



ARPA funding in Essex

ESSEX MANAGEMENT TEAM

Some background

On January 6, 2022 the U.S. Department of the Treasury released the Final Rule for State and Local Fiscal Recovery Funds (SLFRF) Program, enacted as a part of the American Rescue Plan (ARP), which delivers \$350 billion in pandemic-related aid for state and local government. Vermont is receiving more than \$1.25 billion of Coronavirus State and Local Fiscal Recovery Funding from ARP. While the state legislature and governor will decide how to allocate more than \$1 billion of that funding, \$200 million of it is going directly to Vermont's cities, towns, and villages.

The Town of Essex is a Non-Entitlement Unit of Government (NEU).

Non-entitlement units of local government (NEUs), defined in section 603(g)(5) of the Social Security Act, as added by section 9901 of the American Rescue Plan Act of 2021, are local governments typically serving populations of less than 50,000. NEUs include cities, villages, towns, townships, or other types of local governments.

Local ARPA totals

The Town of Essex received \$1,649,975.73 in August 2021.

It will receive its second payment in August 2022 to the total sum of \$3,299,951.45.

Local ARPA Funds:	
Metro Cities	\$20,721,902
Non-Entitlement Units of Government (NEUs)	\$58,788,245
Counties*	\$121,202,550
TOTAL Local ARPA Funds:	\$200,712,697
State of Vermont**	\$1,049,287,303
TOTAL VERMONT ARPA:	\$1,250,000,000

*Katie Buckley/VLCT graphic

The Final Rule and Reporting Obligations

ARPA is implemented through the Final Rule which was issued by Treasury on January 6, 2022 (replacing the “interim final rule”) lays out the requirements of CSLFRF/ARPA funding and includes a timeline.

All ARPA funds need to be obligated by December 31st2024 and **spent by December 31st2026** or returned to Treasury.



U.S. DEPARTMENT OF THE TREASURY

Table 4: Annual Project and Expenditure Report timeline

Report	Period Covered	Due Date
1	March 3, 2021 – March 31, 2022	April 30, 2022
2	April 1, 2022 – March 31, 2023	April 30, 2023
3	April 1, 2023 – March 31, 2024	April 30, 2024
4	April 1, 2024 – March 31, 2025	April 30, 2025
5	April 1, 2025 – March 31, 2026	April 30, 2026
6	April 1, 2026 – December 31, 2026	April 30, 2027

**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-19 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* ^

The Final Rule includes the same seven categories that the interim rule included, but with broader uses and more clarity.

Find a copy of the Final Rule here:

<https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>

- 1.Public Health
- 2.Negative Economic Impacts
- 3.Services to Disproportionately Impacted Communities
- 4.Premium Pay
- 5.Infrastructure
- 6.Revenue Replacement
- 7.Administrative



3.9	Healthy Childhood Environments: Other* ^
3.10	Housing Support: Affordable Housing* ^
3.11	Housing Support: Services for Unhoused Persons* ^
3.12	Housing Support: Other Housing Assistance* ^
3.13	Social Determinants of Health: Other* ^
3.14	Social Determinants of Health: Community Health Workers or Benefits Navigators* ^
3.15	Social Determinants of Health: Lead Remediation ^
3.16	Social Determinants of Health: Community Violence Interventions* ^
4: Premium Pay	
4.1	Public Sector Employees
4.2	Private Sector: Grants to Other Employers
5: Infrastructure²⁷	
5.1	Clean Water: Centralized Wastewater Treatment
5.2	Clean Water: Centralized Wastewater Collection and Conveyance
5.3	Clean Water: Decentralized Wastewater
5.4	Clean Water: Combined Sewer Overflows
5.5	Clean Water: Other Sewer Infrastructure
5.6	Clean Water: Stormwater
5.7	Clean Water: Energy Conservation
5.8	Clean Water: Water Conservation
5.9	Clean Water: Nonpoint Source
5.10	Drinking water: Treatment
5.11	Drinking water: Transmission & Distribution
5.12	Drinking water: Transmission & Distribution: Lead Remediation
5.13	Drinking water: Source
5.14	Drinking water: Storage
5.15	Drinking water: Other water infrastructure
5.16	Broadband: "Last Mile" projects
5.17	Broadband: Other projects
6: Revenue Replacement	
6.1	Provision of Government Services
7: Administrative	
7.1	Administrative Expenses
7.2	Evaluation and Data Analysis
7.3	Transfers to Other Units of Government
7.4	Transfers to Non-entitlement Units (States and territories only)

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The category that we want to focus on is category six – Revenue Replacement.

Specifically, category 6.1, Revenue replacement for the provision of Government Services.

The biggest and most impactful adjustment in the Final Rule is that Treasury is now permitting recipients to determine the amount of revenue lost due to the pandemic either according to a formula or by claiming a standard allowance of up to \$10 million (for the entire performance period). Therefore, recipients are permitted to use that amount (not to exceed the award amount) to fund “government services.”

This means that the Town of Essex could claim its entire ARPA award of \$3,299,951.45 as lost revenue. This would ensure that all funds were used within the timeline outlined and that all reporting would be streamlined.

***In order to use to do this ALL NEU’S including the Town of Essex must make “a one-time, irrevocable election to utilize either the revenue loss formula or the standard allowance” by April 30th, 2022.**

Government services generally include any service traditionally provided by a government, unless Treasury has stated otherwise. Below are some examples, but not all:

- General government administration, staff, and administrative facilities

- Provision of police, fire, and other public safety services (including purchase of fire trucks and police vehicles)

- Road building and maintenance, and other infrastructure

- Health services

- Environmental remediation

Discussion of spending the funds still to come!

This decision does NOT affect HOW the Town of Essex's ARPA funding is spent. Those discussions will be had over the next several months including public input.

Opting for this election ensures that the Town of Essex will receive ALL ARPA funding without worrying about cumbersome reporting and maybe even penalties if Treasury deems a project unsuitable for funding down the road.

It is the recommendation of VTGFOA and VLCT that any municipality that received less than \$10 million in ARPA funding choose to use their entire award to replace lost revenue (Expenditure Category 6.1 Provision of Government Services).

A municipality does not need to demonstrate the loss (it is "presumed" by Treasury). This approach provides the most flexibility in spending, lesser administrative burden and streamlined reporting requirements.

As mentioned in the previous slide, Treasury has placed a deadline on the use of the standard election. In order to claim the entire ARPA award as lost revenue the Town must elect to do so in its report on April 30th 2022.

It is recommended that the Selectboard approve that Town of Essex make the one-time irrevocable decision to elect the "Standard Allowance" approach for our ARPA award in the amount of \$3,299,951.46, to spend on the provision of government services throughout the period of performance of the grant.