The American Rescue Plan Act & Kansas Cities

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- We will monitor the webinar chat and handle Q&A at the end of the webinar. Please submit your questions!

- This presentation will also be recorded and available for review at our website: www.lkm.org/ARP2021
• $1.568B - Kansas Allocation
  • Cities will receive $424M
  • Counties will receive $565M

• Cities over 50,000 in population and all counties will receive funds directly from the U.S. Treasury.
• Cities under 50,000 in population will receive the funds from the State. The State has 30 days to disperse the funds, once received.
When Will Funds be Received?

- Treasury funds begin to be sent approximately May 10, 2021. Most cities should expect funds by mid-June.
- The funding for your city will be received in two tranches:
  - One half in 2021
  - One half in 2022 (no earlier than 12 months)
- Funds need to be used by December 31, 2024.

ARP Passed

Local Govt Submits Certification to Treasury

Remaining 50% of Allocated Funds Distributed to Municipal Cities & Counties

12 Months

50% of Allocated Funds Distributed to Municipal Cities & Counties

Dec 31, 2024

Funds must be fully expended
Comparison of ARP Funds to CRF SPARK Funds [CARES Act]

$216M additional CRF funds were allocated directly to Johnson and Sedgwick county, $400M allocations to counties from State funds.

City and non-entitlement CRF allocations include in County CRF total. Cities and non-entitlements in Kansas did not receive direct allocations.

Source: Kansas Office of Recovery, March 2021
What Other Existing and New Programs Will Also Receive ARP Funding?

**Education**
- Reopening K-12 schools
- Addressing learning needs
- Higher education emergency relief

**Childcare**
- Childcare Development Block Grant
- Childcare stabilization fund for providers

**Businesses**
- Reauthorization of State Small Credit Initiative (SSCBI)
- Grants to restaurants and bars

**Healthcare**
- COVID-19 testing and mitigation
- Vaccine programs
- Public health workforce
- Mental health

**Housing**
- Emergency rental assistance
- Homeowner assistance
- Homelessness assistance
- Emergency Housing Choice Vouchers

**Transit**
- Public transit agencies
- Broadband connectivity

Source: Kansas Office of Recovery, March 2021
NLC Link:
Estimated Local Allocations in the American Rescue Plan - National League of Cities (nlc.org)

NLC Link:
COVID-19 Pandemic Response & Relief - National League of Cities (nlc.org)

League Site for Kansas Cities: https://www.lkm.org/ARP2021
The American Rescue Plan Act

Urgent Funding to Stabilize Government Operations, Households, and Small Businesses

- The American Rescue Plan Act became law on March 11, 2021 (P.L. 117-2)
- For the first time, all 19,000 municipal governments are entitled to a direct, non-competitive federal formula grant from the U.S. Treasury Department.

**Direct funding means:**

1. All cities, towns, and villages are entitled to a federal grant from the new Coronavirus Local Fiscal Recovery Fund.
2. Aid obligated to municipalities is not in any way mingled with aid obligated to state or county governments.
3. Aid for municipalities is protected from state or county interference by iron-clad statutes compelling states to comply, including penalties for states that fail to carry out their responsibilities to small cities and towns.
The $360 billion in funding under this section is broken down as follows:

- **State Governments**: $195.3 billion
- **Tribal Governments**: $20 billion to federally recognized tribal governments
- **Local Governments**: $130.2 billion split evenly into
  - $65.1 billion for 19,000+ municipal governments; and
  - $65.1 billion for 3,000+ county governments
- New “Capital Project Fund”: $10 billion for broadband grants to states
  - “to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency.”
$65.1 billion in funding to address an estimated $90 billion combined revenue shortfall.
• Most cities will not receive a grant amount that is completely equal to their needs

Grant Calculations Based on a Modified CDBG formula
• 70% of funds, or $45.5 billion, is obligated to cities with 50,000 or more residents
  • Grant calculations based on population size, poverty rates, and measures of housing instability. *(Prioritizes targeting to need)*
• 30% of funds, or $19.5 billion, is obligated to cities with less than 50,000 residents
  • Grant calculations based on population size only. *(Prioritizes simplification)*

Small Cities Cap
• Small city grants cannot be greater than an amount equal to 75 percent of the city’s most recent pre-pandemic budget.
• Blunt instrument to overcome unavailability of precise data for small localities.

2 Year Funding Certainty
• Grants will be released in 2 tranches. ½ following enactment and ½ 12 months following receipt of first payment

Spending Deadline
• Money remains available until December 31, 2024; unexpended funds must be returned to Treasury.
Permissions
• Recipient governments can transfer funds to a:
  • Private nonprofit organization
  • A public benefit corporation involved in the transportation of passengers or cargo
  • A special-purpose unit of State or local government.
• No restrictions on local governments prohibiting tax-cuts or local stimulus payments

Restrictions
• Small cities may not receive more than 75 percent of the city’s most recent budget
• Grant monies may not be used for pension funds
• State governments, not cities, are prohibited from spending to replace revenue declines resulting from tax cuts enacted since March 3, 2021. (Currently subject to lawsuits)

Requirements
• All grantees shall provide the Treasury Department with periodic reports providing a detailed accounting of the uses of funds
• Metropolitan Cities (+50k population) need DUNS number and active SAM registration
• Non-entitlement units (-50k population) need DUNS number
Eligible Expenditures

