

AMERICAN RESCUE PLAN ACT OF 2021

City Council Workshop

June 24, 2021



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The American Rescue Plan Act (ARPA) provides relief to respond to the novel coronavirus (COVID-19) including unprecedented aid to local governments, including every city, town and village in America.

Today's City Council workshop will focus on providing information to City Council and to determine a process moving forward for implementation.

American Rescue Plan Act (ARPA) (H.R. 1319) Overview of Act

- Signed into law March 11, 2021
- \$1.9 Trillion aid package that provides financial aid to families, governments, businesses, schools, non-profits & others impacted by COVID-19 public health crisis, including:
 - \$656 Billion for Direct Financial Assistance (Stimulus checks \$1,400; Expanded and extended unemployment; tax credits; Paycheck Protection Program PPP; EIDL program, community and economic development, grants to small businesses, etc.)
 - \$56 Billion Assistance to Individuals and Families (SNAP; WIC; EBT; Nutrition assistance; Veterans Affairs; Family Violence Prevention; IDEA; Child Abuse prevention; Emergency assistance; OAA; Elder justice act; etc.)
 - \$211 Billion for Education and Childcare (8 program areas)
 - \$86 Billion for Health (22 program areas)
 - \$40 Billion for Transportation (Transit; Airports; Amtrak)
 - \$61 Billion for other (11 program areas)
 - **\$350 Billion for State and Local governments Fiscal Recovery Fund**

State & Local Governments: Fiscal Recovery Fund

- Title IX– Committee on Finance (Dept. of Treasury)
 - Subtitle M – Coronavirus State and Local Fiscal Recovery Fund
 - Provides \$350 billion for states, localities, tribes and territories
 - State Governments: \$195.3 billion
 - **Missouri \$2,685,296,130.80 (\$2.685 billion)**
 - Tribal Governments: \$20 billion
 - Cities and Counties: \$130.2 billion
 - \$65.1 billion for counties, divided based on population
 - **Greene County: \$56,928,520**
 - \$65.1 billion for cities, divided based on modified CDBG formula
 - \$45.6 billion for cities with populations over 50,000
 - **City of Springfield: \$40,276,290**
 - \$19.5 billion for cities with populations under 50,000

Overview: State & Local Fiscal Recovery Fund

- Grant funding will be released in two tranches:
 - ½ following enactment (not later than 60 days after enactment)
 - ½ 12 months following receipt of first payment
- Funds remain available until December 31, 2024; unexpended funds must be returned to Treasury
- Local governments, including counties, are required to provide “periodic reports” providing a detailed accounting of the use of funds

State and Local Fiscal Recovery Fund: Use of Funds (Four Categories)

- a) To respond to the public health emergency or its negative economic impacts, including assistance to household, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- c) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- d) To make necessary investments in water, sewer, or broadband infrastructure

USE OF FISCAL RECOVERY FUNDS:

a. To respond to the public health emergency or its *negative economic impacts*, including assistance to household, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality

- Supporting Public Health Response by:
 - Services to contain and mitigate the spread of COVID-19
 - Behavioral healthcare services, including mental health or substance misuse treatment, etc.
- Address the Negative Economic Impacts by:
 - Delivering assistance households
 - Support for small business and nonprofits
 - Speed the recovery of impacted industries such as Tourism, Travel, and Hospitality sectors

USE OF FISCAL RECOVERY FUNDS:

b. To respond to workers performing essential work during the COVID-19 public health emergency by providing *premium pay to eligible workers*

- Offering additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors
- Limitations: amount not to exceed \$25,000 per worker
- Designed for low-income earners providing essential work during pandemic
- Additional documentation necessary if pay exceeds 150% of average wages
- Retroactive limitations with Missouri State Constitution for public employees

USE OF FISCAL RECOVERY FUNDS:

c. For the provision of government services to the extent of the *reduction in revenue* due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency

- Recipients may use these funds to replace lost revenue
- Treasury Department has specific methodology to calculate lost revenue
- Once shortfall is identified, Cities will have broad latitude to use this funding to support government services

HOW DO CITIES CALCULATE REVENUE LOSS?

- Identify revenues collected in the most recent full fiscal year prior to the public health emergency, *called the base year revenue*. In calculating revenue, recipients should sum across all revenue streams covered as general revenue.
- Estimated counterfactual revenue, which is equal to base year revenue:
 - $[(1 + \text{growth adjustment})^{(n/12)}]$, where n is the number of months elapsed since the end of the base year to the calculation date, and *growth adjustment* is the greater of **4.1 percent and the recipient's average annual revenue growth in the three full fiscal years prior to the COVID-19 public health emergency**
 - Identify *actual revenue*, which equals revenues collected over the past 12 months of the calculation date
 - The extent of the reduction in revenue is equal to *counterfactual revenue* less than *actual revenue*. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date
- **Springfield's Projected Lost Revenue amount = \$31 million**

