenue Replacement](#)
6. Infrastructure (Water, Sewer, Broadband)
7. Administrative



U.S. DEPARTMENT OF THE TREASURY

### Appendix 1: Expenditure Categories

The Expenditure Categories (EC) listed below must be used to categorize each project as noted in Part 2 above. The term "Expenditure Category" refers to the detailed level (e.g., 1.1 COVID-10 Vaccination). When referred to as a category (e.g., EC 1) it includes all Expenditure Categories within that level.

1: Public Health	
1.1	COVID-19 Vaccination ^
1.2	COVID-19 Testing ^
1.3	COVID-19 Contact Tracing
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5	Personal Protective Equipment
1.6	Medical Expenses (including Alternative Care Facilities)
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10	Mental Health Services*
1.11	Substance Use Services*
1.12	Other Public Health Services
2: Negative Economic Impacts	
2.1	Household Assistance: Food Programs* ^
2.2	Household Assistance: Rent, Mortgage, and Utility Aid* ^
2.3	Household Assistance: Cash Transfers* ^
2.4	Household Assistance: Internet Access Programs* ^
2.5	Household Assistance: Eviction Prevention* ^
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers*
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)* ^
2.8	Contributions to UI Trust Funds
2.9	Small Business Economic Assistance (General)* ^
2.10	Aid to Nonprofit Organizations*
2.11	Aid to Tourism, Travel, or Hospitality
2.12	Aid to Other Impacted Industries
2.13	Other Economic Support* ^
2.14	Rehiring Public Sector Staff
3: Services to Disproportionately Impacted Communities	
3.1	Education Assistance: Early Learning* ^
3.2	Education Assistance: Aid to High-Poverty Districts ^
3.3	Education Assistance: Academic Services* ^
3.4	Education Assistance: Social, Emotional, and Mental Health Services* ^
3.5	Education Assistance: Other* ^
3.6	Healthy Childhood Environments: Child Care* ^
3.7	Healthy Childhood Environments: Home Visiting* ^
3.8	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System* ^

# What You CAN Spend \$ On:

## Pandemic Response (Public Health)

- COVID-19 Mitigation and Prevention
- Public Health and Public Safety Employees

## Pandemic Response (Economic Impacts)

- Grants/loans to businesses
- Assistance to households (rent, utility assistance)
- Additional eligible uses If supporting low income/minority populations

→Consider: what negative public health or economic impact of COVID will the project/purchase address?

## Examples

- Ventilation/HVAC improvements at municipal buildings
- Personal Protective Equipment (PPE)
- Financial support for food pantries

# What You CAN Spend \$ On:

## Premium Pay

- Premium pay to **eligible workers** performing **essential work** during the COVID-19 public health emergency
- Grants to third-party employers with eligible workers performing **essential work**

## Eligible workers ([full definition here](#))

- Grocery store or restaurant workers
- Public health and safety
- Childcare workers, educators
- Social service and human services

## Essential work ([full definition here](#))

- Not performed while teleworking
- Regular in-person interactions
- Regular physical handling items handled by the public

# What You CAN Spend \$ On:

## Lost Revenue

For the **provision of government services** to the extent of the reduction in revenue of such municipality due to the COVID–19 public health emergency

$$\begin{array}{r} \text{Base year revenue (FY ending June 2019)} \\ - \text{MINUS Growth year revenue (FY ending Dec 2020)} \\ \hline = \text{Lost Revenue (use this amount for provision of government} \\ \text{services)} \end{array}$$

NEMRC can provide assistance with [Lost Revenue Calculator](#)

May not qualify this year but may in a subsequent year (2020, 2021, 2022)

## Provision of Government Services

- Maintenance of infrastructure/pay-go spending for new infrastructure, including roads;
- Cybersecurity ( hardware, software, protection of critical infrastructure);
- Health services;
- Environmental remediation;
- School or educational services;
- Provision of police, fire, and other public safety services.

\*Pay-go infrastructure funding: funding capital projects with cash on hand from taxes, fees, grants, and other sources rather than borrowed sums

# What You CAN Spend \$ On:

## Water, Sewer, and Broadband Infrastructure

**Water/sewer projects** must align with Drinking Water or Clean Water Revolving Fund, and must have water quality benefit

### Broadband

- Focus on serving unserved/underserved populations (less than 25/25 mbps upload/download) and projects that achieve last mile connections
- Assistance to households/businesses to provide internet access or digital literacy assistance is also eligible

## Clean Water State Revolving Fund

- Construct, improve, and repair WWTP,
- Control non-point sources of pollution;
- Green infrastructure; manage and treat stormwater (projects in SWMP/River Corridor Plans)

## Drinking Water State Revolving Fund

- Planning/design, focused on improving public health/regulatory compliance issues

# What You CAN NOT Spend \$ On

- Federal Match
- Pensions
- Infrastructure Not Directly Addressed in ARPA
- Rainy Day Funds, Financial Reserves, and Outstanding Debt



# Best Practices

- Be Patient and methodical: no need to rush
- Review municipal priorities and programs
- Consult citizens  
survey, public forum, ARPA committee
- Consider eligible uses and exclude ineligible expenses
- Leverage other funding sources: Identify needs and potential funding sources-  
spend municipal ARPA \$\$ on what you can't get anywhere else





