CCM’s ARP Advisory Committee

The CCM ARP Advisory Service Committee was convened to provide municipal CEOs with an ongoing panel of public and private sector experts designed to best help administer funding from the American Rescue Plan. Along with developing best practice and resources for members, they will work on a case-by-case basis with CCM member municipalities to analyze and recommend the use of ARP funds.

- **Courtney Hendricson**, Vice President of Partnerships, AdvanceCT
- **Brig Smith**, City of Middletown General Counsel and President, CAMA
- **Eric Gjede**, VP, Government Affairs, CBIA
- **Chris Dipentima**, President & CEO, CBIA
- **Gian-Carl Casa**, President & CEO, CT Community Nonprofit Alliance
- **Patrick McMahon**, CEO, CT Main Street Center
- **Gene Goddard**, Chief Business Investment Officer, METRO Hartford Alliance
- **Fred Carstensen**, Professor of Finance and Economics - Director, Connecticut Center for Economic Analysis - School of Business, University of Connecticut
- **John Glascock**, PhD - Professor of Real Estate and Finance Director, Center for Real Estate and Urban Studies, University of Connecticut
- **Dale Graver**, Regional Director, VC3
- **Michael LeBlanc**, President, CT-GFOA
- **Norm Needleman**, First Selectman, Essex
- **Carl Fortuna**, First Selectman, Old Saybrook
- **Dave Demchak**, President & CEO, CIRMA
- **Lynn Stoddard**, Director, Sustainable CT
- **Jay Williams**, President, Hartford Foundation for Public Giving
- **Sam Gold**, Executive Director, Lower Connecticut River Valley Council of Governments
- **Pam Keyes**, Vice President of Risk Management, CIRMA
- **Erin Stewart**, Mayor, City of New Britain
- **Steven G. Mednick**, Attorney, Law Office of Steven G. Mednick
- **Kari Olson**, Partner, Murtha Cullina LLC
- **Tim Weber**, Director, Security Services, ADNET Technologies
- **Betsy Gara**, Executive Director, COST
Overview

As municipal leaders begin to determine how best to use the funding provided by the American Rescue Plan (ARP), CCM’s ARP Advisory Committee has developed the following toolkit to help guide thinking around these actions. Allocating these funds should provide an opportunity for local leaders to engage partners in their town and region to jumpstart a long and large economic recovery from the Covid-19 pandemic and its effects. It also lets us address long-term issues that we haven’t had the ability to adequately deal with before, while balancing ever changing local needs with declining support from the state and federal governments.

This toolkit is intended to be a resource and supplement formal information provided by federal and state government agencies. CCM encourages local officials to continue to refer to the Interim Rule issued by the Department of Treasury for formal guidance.

Governor Lamont spoke at the ARP Advisory committee’s recent meeting held at CCM’s offices in New Haven.
Overview of ARP

The final ARP plan allocated $65.1 billion to municipalities throughout the country. Connecticut towns and cities will be receiving $2.55 billion statewide, with $1.56 billion to general government and an additional $995 million to boards of education. In regards to allocation distribution, funding for general government will be distributed in a modified CDBG formula with entitlement cities (those with a population over 50,000) receiving funding directly from the Treasury Department and non-entitlement towns (those with a population under 50,000) distributed by the State as a passthrough.

Local governments will receive allocations in two tranches—the first half 60 days after enactment and the other half one year later. For non-entitlement units of local government, those deadlines are the dates for Treasury to send the funding to the state, which has an additional 30 days to distribute to each non-entitlement unit of local government. The county funding will also be distributed in two tranches.

States have no discretionary authority to change the amount of, or attach additional requirements to, the payments allocated to local governments.

Along with general government expenditures, Connecticut has received $1.105 billion statewide for education purposes. Of the total amount, 90% ($995 million) will be distributed to Local Education Agencies (LEAs) – school districts. The ARP allows local boards of education and districts to spend their funding on numerous activities, including:

- Hiring and retaining teachers and other school personnel,
- Purchasing computers and hot spot devices for online learning;
- Supporting the unique needs of underserved students, and foster and homeless youth;
- Training and professional development;
- Purchasing supplies for cleaning and sanitization;
- Carrying out IDEA requirements, including providing assistive technology or adaptive equipment to support students with disabilities;
- Summer learning; and
- Other activities to maintain the continuity of educational services, addressing learning loss, and school facility repairs etc.

What can be done with the funding?

Funds must be “obligated” by December 31, 2024 and can be used to cover costs associated with:

- Responding to the negative impacts of the COVID pandemic, including assistance to households, small businesses,
and nonprofits as well as aid to affected industries such as tourism, travel, and hospitality;
• Providing government services previously cut due to pandemic-related revenue shortfalls, and;
• Making needed investments in water, sewer, or broadband infrastructure.