USE OF FISCAL RECOVERY FUNDS:

d. To make necessary investments in *water, sewer, or broadband* infrastructure

- Make necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet

Fiscal Recovery Fund: Ineligible Uses

- To offset a reduction in taxes
- Deposits into a pension fund
- Funding debt service
- Funding legal settlements or judgements
- Deposits into a rainy-day fund or financial reserves

Principles to consider for use of Local Fiscal Recovery Fund

- Use Dedicated grants and programs first whenever possible
 - Save Local Fiscal Recovery Funds for gaps and priorities not eligible for other federal and state assistance programs
- Use Revenue Loss funding category last for priorities not eligible either with federal or state grants or other Local Fiscal Recovery Fund categories
- Assess government operations and community needs
 - Look for areas where funding has not been possible previously
 - Transformative and catalytic community projects with broad public need and support
- Projects/programs in partnership with Greene County or other partners
 - Use existing programs and partnerships already established
- Tapping into State Fiscal Recovery Funds
 - There may also be remaining CARES funds (must be spent by 12/31/21)
- Use this one-time funding for one-time expenses
- Analyze fit with City Council Priorities

Transformative Project Examples

- Listing of project/expenditures by category and projected costs (\$, \$\$, \$\$\$, \$\$\$\$, \$\$\$\$)
- See separate handout in workbook
- Includes organizational requests received to date

Considerations

- Engaging auditing team for fiscal review, accountability and eligibility
- Currently meeting with Greene County Admin. on coordination
- Currently meeting with Community Foundation of the Ozarks on coordination/discussions with Greene County, MSU, OTC, SPS and City
- Timing (deadlines for spending or encumbering)

Process

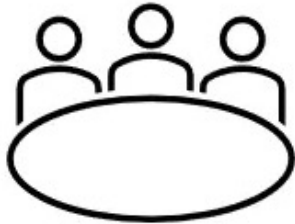
- Determine process
 - City Council as a Whole to determine plan? **and/or**
 - Refer to City Council Finance & Administration Committee? **and/or**
 - AD hoc citizen committee or committees formed to develop proposal?
- Identify priorities and/or funding by category
 - Evaluate readiness, confirm costs and timelines
- Conduct Joint Planning with Greene County Commission
- Public Engagement Process

Public Engagement Process

- Analyze data to understand the community impact of COVID-19 to help guide how the funding can best align with local priorities and need.
- Input from residents is essential in the decision-making process on how these funds are used.
- Think as an **entire community** not just as a city. Consider keeping the Fiscal Recovery Fund proposal separate but coordinated with other ARPA funding proposals and communicated about together.
- Make sure we hear from people on the front end instead of having them react to something we already did.
- Begin with educational outreach and awareness about the federal aid package itself and collect baseline information about what citizens would like to see prioritized for ARPA spending. (*e.g. listening sessions, online and print surveys, and interactive budget simulations*)
- Strive to reach members of the community where they are.

Each of these methods have been successfully enacted in Springfield in different contexts. It is important to note that the type of engagement is less important than the fact that the voice of the community is helping drive the conversation about how to deploy these ARPA funds.

Public Engagement Examples



No-tech: Direct communication between city leaders and the community.

Listening Sessions



Low-tech: Minimal technology (devices, software, tools, etc.) is used to facilitate communication and share details with participants.

Online & Print Surveys



High-tech: Lots of technology (personal or handheld devices, new software programs, interactive tools, etc.) is used to enable in-depth conversations about future possibilities

Interactive Budget Simulations

Public Engagement Examples

[Aurora, Colorado](#) City leaders launched a dynamic online website that showcases different city projects and allows community members to share their input.

[Greensboro, North Carolina](#) is using an interactive budget simulation tool, A Balancing Act, to give residents the ability to give input into how they would allocate ARPA funding for different categories.

[Norfolk, Virginia](#) is utilizing an interactive mapping system to allow residents to provide geo-coded comments on transportation infrastructure projects.

[Kansas City](#) and [Lexington, Kentucky](#) have used ArcGIS mapping software to gather feedback on transportation projects.

[St. Louis](#); [Manchester, New Hampshire](#); [Youngstown, Ohio](#) and [Santa Ana, California](#) are using online surveys published on the city's website and other social media platforms to gather resident feedback.

[Atlanta, Georgia](#) City leaders launched a COVID-19 Community Impact Survey, in collaboration with the Latino Community Fund and other national partners, to gather insights from Black, Latinx and immigrant residents to better understand the short-term and structural challenges that they faced over the course of the pandemic.

[Tulsa, Oklahoma](#) also piloted a similar survey as they plan to incorporate the results into their recovery efforts centered around racial equity considerations.

Previous COVID-19 Recovery Assistance

- CARES funding breakdown
- CARES 2 funding breakdown
- CDBG funding received

Next Steps

- (Process/meetings/etc)