

VERMONT LEAGUE OF CITIES & TOWNS
AMERICAN RESCUE PLAN ACT - CORONAVIRUS LOCAL FISCAL RECOVERY FUND (ARPA/CLFRF)
FREQUENTLY ASKED QUESTIONS

QUESTION	ANSWER
<p>How much funding will my town/city/village receive?</p>	<p>The Vermont Agency of Administration issued an allocation table on June 8. The calculation was based on population. Funding will be distributed in two (2) equal tranches, as shown in the allocation table. The first arrived in early August and the second around the same time next year (2022). Most Vermont towns (except Burlington and South Burlington) are referred to as “non-entitlement units of government” (NEUs) in ARPA. The State of Vermont will receive \$58,788,245 in NEU ARPA funding that it will disburse to those towns, cities and villages that certified to accept it. On July 30, Treasury issued updated guidance to correct the designation of Vermont's 14 counties to reflect they are not "units of general local government." This cleared the way for the \$121,202,550 in county ARPA funding to be distributed to Vermont’s towns, cities and villages, including the two metropolitan cities of Burlington and South Burlington. VLCT worked with Vermont’s Congressional Delegation, the Governor's office and his Administration, and others to ensure this funding reaches local governments. Like the NEU money, the county ARPA money will be distributed in two (2) equal tranches. The first should arrive August/September 2021 and the second around the same time next year (2022).</p>
<p>When will my town/city/village receive its funding?</p>	<p>Vermont's NEUs that certified to accept their funding will receive it from the U.S. Department of the Treasury through State of Vermont. The funding will arrive in two equal payments ("tranches"). The first payment was sent in early August of 2021 and the second payment about the same time next year (2022). Per ARPA, the state has 30 days from when they receive the funding to distribute the funding to municipalities. The City of Burlington and the City of South Burlington were designated as "metropolitan cities" and therefore requested their funding directly from the Treasury. The county ARPA funding will also arrive in two equal payments ("tranches"). The first payment in August/September of 2021 and the second payment about the same time next year (2022). It will be distributed through the State of Vermont to all NEUs that certified to accept their ARPA funds, as well as the cities of Burlington and South Burlington. There is no additional certification process required to receive these funds.</p>
<p>How will my town's/city's/village's money arrive?</p>	<p>When your town/city/village completed its Coronavirus Local Fiscal Recovery Fund Certification process through the portal, you would have selected one of the three possible options for how your town/city/village would like to receive its money – 1). We are a vendor in the State's financial system and would like payment to be made according to our current supplier preferences. 2). We are a vendor in the State's financial system and would like payment to be made differently. 3). We are NOT a vendor in the State's financial system and need to set up an account. If your town/city/village chose option 2 or 3, then you were contacted by email or phone to provide additional information. If your town/city/village selected option 1, then your ARPA funding will be ACH'ed into the same bank account that you receive other state revenue.</p>

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How may my town/city/village spend the funding?	ARPA includes four broad criteria outlining eligible uses – 1). To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; 2). To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers; 3). 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 4). To make necessary investments in water, sewer, or broadband infrastructure. In May, the U.S. Department of the Treasury issued an Interim Final Rule that further explains eligible and ineligible uses. Treasury has issued an easy to read and understand FAQs about the Interim Final Rule.
What infrastructure projects may ARPA funds be used on?	General infrastructure spending is not covered as an eligible use outside of water, sewer, and broadband investments or above the amount allocated under the revenue loss provision.
May a town/city/village transfer its ARPA funds to another entity?	The federal statute provides four (4) categories of entities to which a town/city/village may transfer funds – 1). A private nonprofit organization; 2). A public benefit corporation involved in the transportation of passengers or cargo; 3). A special-purpose unit of state or local government*; 4). A state government * Special-purpose districts perform specific functions in the community, such as fire, water, sewer or mosquito abatement districts.
What should my town/city/village do with their signed Terms and Conditions and Assurances of Compliance with Civil Rights Requirements?	File them for now (you do not need to send them anywhere yet). These two documents (fully completed) will be included in your town's first report to the U.S. Treasury that will be due by October 31, 2021.
What will be required in my town's/city's/village's first report to the U.S. Department of the Treasury?	You will be asked for the following pieces of information in your first report to Treasury, among others – 1). NEU Recipient Number (a unique identification code for each NEU assigned by the state to the NEU as part of the request for funding - it was contained in the confirmation email your town received after it successfully completed the Coronavirus Local Fiscal Recovery Fund Certification portal); 2). Copy of signed Terms and Conditions (don't forget to make sure the top of the first page is completed with your town's name, address, DUNS number and Taxpayer Identification Number); 3). Copy of signed Assurances of Compliance with Civil Rights Requirements; 4). Copy of actual budget documents validating the top-line budget total provided to the State of Vermont as part of the request for funding through the Coronavirus Local Fiscal Recovery Fund Certification portal. Treasury has created an online portal for reporting submissions. It is recommended that you scan all ARPA related documents to a PDF format and save them to a digital file so when October arrives, you will be ready.

