



# AMERICAN RESCUE PLAN ACT STATE AND LOCAL FISCAL RECOVERY FUNDS

May 17, 2021

BUDGET AND FINANCE POLICY COMMITTEE

## American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds\*

Amount	<ul style="list-style-type: none"> <li>• \$66,646,289</li> </ul>	
Timing	<ul style="list-style-type: none"> <li>• Two payments (12 months apart)</li> <li>• Cover costs incurred from March 3, 2021 to December 31, 2026 (funds must be obligated by December 31, 2024)</li> </ul>	
Allowable Uses	<ul style="list-style-type: none"> <li>• Respond to the COVID-19 emergency and address its economic effects including assistance to small businesses, households, non-profits and hard-hit industries</li> <li>• Revenue replacement for the provision of government services (entity-wide analysis)</li> <li>• Premium pay for essential workers (telework excluded from premium pay)</li> <li>• Water, sewer, and broadband infrastructure</li> </ul>	
Ineligible Uses	<ul style="list-style-type: none"> <li>• Federal matching requirement</li> <li>• Offset revenue resulting from a tax cut</li> </ul>	<ul style="list-style-type: none"> <li>• Deposits into pension and rainy day funds or financial reserves</li> <li>• Funding debt service</li> </ul>

\* Based on Interim Final Guidelines issued on May 10, 2021 (<https://public-inspection.federalregister.gov/2021-10283.pdf>)

\* Excludes \$2,777,361 in Homelessness Assistance Grants to develop affordable rental housing, to help acquire non-congregate shelter to be converted into permanent affordable housing or used as emergency shelter.

## What's been published?

### Interim Final Guidelines

**Billing Code:** This document is scheduled to be published in the Federal Register on 05/17/2021 and available online at <https://www.federalregister.gov/2021/05/17/2021-10283> and on [www.gpo.gov](https://www.gpo.gov).

**DEPARTMENT OF THE TREASURY**  
**31 CFR Part 35**  
**RIN 1505-AC77**

**Coronavirus State and Local Fiscal Recovery Funds**

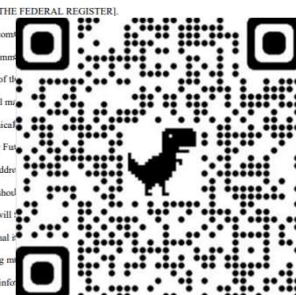
**AGENCY:** Department of the Treasury.

**ACTION:** Interim final rule.

**SUMMARY:** The Secretary of the Treasury (Treasury) is issuing this interim final rule to implement the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act.

**DATES:** *Effective date:* The provisions in this interim final rule are effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].  
*Comment date:* Comments must be received on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** Please submit comments to <http://www.regulations.gov>. Commenters should use the following information to identify their comments: Department of the Treasury, DC 20220. Because postal mail comments are not accepted, comments should be submitted electronically. Comments should include the name of the State and Local Fiscal Recovery Fund, the name, organization affiliation, address, and phone number. Where appropriate, a comment should include any business or personal information that may be relevant to the comments and other supporting information. Do not enclose any information that is exempt from public disclosure. Do not enclose any information that is exempt from public disclosure.



### Fact Sheet

**FACT SHEET: The Coronavirus State and Local Fiscal Recovery Funds Will Deliver \$350 Billion for State, Local, Territorial, and Tribal Governments to Respond to the COVID-19 Emergency and Bring Back Jobs**

**May 10, 2021**

*Aid to state, local, territorial, and Tribal governments will help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.*

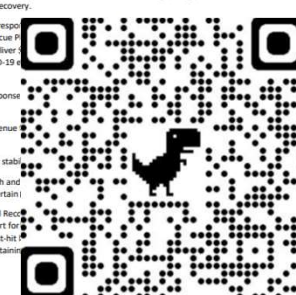
Today, the U.S. Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, to provide \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments. Treasury also released details on how these funds can be used to respond to acute pandemic response needs, fill revenue shortfalls among these governments, and support the communities and populations hardest-hit by the COVID-19 crisis. With the launch of the Coronavirus State and Local Fiscal Recovery Funds, eligible jurisdictions will be able to access this funding in the coming days to address these needs.

