

# American Rescue Plan Act – Fiscal Recovery Funds

Overview for Non-entitlement Units  
of Local Government

[DBM.MARYLAND.GOV](http://DBM.MARYLAND.GOV)



410-260-7041

# ARP Fiscal Recovery Funds - US Treasury Guidance Documents

- [Interim Final Rule \(Published Guidance\)](#)
- [Fact Sheet](#)
- [Frequently Asked Questions](#)
- [Frequently Asked Questions on Distribution of Funds to Non-entitlement Units \(NEU\) of Local Government](#)
- [Guidance to Distribute Funds to Non-entitlement Units \(NEU\) of Local Government](#)
- [ARP: Application of Lessons Learned from the Coronavirus Relief Fund](#)

**DBM.MARYLAND.GOV**



**410-260-7041**

## ARP Fiscal Recovery Funds- Goals of Funding

- To support urgent COVID-19 response efforts to decrease spread of the virus and bring the pandemic under control,
- To replace lost public sector revenue to strengthen support for vital public services and help retain jobs,
- To support immediate economic stabilization for households and businesses, and
- To address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations.

**DBM.MARYLAND.GOV**



**410-260-7041**



# ARP Fiscal Recovery Funds- Reporting Requirements and Timing

**Interim Report:** Covers activity from the date of the award to July 31, 2021 and must be submitted to Treasury no later than August 31, 2021. Treasury to release more guidance in coming weeks.

**Quarterly Project and Expenditure Reports:** First report covers activity from the date of the award to September 30, 2021 and must be submitted to Treasury no later than October 31, 2021.

- Reports thereafter follow calendar year and must be submitted 30 days after the close of the quarter.
- Includes financial data, information on contracts and subawards over \$50,000 and types of projects funded.

## TIMING:

- Costs must be incurred by December 31, 2024 and may be spent through the period of performance ending on December 31, 2026.
- Funding will be received in two tranches with the first payment upfront and the second payment to follow one year later.

**DBM.MARYLAND.GOV**



**410-260-7041**



# ARP Fiscal Recovery Funds- Allowable Uses

Funds may be used to:

- **Support public health expenditures**, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff.
- **Address negative economic impacts** caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector.
- **Replace lost public sector revenue**, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic.
- **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors.
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

[DBM.MARYLAND.GOV](http://DBM.MARYLAND.GOV)



410-260-7041



## ARP Fiscal Recovery Funds- Allowable Uses

Funds may be used to:

- **Support public health expenditures**, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff.
- **Address negative economic impacts** caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector.
- **Replace lost public sector revenue**, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic.
- **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors.
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

[DBM.MARYLAND.GOV](https://dbm.maryland.gov)



410-260-7041



# ARP Fiscal Recovery Funds- Support Public Health Expenditures

These funds provide resources through the provision of care for those impacted by the virus and through services that address disparities in public health that have been exacerbated by the pandemic. Recipients may use this funding to address a broad range of public health needs including:

1. Services and programs to contain and mitigate the spread of COVID-19;
2. Services to address behavioral healthcare needs exacerbated by the pandemic;
3. Payroll and covered benefits expenses for public health, healthcare, human services, public safety and similar employees, to the extent that they work on the COVID-19 response.

**DBM.MARYLAND.GOV**



**410-260-7041**



# ARP Fiscal Recovery Funds- Address Negative Economic Impacts

These funds enable recipients to provide a wide range of assistance to individuals and households, small businesses, and impacted industries, in addition to enabling governments to rehire public sector staff and rebuild capacity. These uses include:

- Delivering assistance to households, including aid to unemployed workers and job training and aid to households facing food, housing, or other financial insecurity. Funds can also support survivor’s benefits for families of COVID-19 victims.
- Supporting small businesses by helping address financial challenges caused by the pandemic, to make investments in COVID-19 prevention and mitigation tactics, and to provide technical assistance.
- Recipients may use funding to execute an array of loan, grant, in-kind assistance, and counseling programs to enable small businesses to rebound from the downturn.
- Supporting the tourism, travel, and hospitality sectors that were hard-hit by the COVID-19 emergency. Similarly impacted sectors within a local area are also eligible for support.
- Rebuilding public sector capacity by, for example, rehiring public sector staff and replenishing unemployment insurance (UI) trust funds up to pre-pandemic levels. Funds can be used to build internal capacity to successfully implement economic relief programs, with investments in data analysis, targeted outreach, technology infrastructure, and impact evaluations.
- Funds can be used to pay for the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID–19, including disbursing and managing Fiscal Recovery Funds. Costs for consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements, are also covered.