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Where can I learn more about the ARPA award reporting requirements for my town/city/village?	On June 17th, U.S. Department of the Treasury released its Compliance and Reporting Guidance document. This guidance provides additional detail and clarification for each recipient’s compliance and reporting responsibilities under the CLFRF program, and should be read in concert with the Award Terms and Conditions, the authorizing statute, the Interim Final Rule. and other regulatory and statutory requirements.
What is "Treasury's Portal for Recipient Reporting (User Guide" for?	This document provides information on using Treasury’s Portal to submit required Coronavirus State and Local Fiscal Recovery Fund (SLFRF) reports. It is a supplement to the Compliance and Reporting Guidance (Reporting Guidance), which contains relevant information and guidance on reporting requirements.
Tracking all of this will take a lot of time. May ARPA funds be used on administrative costs?	In the context of using funds for administrative purposes, Treasury's FAQ 10.2 states: “Recipients may use funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID–19 public health emergency and its negative economic impacts. This includes, but is not limited to, costs related to disbursing payments of Fiscal Recovery Funds and managing new grant programs established using Fiscal Recovery Funds”.
May ARPA funds be used for stormwater projects and expenses?	Recipients may also use this funding to invest in wastewater infrastructure projects, including constructing publicly-owned treatment infrastructure, managing and treating stormwater or subsurface drainage water, facilitating water reuse, and securing publicly-owned treatment works. To help jurisdictions expedite their execution of these essential investments, Treasury’s Interim Final Rule aligns types of eligible projects with the wide range of projects that can be supported by the Environmental Protection Agency’s Clean Water State Revolving Fund and Drinking Water State Revolving Fund. Recipients retain substantial flexibility to identify those water and sewer infrastructure investments that are of the highest priority for their own communities.
What is a Qualified Census Tract and where are they in Vermont?	A HUD designated Qualified Census Tract is one in which 50 percent or more of the households have incomes below 60 percent of the Area Median Gross Income. Nine communities benefit from this provision in Vermont: Brattleboro (partial), Bellows Falls, Springfield (partial), Rochester, Barre, Johnson, Newport, St. Albans City (partial), Winooski (partial), Burlington (partial).

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<p>May funds be used to invest in infrastructure OTHER THAN water, sewer, and broadband projects such as roads and public facilities?</p>	<p>Recipients may use funds for maintenance of infrastructure or pay-go* spending for building of new infrastructure as part of the general provision of government services, to the extent of the estimated reduction in revenue due to the public health emergency. A general infrastructure project typically would not be considered a response to the public health emergency and its negative economic impacts unless the project responds to a specific pandemic-related public health need (e.g., investments in facilities for the delivery of vaccines) or a specific negative economic impact of the pandemic (e.g., affordable housing in a Qualified Census Tract).</p> <p>*Pay-go infrastructure funding refers to the practice of funding capital projects with cash on hand from taxes, fees, grants, and other sources rather than borrowed sums.</p>
<p>Would investments in improving outdoor spaces (e.g. parks) be an eligible use of funds as a response to the public health emergency and/or its negative economic impacts?</p>	<p>There are multiple ways that investments in improving outdoor spaces could qualify as eligible uses; several are highlighted below, though there may be other ways that a specific investment in outdoor spaces would meet eligible use criteria. First, in recognition of the disproportionate negative economic impacts on certain communities and populations, the Interim Final Rule identifies certain types of services that are eligible uses when provided in a Qualified Census Tract (QCT), to families and individuals living in QCTs, or when these services are provided by Tribal governments. Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic. These programs and services include services designed to build stronger neighborhoods and communities and to address health disparities and the social determinants of health. The Interim Final Rule provides a non-exhaustive list of eligible services to respond to the needs of communities disproportionately impacted by the pandemic, and recipients may identify other uses of funds that do so, consistent with the Rule’s framework. For example, investments in parks, public plazas, and other public outdoor recreation spaces may be responsive to the needs of disproportionately impacted communities by promoting healthier living environments and outdoor recreation and socialization to mitigate the spread of COVID-19. Second, recipients may provide assistance to small businesses in all communities. Assistance to small businesses could include support to enhance outdoor spaces for COVID-19 mitigation (e.g., restaurant patios) or to improve the built environment of the neighborhood (e.g., façade improvements). Third, many governments saw significantly increased use of parks during the pandemic that resulted in damage or increased maintenance needs. The Interim Final Rule recognizes that “decrease[s to] a state or local government’s ability to effectively administer services” can constitute a negative economic impact of the pandemic.</p>