State, local, territorial, and Tribal governments have been on the frontlines of responding to the immense public health and economic needs created by this crisis—from standing up vaccination sites to supporting small businesses—even as these governments confronted revenue shortfalls during the downturn. As a result, these governments have endured unprecedented strains, forcing many to make untenable choices between laying off educators, firefighters, and other frontline workers or failing to provide other services that communities rely on. Faced with these challenges, state and local governments have cut over 1 million jobs since the beginning of the crisis. The experience of prior economic downturns has shown that budget pressures like these often result in prolonged fiscal austerity that can slow an economic recovery.

To support the immediate pandemic response and equitable recovery, the American Rescue Plan Act of 2021 established the Coronavirus State and Local Fiscal Recovery Funds, designed to deliver \$350 billion to bolster their response to the COVID-19 crisis, launching this much-needed relief to:

- Support urgent COVID-19 response efforts to decrease spread of the virus and bring the pandemic under control;
- Replace lost public sector revenue to strengthen public services and help retain jobs;
- Support immediate economic stabilization for households and businesses;
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic.

The Coronavirus State and Local Fiscal Recovery Funds will help meet local needs—including support for workers, and the communities hardest-hit by the pandemic—recipients can invest in building, maintaining, and improving infrastructure.



### FAQ's

**Coronavirus State and Local Fiscal Recovery Funds**  
**Frequently Asked Questions**  
**AS OF MAY 10, 2021**

This document contains answers to frequently asked questions regarding the Coronavirus State and Local Fiscal Recovery Funds (CSFRF / CLFRF, or Fiscal Recovery Funds). Treasury will be updating this document periodically in response to questions received from stakeholders. Recipients and stakeholders should consult the Interim Final Rule for additional information.

- For overall information about the program, including information on requesting funding, please see <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments>.
- For general questions about CSFRF / CLFRF, please email [SLFRF@treasury.gov](mailto:SLFRF@treasury.gov).
- Upon publication of the Interim Final Rule in the Federal Register, Treasury encourages stakeholders to submit public comments on the Interim Final Rule at [www.regulations.gov](https://www.regulations.gov).

**Eligibility and Allocations**

**1. Which governments are eligible for funds?**

The following governments are eligible for funds:


- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities
- Non-entitlement units

**2. Which governments receive funds?**

Treasury will distribute funds to eligible state, territory, local, or Tribal government. Entitlement units will receive funds.

**3. Are special-purpose units of government eligible for funds?**

Special-purpose units of local government, such as fire, water, sewer or mass transit, are eligible for funds.



### Quick Ref. Guide

**U.S. DEPARTMENT OF THE TREASURY**

**Coronavirus State and Local Fiscal Recovery Funds**

The American Rescue Plan will deliver \$350 billion for state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs.

The Coronavirus State and Local Fiscal Recovery 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.

**Funding Objectives**

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control.
- Replace lost public sector revenue to strengthen public services and help retain jobs.
- Support immediate economic stabilization for households and businesses.
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic.

**Support Public Health Response**  
 Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff.


**Replace Public Sector Revenue Loss**  
 Use funds to provide government services to the extent of the reduction in revenue experienced due to the pandemic.

**Water and Sewer Infrastructure**  
 Make necessary investments to improve access to clean drinking water and invest in wastewater and stormwater infrastructure.

**Eligible Jurisdictions & Allocations**

**Direct Recipients**

- States and District of Columbia (\$195.3 billion)
- Counties (\$65.1 billion)