**DBM.MARYLAND.GOV**



**410-260-7041**





# ARP Fiscal Recovery Funds- Replace Lost Public Sector Revenue

The Rule establishes a methodology that each recipient can use to calculate its reduction in revenue. Analysis of this expected trend begins with the last full fiscal year prior to January 27, 2020 and projects forward at either (a) the recipient's average annual revenue growth over the three full fiscal years prior to the public health emergency or (b) 4.1%, the national average state and local revenue growth rate from 2015-18 (the latest available data).

- Recipients should calculate General Revenue with the following formula:  $\text{Max} \{ [\text{Base Year Revenue} \times (1 + \text{Growth Adjustment})^{(n-2012)}] - \text{Actual General Revenue}; 0 \}$
- Recipients should calculate revenue loss for four points in time: December 31, 2020; December 31, 2021; December 31, 2022; December 31, 2023. Upon receiving CSFRF/CLFRF payments, recipients may immediately calculate revenue loss for the period ending December 31, 2020.
- Once a revenue shortfall is identified, recipients will have broad latitude to use this funding to support government services, up to this amount of lost revenue.
- Recipients should project lost revenue based on the Census Bureau's concept of "General Revenue from Own Sources." This includes revenue from taxes, current charges, and miscellaneous general revenue and excludes refunds or other correcting transactions, proceeds from issuance of debt or the sale of investments, agency, or private trust transactions, and revenue generated from utilities and insurance trusts.

**DBM.MARYLAND.GOV**



**410-260-7041**



# ARP Fiscal Recovery Funds- Provide Premium Pay for Essential Workers

Recipients may use this funding to provide premium pay directly, or through grants to private employers, to a broad range of essential workers who must be physically present at their jobs.

- Includes staff at nursing homes, hospitals, and home-care settings, workers at farms, food production facilities, grocery stores, and restaurants, janitors and sanitation workers, public health and safety staff, truck drivers, transit staff, and warehouse workers, childcare workers, educators, and school staff, and social service and human services staff.
- Recipients must prioritize premium pay for lower income workers. Premium pay that would increase a worker's total pay above 150% of the greater of the state or county average annual wage requires specific justification for how it responds to the needs of these workers.
- Employers are permitted and encouraged to use funds to offer retrospective premium pay.
- Staff working for third-party contractors in eligible sectors are also eligible for premium pay.

**DBM.MARYLAND.GOV**



**410-260-7041**



## **ARP Fiscal Recovery Funds- Water, Sewer & Broadband Infrastructure**

Funds may be used to invest in necessary improvements to their water, sewer, and broadband infrastructures, including projects that address the impacts of climate change.

- Fund payments may be used for a wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency's (EPA) Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).
- Construction on eligible water, sewer, or broadband infrastructure projects can continue past December 31, 2024, assuming funds have been obligated prior to that date.
- A general infrastructure project typically would not be considered in response to COVID-19 unless the project responds to a specific pandemic-related public health need or a specific negative impact of the pandemic.

*See guidance for specific examples of allowable uses.*

**DBM.MARYLAND.GOV**



**410-260-7041**

## ARP Fiscal Recovery Funds- Ineligible Uses of Funds

Funds *cannot* be used to:

- Make deposits into a pension fund. A “deposit” is as an extraordinary contribution to a pension fund for the purpose of reducing an accrued, unfunded liability.
- Fund debt service, legal settlements or judgments.
- Deposit to rainy day funds or financial reserves.
- Fund other general infrastructure spending outside of water, sewer, and broadband investments or the amount allocated under the revenue loss provision.

**DBM.MARYLAND.GOV**



**410-260-7041**

## ARP Fiscal Recovery Funds- Equity Focused Services

Treasury will presume certain types of services are eligible uses when provided in a Qualified Census Tract (QCT), and recipients should provide these services to geographic populations disproportionately impacted by COVID-19. Eligible services to these populations include:

- Addressing health disparities and the social detriments of health, including community health workers, public benefits navigators, remedies of lead hazards, and community violence intervention programs,
- Building stronger neighborhoods, including supportive housing for homelessness, development of affordable housing, housing vouchers, and assistance relocation programs,
- Addressing educational disparities exacerbated by COVID-19, including early learning services, increasing resources for high-poverty school districts, and supports for students' social, emotional, and mental health needs, and
- Promoting healthy childhood environments, including child-care, home-visiting programs for young children, and enhanced services for child welfare-involved families or foster youth.

**DBM.MARYLAND.GOV**



**410-260-7041**