1. To respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
   • No more restrictive than the CARES Act Coronavirus Relief Fund
2. To respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the metropolitan city, nonentitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
   • Allows a municipality to provide up to $13 per hour above regular wages.
3. For the provision of government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county prior to the emergency; or
   • Allows revenue replacement. The base year to measure lost revenue against is not the most recent full fiscal year, but the most recent full fiscal year prior to the emergency.
4. To make necessary investments in water, sewer, or broadband infrastructure.
   • Treasury will provide additional guidance
1. **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

2. **Assess government operations AND community needs**
   Ask valuable staff and stakeholders for help creating a comprehensive needs assessment; be prepared to pivot

3. **Prioritize fiscal stability and returning to work**
   Save pet projects for earmarks

4. **Maintain records and document success**
   Create long-term information infrastructure for your future leaders

5. **Your Congressional Delegation is part of your success**
   Invite Members of Congress to re-openings, ribbon-cuttings, etc...
Direct Stimulus Payments
• $1,400 per person, reduced eligibility ($80,000)
• Local governments should have an economic mobility strategy

Tax Credits
• Makes states and local governments eligible for FFCRA paid leave reimbursable tax credit, beginning March 31, 2021
• Child Tax Credits improvements for 2021
• Strengthening the earned income tax credit (EITC), including for individuals with no qualifying children
  • Under the traditional rules, the maximum EITC for 2021 for a taxpayer with no qualifying children was scheduled to be a $543. The maximum 2021 EITC is upped to $1,502 under ARPA.

Benefits
• Enhanced Unemployment Insurance
American Rescue Plan Household Stabilization

Renter and Homeowner Assistance
• $21 billion for Emergency rent relief and utility assistance; extra for rural housing
• $10 billion for Homeowner Assistance Fund – mortgage payments, property taxes, utilities, insurance

Homeless Intervention
• $5 billion for Emergency housing vouchers to address homelessness
• $5 billion for HUD Homeless Assistance Programs
• $400 million for FEMA Emergency Food and Shelter Program

Utility Assistance
• $4.5 billion for Low Income Home Energy Assistance Program (LIHEAP)
• $500 million for Low-Income Household Drinking Water and Wastewater Emergency Assistance Program

Nutrition Assistance
• Emergency assistance through the Supplemental Nutrition Assistance Program (SNAP)
• Extends Pandemic-EBT
• Invests in the Women’s Infants & Children (WIC) program
• Increase support for seniors and youth in emergency shelters

Youth and Education
• $7 billion for E-Rate Emergency Connectivity Fund
• $39 billion in childcare relief funds
• $1 billion for Head Start programs
• $167 billion in education funding for K-12 and high education
Small Business Access to Credit
- $50 billion for SBA
- $7.25 billion for the Paycheck Protection Program
- $15 billion for EIDL grants to businesses in low-income communities
- $10 billion was allocated for the State Small Business Credit Initiative

Targeted Relief
- $28.6 billion for food service businesses
- $1.25 billion for shuttered arts and culture venues
- $175 million for “community navigator” pilot program
- Corporation for Public Broadcasting – stabilization grants to small and rural stations

Intervention for Disproportionate Harm
- $3 billion for EDA Economic Adjustment Assistance Grants (competitive)
  - 25% reserved for states and communities to address losses in the travel, tourism or outdoor recreation sectors

Transportation
- $30.5 billion for grants to transit agencies
- $8 billion for relief for airports and airport concessions
COVID-19 Testing, Tracing and Vaccinating
• $47.8 billion for testing, contact tracing and mitigation
• $7.5 billion to improve nationwide vaccine distribution and administration
• $1 billion to strengthen vaccine confidence

Public Safety & Health
• $7.7 Billion for Public Health and Behavioral Health Workforce
• $3 billion to Substance Abuse and Mental Health Services Administration (SAMSHA) State Block Grants
• $20 million Youth Suicide Prevention Grants
• $420 million Certified Community Behavioral Health Clinics

FEMA Funding
• $50 Billion for Disaster Assistance
• $300 Million for FEMA Fire Grants
• $650 Million Cyber Attacks
• $450 Million for FEMA Food and Shelter
• Public Assistance is 100 percent federal share from January 2020 to December 2021
• Funeral Assistance
NLC is working with the Treasury Department and White House on the implementation of this section of the American Rescue Plan Act, as well as work to make suggestions on guidance.

- Estimated Allocations
- ARPA Section Summaries
- FAQs
- Blogs

Share your ARPA questions and stories through NLC’s form!

ARP Questions Form: https://bit.ly/3eVyvWt
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As noted earlier, non-entitlement units (cities under 50K) must have a valid DUNS number to meet reporting the requirements under the program.

A DUNS number is a unique nine-character number used to identify an organization and is issued by Dun & Bradstreet. The federal government uses the DUNS number to track how federal money is allocated.

A DUNS number is required prior to registering with the SAM database. Registering for a DUNS number is free of charge. If an entity does not have a valid DUNS number, please visit https://fedgov.dnb.com/webform/ or call 1-866-705-5711 to begin the registration process.
• Develop a strategy for these funds.
• Don’t feel pressured to decide how to use funds right away. You have time to think about how these funds can be best applied in your city.
• Make sure you understand the considerations for use of federal funds (procurement processes, prevailing wage questions, etc.)
Consider Leveraging Your Funds

- Can your efforts be combined with other entities that are receiving ARP funds?
- Can you work with your County to leverage local funds?
- Develop a group of stakeholders in your community who can be a voice for how funds can be best used.
• KGJ April article – “How Not to Screw Up Your Government’s Stimulus Windfall”
• Future Webinars
  • Updates
  • Guidance
  • Guest Speakers