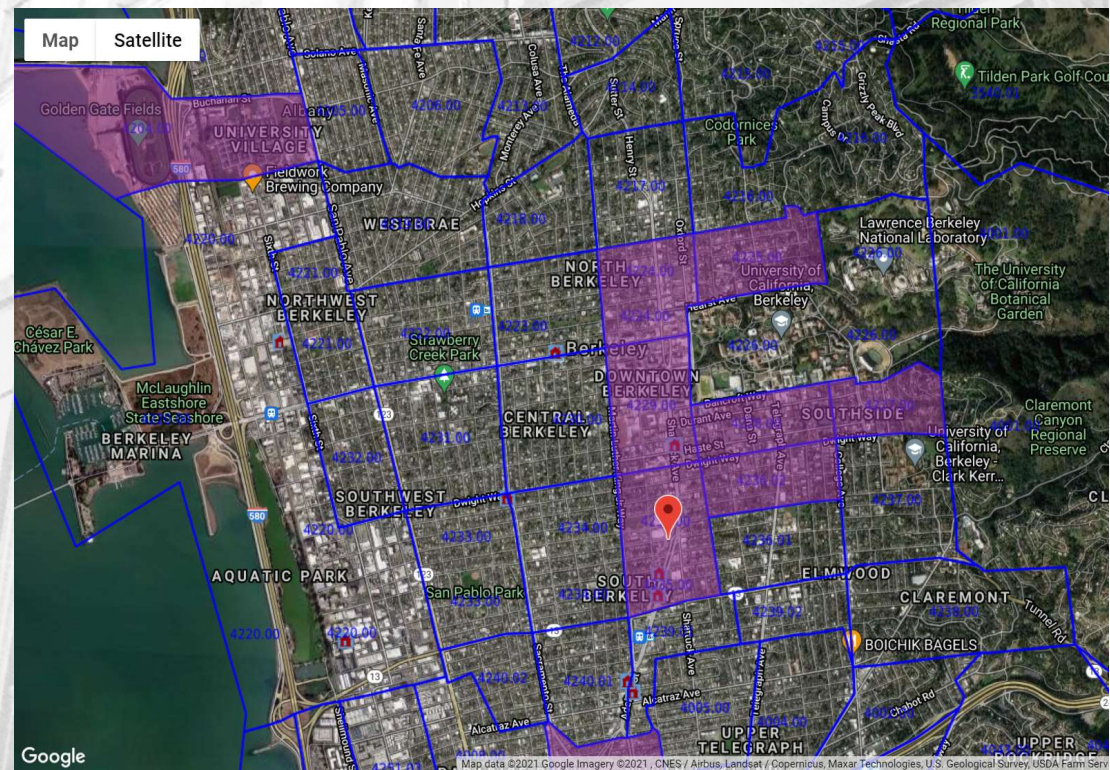
## COVID-19 Emergency Response

- COVID-19 mitigation and prevention
- Medical expenses
- Behavioral healthcare
- Public health and safety staff
- Design and execution of health and public health programs

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## Qualified Census Tracts Programs / Services

- Access to health and social services
  - Public benefits navigators
  - Evidenced-based community violence intervention programs
  - Remediation of lead paint
- Address housing insecurity, lack of affordable housing or homelessness
- Address or mitigate COVID-19 impacts on education, childhood health or welfare
  - New / expanded learning services or childcare
  - Academic, social, emotional needs of students



## Negative Economic Effects

Individuals, families, industries disproportionately impacted by COVID-19:

- Job training for unemployed workers
- Assistance to households such as:
  - Food assistance
  - Rent, mortgage or utility assistance
  - Cash assistance
  - Home repairs / weatherization
- Businesses / non-profits:
  - Loans / grants
  - Technical assistance

## Premium Pay for Essential Workers

- Targeted to workers (excludes telework) such as:
  - Janitors and sanitation workers
  - Public health and safety staff
  - Social / human services staff
  - Childcare workers, educators
  
- Up to \$13 per hour in addition to wages, not to exceed \$25,000 per eligible worker
  