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What is the formula for calculating the reduction in revenue?	<p>A reduction in a recipient’s General Revenue equals: $\text{Max}\{[\text{Base Year Revenue} * (1 + \text{Growth Adjustment}) * (\text{nt}/12)] - \text{Actual General Revenue}; 0\}$.....Where: 1). Base Year Revenue is General Revenue collected in the most recent full fiscal year prior to the COVID-19 public health emergency. 2). Growth Adjustment is equal to the greater of 4.1 percent (or 0.041) and the recipient’s average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency. 3). " equals the number of months elapsed from the end of the base year to the calculation date. 4). Actual General Revenue is a recipient’s actual general revenue collected during 12-month period ending on each calculation date. 5). Subscript "t" denotes the calculation date. ARPA Revenue Replacement Calculator (GFOA) - The Government Finance Officers Association (GFOA) has created a calculator to help communities determine if they may use a portion of their ARPA funding to replace lost revenue.</p>
May ARPA funds be used to replenish a budget stabilization fund, rainy day fund, or similar reserve account?	<p>No. Funds made available to respond to the public health emergency and its negative economic impacts are intended to help meet pandemic response needs and provide immediate stabilization for households and businesses. Contributions to rainy day funds and similar reserves funds would not address these needs or respond to the COVID-19 public health emergency, but would rather be savings for future spending needs. Similarly, funds made available for the provision of governmental services (to the extent of reduction in revenue) are intended to support direct provision of services to citizens. Contributions to rainy day funds are not considered provision of government services, since such expenses do not directly relate to the provision of government services.</p>
May ARPA funds be pooled for regional projects?	<p>Yes, provided that the project is itself an eligible use of funds and that the award recipients can track the use of funds in line with the reporting and compliance requirements of the Coronavirus Local Fiscal Recovery Funds/ARPA. In general, when pooling funds for regional projects, recipients may expend funds directly on the project or transfer* funds to another government that is undertaking the project on behalf of multiple recipients. To the extent recipients undertake regional projects via transfer to another government, recipients would need to comply with the rules on transfers specified in the Interim Final Rule, Section V. A recipient may transfer funds to a government outside its boundaries (e.g., county transfers to a neighboring county), provided that the recipient can document that its jurisdiction receives a benefit proportionate to the amount contributed. (* See FAQ above on "May a town/city/village transfer its ARPA funds to another entity?")</p>