# Best Practices, cont'd.

- **Transfer funds** to nonprofits or other 3<sup>rd</sup> party organizations
- **Pool funds:** Pool funds with other municipalities to achieve scale for deeper impact
- **Think Bigger:** Consider [State of VT's ARPA Money](#) or other federal funding:
  - \$100m Water, Wastewater, Stormwater
  - \$150m Vermont Community Broadband (CUDs)
  - \$64m Affordable Housing
  - \$20m Affordable Community-Scale Renewable Energy
  - \$18m Housing Weatherization



# ARPA Reporting

- All municipalities required to report on their spending directly to Treasury, by [ARPA expenditure categories](#)
- Annual reporting schedule, first Project and Expenditure Report due **April 30, 2022**
- Reporting guidance issued by Treasury and additional ARPA resources posted on [VLCT's ARPA webpage](#)
- **11/5 UPDATE**: distinction between "Beneficiary" and "Sub-recipient" re: Single Audit requirements



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# Best Practices



## ARPA Municipal Project Selection

### 1. Be Patient and Methodical

There is no need to rush! Funds must be obligated by 2024, and must be expended by 2026.

### 2. Review Municipal Priorities and Programs

What does your Municipal Plan prioritize for future investment? Develop an initial list of project ideas from your Municipal Plan goals and strategies. Consider what's changed. How do these needs connect with the four ARPA eligibility buckets?

- Respond to the public health emergency or negative economic impacts
- Premium pay for essential workers
- Revenue replacement, and
- Water, sewer, broadband Infrastructure.

#### Municipal Priorities

- Improve drinking, waste, or storm water infrastructure
- Buildout broadband
- Strengthen village center and business economic resilience
- Improve certain outdoor spaces
- Further childcare goal

### 3. Consult your Citizens

Use a public process to solicit and prioritize project ideas. Reach out to community groups. ARPA funding can be distributed to nonprofits or other eligible third-party organizations performing eligible projects that benefit your community!

#### Invite Ideas

- Host a public forum
- Conduct a survey
- Use events
- Send a letter
- Leverage social media
- Ask committees

### 4. Exclude ineligible uses

ARPA funds cannot be spent on:

- Match to other federal programs (you can *add* to federal funding received)
- Pensions
- Infrastructure not directly addressed in ARPA, or
- Rainy day funds, financial reserves, and outstanding debt.

City/Town/Village of \_\_\_\_\_

EXAMPLE

As of: \_\_\_\_\_ (insert date)


ARPA Funds Allocated to Our Municipality: \$ \_\_\_\_\_ -

Project Idea		Perceived Need for the Project is <b>High, Medium</b> or <b>Low/No</b>	Project Impact is <b>Wide, Moderate</b> , or <b>Narrow</b>	Is there a COVID Nexus? <b>High, Medium</b> , or <b>Low/No</b>	Does ARPA <b>Encourage, Authorize</b> or <b>Prohibit</b> APRA Funds to this?	Sufficient \$: <b>ARPA Alone, with Known Sources</b> , or <b>Doubtful</b> ?
1	ex. Bike or Walk Path from village to school	Identified	Benefits Some	Not Really/Not At All	Authorizes	VTrans
2	ex. Town-wide Wi-Fi/Broadband	Identified	Benefits All	Yes	Encourages	Public Service Dept.
3	ex. Paving roads	Identified	Benefits All	Not Really/Not At All	Prohibits	As Available
4	ex. Village water upgrade	Some Need	Benefits Some	Yes	Encourages	ANR
5	ex. Create community center	Low Desire/Need	Benefits Some	Somewhat	Prohibits	CDBG
6	ex. Loans to business owners for recovery	Some Need	Benefits Some	Yes	Encourages	ACCD/USDA
7	ex. Create revolving loan fund for business expansion	Low Desire/Need	Benefits Few	Somewhat	Authorizes	ACCD/USDA/US EDA
8	ex.					
9	ex.					
10	ex.					

Note: Based on a template developed by the Town of Brandon Selectboard

# Early Ideas from Municipalities

- improving air quality in town hall / building ventilation
- wastewater treatment plant to support housing development / extending water and sewer lines / water and sewer systems / updating pump stations
- broadband development
- neighborhood stabilization / housing rehab / housing
- digitizing land records
- stormwater projects
- radio coverage for EMS / improving EMS/EOC facilities
- hybrid meeting support
- revenue replacement
- grants to businesses
- COVID modifications to public facilities
- premium pay (police)
- restoring staffing levels

 Richmond, VT

Search

## ARPA Committee

The Town of Richmond has been awarded over \$1.2M in ARPA funds. These funds are a direct payment to municipalities to aid in the economic recovery from the COVID-19 Pandemic. There will be many projects in Richmond which qualify for funding, but there are also strict stipulations regarding what the money may be spent on. The Selectboard has formed the ARPA Committee with the goal of better understanding the guidelines for how the money may be spent, actively engaging the community in a process to collect ideas on how Richmond should spend these funds, and making recommendations to the Selectboard on projects to fund.

**Agendas:**  
[ARPA Committee 11-18-21](#)

**Minutes:**  
[ARPA Committee 11-18-21 Minutes](#)

**Documents and Resources Related to ARPA**  
[ARPA Committee Outline](#)  
[ARPA Presentation Oct21 Deck](#)

# CVRPC Available to:

- assist with project prioritization and eligibility consideration
- meet with Selectboard or municipal stakeholders to discuss ARPA
- host public forum, develop survey, or assist with other outreach

Contact: Grace Vinson, [vinson@cvregion.com](mailto:vinson@cvregion.com)