- Additional documentation needed if exceed certain income thresholds

CITY OF BERKELEY

## Infrastructure Investments





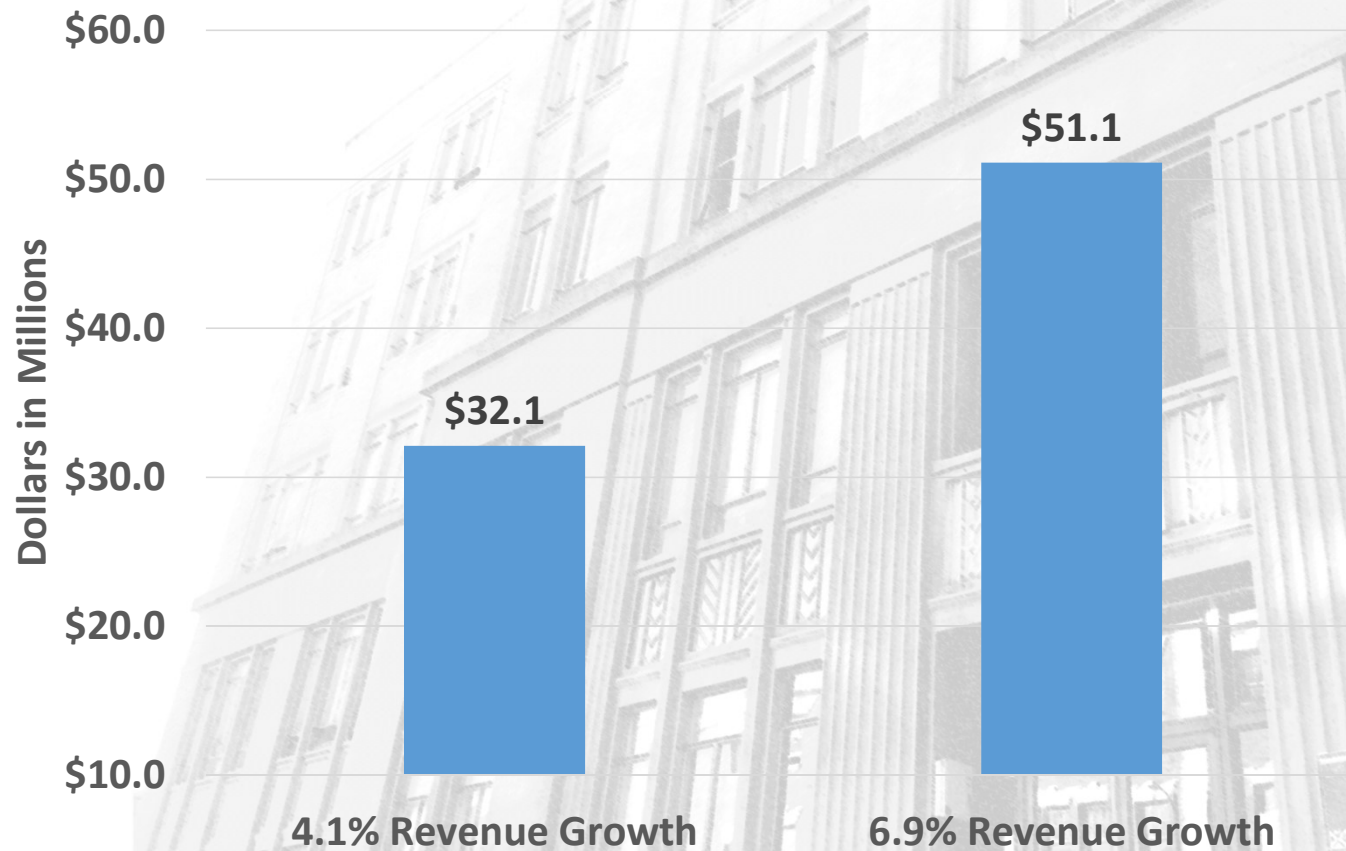
## Revenue Loss for the Provision of Government Services

- Measured on an entity-wide base
- FY 2019 benchmark year, subject to adjustment
- Four measurement periods at calendar year end

## Ineligible Expenditures

- Federal matching requirements
- Pensions
- Rainy day funds or other financial reserves
- Debt and interest payments

## City of Berkeley Revenue Loss (12/31/20)



## FY 2022 Emergency Operations Center Needs

- PPE
- Sanitization supplies
- Communications
- Port-a-potties and handwashing stations
- Cost recovery consultant

## Illustrative FY 2022 Ending Fund Balance

	4.1% Growth Rate (1)	6.9% Growth Rate (2)
Beginning Fund Balance	\$33.3	\$33.3
Plus: FY 2022 Revenues	33.3	33.3
Less: Preliminary Use of ARPA Funds		
Revenue Loss for Government Services	33.0	51.1
Emergency Operations Center	1.5	1.5
<b>Ending Fund Balance</b>	<b>\$32.1</b>	<b>\$14.0</b>

(1). Represents the minimum adjustment factor that can be applied FY 2019 benchmark revenues.

(2). Represents the average annual growth rate for the three full fiscal years prior to the pandemic, which can be applied to FY 2019 benchmark revenues to determine entity-wide revenue losses if it is great than 4.1%.

## Next Steps

- Refine Revenue Loss calculations
- Determine allocations of ARPA resources
- Address issues / questions

CITY OF BERKELEY

**QUESTIONS?**