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For broadband investments, may recipients use funds for related programs such as cybersecurity or digital literacy training?	Yes. Recipients may use funds to provide assistance to households facing negative economic impacts due to Covid-19, including digital literacy training and other programs that promote access to the Internet. Recipients may also use funds for modernization of cybersecurity, including hardware, software, and protection of critical infrastructure, as part of provision of government services up to the amount of revenue lost due to the public health emergency.
Does ARPA money have to be kept in a separate, non-interest bearing account?	No, ARPA money does not need to be in a separate cash (bank) account. Best practice is to create a separate fund in the general ledger to more easily account for and report on these funds. Also, any interest earned on this money may be kept by the municipality.
May ARPA funds be used for road repairs and upgrades that occur in connection with an eligible water or sewer project?	Yes, recipients may use State and Local Fiscal Recovery Funds for road repairs and upgrades directly related to an eligible water or sewer project. For example, a recipient could use Funds to repair or re-pave a road following eligible sewer repair work beneath it. However, use of Funds for general infrastructure projects is subject to the limitations described in FAQ 4.2. Water and sewer infrastructure projects are often a single component of a broader transportation infrastructure project, for example, the implementation of stormwater infrastructure to meet Clean Water Act established water quality standards. In this example, the components of the infrastructure project that interact directly with the stormwater infrastructure project may be funded by Fiscal Recovery Funds.
How should I assess whether a stormwater management project, such as a culvert replacement, is an eligible use of ARPA funds?	FAQ 6.7 describes the overall approach that recipients may take to evaluate the eligibility of water or sewer projects. For stormwater management projects specifically, as noted in the EPA’s Overview of Clean Water State Revolving Fund Eligibilities, “Stormwater projects must have a water quality benefit.” Thus, to be eligible under CSFRF/CLFRF, stormwater management projects should be designed to incorporate water quality benefits consistent with the goals of the Clean Water Act.
May ARPA funds be used to make loans or other extensions of credit, including loans to small businesses and loans necessary to finance necessary investments in water, sewer and broadband infrastructure?	Yes, provided that the loan is an eligible use and the cost of the loan is tracked and reported in accordance with the points that follow. See 31 CFR 35.6. For example, a recipient may use Coronavirus State and Local Fiscal Recovery Funds to make loans to small businesses. See 31 CFR 35.6(b)(6). In addition, a recipient may use Funds to finance a necessary investment in water, sewer or broadband, as described in the Interim Final Rule. See 31 CFR 35.6(e). Funds must be used to cover “costs incurred” by the recipient between March 3, 2021, and December 31, 2024, and Funds must be expended by December 31, 2026. See Section III.D of the Interim Final Rule; 31 CFR 35.5. Accordingly, recipients must be able to determine the amount of Funds used to make a loan.(See Treasury’s FAQ for more details relative to length of loans.)

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What are considered eligible ARPA expenditures in regard to containing/mitigating the spread of COVID-19?	Services and programs to contain and mitigate the spread of COVID-19 including: Vaccination program, medical expenses, testing, contact tracing, isolation for quarantine, PPE purchases, support for vulnerable populations to access medical or public health services, public health surveillance (ex. monitoring for variants), enforcement of public health orders, public communications efforts, enhancement of healthcare capacity including alternative care facilities, support for prevention, mitigation, or other service in congregate living facilities and schools, enhancement of public health data systems, capital investments in public facilities to meet pandemic operational needs, ventilation improvements in key settings like healthcare facilities
May ARPA funds be used for mental health services?	Yes. Services to address behavioral healthcare needs exacerbated by the pandemic include: mental health treatment, substance misuse treatment, other behavioral services, hotlines or warmlines, crisis intervention, services or outreach to promote access to health and social services
For what community programs may ARPA funds be used?	Assistance to households or populations facing negative economic impacts due to COVID-19 is also an eligible use. This includes: food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance; emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training.
May ARPA funds be used for ventilation for a public building?	Ventilation improvements in congregate settings is an eligible use under Section A. (Treasury FAQ, 2.1)
May ARPA funds be used to deposit into a housing fund?	The Interim Final Rule p. 10-11 addresses investing in Housing and Neighborhoods to build stronger communities as an eligible use of the funds under Section. A. This is in the context of addressing those disproportionately impacted by the pandemic. It is not clear if storing funds in a housing fund is eligible, however, funds may be used on services to address homelessness, affordable housing development, housing vouchers, residential counseling, or housing navigation assistance. (IFR p. 10-11)
Under mitigating COVID-19, would building an EOC or updating tech in an existing EOC be eligible?	In the context of responding to the public health emergency, an emergency operations center would be an eligible use under Section A.
Is the \$25,000 cap on Premium Pay under Section B on a yearly basis or for the entire time of 3/3/21 to 12/31/24?	The cap is for the whole covered period.
Is \$13/hr the cap for premium pay? We were thinking of paying a lower amount.	Premium pay is stated to mean "an amount of up to \$13 per hour that is paid to an eligible worker," (IFR p. 13). Therefore, \$13 would be the cap.

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Could premium pay be given as a bonus to public safety/public health employees versus an increase in the hourly wage?	The bill text states Premium Pay would be "in addition to wages or remuneration the eligible worker otherwise receives, for all work performed by the eligible worker during the COVID–19 public health emergency," (American Rescue Plan, Subtitle M, Section 602 and 603).
May ARPA funding be used for software that reduces forms and documentation that are in paper form?	Modernization of cybersecurity, including hardware, software, and protection of critical infrastructure, is listed as an eligible use of funds for government services.