



# Overview of American Rescue Plan Act

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# General Overview

- Significant increase in local government expenses since pandemic began
- Section 603 of the American Rescue Plan Act establishes the Coronavirus Local Fiscal Recovery Fund to help respond to and contain the impact of COVID-19 on local communities
- Funds must be used by December 31, 2024

## General Overview (cont.)

- Appropriate uses:
  - 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
  - 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

## General Overview (cont.)

- Appropriate uses (cont.)
  - 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
  - To make necessary investments in water, sewer, or broadband infrastructure

## General Overview (cont.)

- Exclusion: Section 603(2) - No metropolitan city, nonentitlement unit of local government, or county may use funds made available under this section for deposit into any pension fund

# Public Health and Economic Impacts

- To assess whether a program or service is included in this category of eligible uses, a recipient should consider whether and how the use would respond to the COVID-19 public health emergency
- Assessing whether a program or service “responds to” the COVID-19 public health emergency requires the recipient to, first, identify a need or negative impact of the COVID-19 public health emergency and, second, identify how the program, service, or other intervention addresses the identified need or impact

# Public Health and Economic Impacts (cont.): Examples

## Services and programs to contain and mitigate the spread of COVID-19, including:

- ✓ Vaccination programs
- ✓ Medical expenses
- ✓ Testing
- ✓ Contact tracing
- ✓ Isolation or quarantine
- ✓ PPE purchases
- ✓ Support for vulnerable populations to access medical or public health services
- ✓ Public health surveillance (e.g., monitoring for variants)
- ✓ Enforcement of public health orders
- ✓ Public communication efforts
- ✓ Enhancement of healthcare capacity, including alternative care facilities
- ✓ Support for prevention, mitigation, or other services 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

# Public Health and Economic Impacts (cont.): Examples

**Services to address behavioral healthcare needs exacerbated by the pandemic, including:**

- ✓ Mental health treatment
- ✓ Substance misuse treatment
- ✓ Other behavioral health services
- ✓ Hotlines or warmlines
- ✓ Crisis intervention
- ✓ Services or outreach to promote access to health and social services

**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. For public health and safety workers, recipients can use these funds to cover the full payroll and covered benefits costs for employees or operating units or divisions primarily dedicated to the COVID-19 response.



# Public Health and Economic Impacts (cont.): Examples

- Addressing the negative economic impacts :

**Delivering assistance to workers and families**, including aid to unemployed workers and job training, as well as aid to households facing food, housing, or other financial insecurity. In addition, these funds can support survivor's benefits for family members of COVID-19 victims.

**Supporting small businesses**, helping them to address financial challenges caused by the pandemic and to make investments in COVID-19 prevention and mitigation tactics, as well as to provide technical assistance. To achieve these goals, recipients may employ this funding to execute a broad array of loan, grant, in-kind assistance, and counseling programs to enable small businesses to rebound from the downturn.

**Speeding the recovery of the tourism, travel, and hospitality sectors**, supporting industries that were particularly hard-hit by the COVID-19 emergency and are just now beginning to mend. Similarly impacted sectors within a local area are also eligible for support.

**Rebuilding public sector capacity**, by rehiring public sector staff and replenishing unemployment insurance (UI) trust funds, in each case up to pre-pandemic levels. Recipients may also use this funding to build their internal capacity to successfully implement economic relief programs, with investments in data analysis, targeted outreach, technology infrastructure, and impact evaluations.

# Premium Pay for Essential Workers

- Essential workers under Section 603(g)(2): those workers needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as each chief executive officer of a metropolitan city, nonentitlement unit of local government, or county may designate as critical to protect the health and well-being of the residents of their metropolitan city, nonentitlement unit of local government, or county.

## Premium Pay for Essential Workers (cont.)

- Premium pay under Section 603(g)(6): an amount of up to \$13 per hour that is paid to an eligible worker, 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. Such amount may not exceed \$25,000 with respect to any single eligible worker

## Premium Pay for Essential Workers (cont.)

- Recipient must consider whether the pay or grant would “respond to” to the worker or workers performing essential work
- Premium pay or grants provided under this section respond to workers performing essential work if it addresses the heightened risk to workers who must be physically present at a jobsite and, for many of whom, the costs associated with illness were hardest to bear financially

# Premium Pay for Essential Workers (cont.)

- Prioritize retrospective premium pay where possible
- Prioritize premium pay for lower income workers

# Replacing Lost Public Sector Revenue

- Compute the extent of reduction in revenue by comparing actual revenue to an alternative representing what could have been expected to occur in the absence of the pandemic.
  - Analysis of this expected trend begins with the last full fiscal year prior to the public health emergency 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)
- Avoid cuts to government services
- Avoid cuts to government staff

# Investments in Infrastructure

- Necessary investments include projects that are required to maintain a level of service that, at least, meets applicable health-based standards, taking into account resilience to climate change, or establishes or improves broadband service to unserved or underserved populations to reach an adequate level to permit a household to work or attend school, and that are unlikely to be met with private sources of funds

# Investments in Infrastructure: Water and Sewer

- Aligns eligible uses of the Fiscal Recovery Funds with the 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)
- The types of projects eligible for CWSRF assistance include projects to construct, improve, and repair wastewater treatment plants, control non-point sources of pollution, improve resilience of infrastructure to severe weather events, create green infrastructure, and protect waterbodies from pollution



# Investments in Infrastructure: Water and Sewer (cont.)

- The primary use of DWSRF funds is to assist communities in making water infrastructure capital improvements, including the installation and replacement of failing treatment and distribution systems

# Investments in Infrastructure: Broadband Infrastructure

- Eligible investments in broadband are those that are designed to provide services meeting adequate speeds and are provided to unserved and underserved households and businesses
- The Interim Final Rule provides award recipients with flexibility to identify the specific locations within their communities to be served and to otherwise design the project

# Investments in Infrastructure: Broadband Infrastructure (cont.)

- Eligible projects are expected to be designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps
- Eligible projects are expected to focus on locations that are unserved or underserved
  - Lack access to a wireline connection capable of reliably delivering at least minimum speeds of 25 Mbps download and 3 Mbps upload as households and businesses lacking this level of access are generally not viewed as being able to originate and receive high-quality voice, data, graphics, and video telecommunications

# Investments in Infrastructure: Broadband Infrastructure (cont.)

- Recipients are encouraged to:
  - Consider ways to integrate affordability options into their program design
  - Focus on projects that deliver a physical broadband connection by prioritizing projects that achieve last mile-connections
  - Prioritize support for broadband networks owned, operated by, or affiliated with local governments, non-profits, and co-operatives— providers with less pressure to turn profits and with a commitment to serving entire communities

# Questions?