**Funds explicitly cannot be used for:**

• Paying down unfunded pension liabilities
• Applying as matching funds toward other federal grants
• Paying interest or principal on outstanding debt, or for consent decrees/legal settlements
• Contributing to rainy day funds

The Department of Treasury created an Interim Rule to guide eligible uses for the ARP funding. Eligible uses can be segregated into five broad categories and broken down further based on the following:

• **Non-exclusive lists of allowable expenditures** (Categories include intervention for Qualified Census Tracts, public health, direct aid, community & economic development, infrastructure)
• **Encouraged expenditures** (Categories include addressing racial disparities, inequities, disproportionate harm)
• **Prohibited expenditures** (Categories include pension funds, legal settlements, federal match requirements)

**Eligible uses are separated into five categories:**

➢ **Support public health response:**
• To contain and mitigate the spread of COVID-19 including vaccination, medical expenses, testing and contact tracing, quarantine costs and other related activities.
• Behavioral healthcare services, including mental health or substance abuse treatment, crisis intervention and other related services.

➢ **Address negative economic impacts:**
• Assistance to business and households including assistance to families, those unemployed, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality through grants or loans.
• Rebuilding public sector capacity by rehiring staff and implementing economic relief programs.

➢ **Investments in water and sewer:**
• Projects eligible under the Clean Water State Revolving Fund
• Construct, improve, and repair
wastewater treatment plants; control non-point sources of pollution; create green infrastructure; manage and treat stormwater; water reuse; protect waterbodies from pollution.

- Projects eligible under the Drinking Water State Revolving Fund
- Build or upgrade facilities to improve water quality; transmission, distribution, and storage systems; consolidation or establishment of drinking water systems
- Climate Change and Resilience
- Lead Service Line Replacement

➢ **Broadband infrastructure, eligible projects must:**
  - “be designed to provide service...to unserved and underserved households and businesses.”
  - Unserved and underserved = lacking access at least 25/3 Mbps wireline service
  - Specific service areas and locations may be defined by community
  - Provide service that “reliably meets or exceeds symmetrical speeds of 100 Mbps” or, if impossible, at least 100/20 Mbps with the ability to scale to 100 Mbps symmetrical

➢ **Replace loss of revenue:**
  - Towns and cities can use funds to replace lost revenue by using a specified formula to compute the reduction in revenue and comparing with the actual revenue to an alternative revenue that would have been expected absent the pandemic.
  - The analysis to determine loss revenue begins with the last full fiscal year prior to pandemic and projecting forward using anticipated four over a three-year period or a 4.1% increase.
  - Once a shortfall in revenue is identified, recipients have broad latitude to use the funds to “support government services”.
  - Further revenue loss details, calculation process, and examples of “government services” can be found in FAQ.

If a project is not specifically allowed or prohibited, the following process should be used as a framework to assess eligibility for projects and services:

1. Identify the harmful effect of COVID-19 the activity will address.
2. Assess the causal or compounding connection.
3. Assess for disproportionate impact on distressed sectors or populations.
4. Determine how to prove the expense produces the expected outcome.

**Reporting will be necessary to ensure compliance**

Along with the Interim Rule, Treasury has released the Compliance and Reporting Guidance regarding the American Rescue Plan Act (ARPA). The guidance provides
additional details and clarification for each recipient’s compliance and reporting responsibilities, and should be read in concert with the Award Terms and Conditions, the authorizing statute, the Interim Final Rule (IFR), and other regulatory and statutory requirements.

All eligible recipients are required to have a DUNS Number previously issued by Dun & Bradstreet (https://www.dnb.com/) and an active registration with the System for Award Management (SAM) (https://www.sam.gov). These are for systems used for receipt of funds (for metropolitan cities) and reporting (for all).

General reporting requirements will be based on the statutory eligible uses. Within those statutory uses, reporting recipients will need to align them to single expenditure category (with a choice of 66 different categories). Documentation and evidence will need to be provided to ensure compliance within each category. Records and financial documents will need to be maintained for five years after program (December 2026).

Generally, recipients will be subject to Uniform Administrative Requirements, Cost Principles, and Audit Requirements which are outlined in the Uniform Reporting Guidance. If funds are transferred to a third party, the municipality is still responsible for reporting of subrecipients and subawards. Therefore, municipalities will need to develop robust internal controls and effective monitoring to ensure compliance. This includes developing written process/procedures for reporting, monitoring and risk assessment, along with compliance with Civil Rights requirements, manage and monitor sub-recipients for compliance, ensure proper reporting requirements,

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<th>Recipient</th>
<th>Interim Report</th>
<th>Project and Expenditure Report</th>
<th>Recovery Plan Performance Report</th>
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<tr>
<td>States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents</td>
<td>By August 31, 2021, with expenditure summary by category</td>
<td>By October 31, 2021, and then 30 days after the end of each quarter thereafter</td>
<td>By August 31, 2021, and annually thereafter by July 31</td>
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<td>Metropolitan cities and counties with a population below 250,000 residents which received more than $5 million in SLFRF funding</td>
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evaluate risk of noncompliance for any subrecipients. Any costs to develop these control or outsource them to a consultant, Council of Government or other entity is an allowable expense under ARP. This can be to support effective management and oversight of the use of funds, along with ensuring compliance with legal, regulatory, and other requirements.

**Basic Foundations for Local Officials to Consider When Deciding on Use of Funds:**

**Follow allowable uses under ARP.**
As Treasury provides greater clarity on how and where the funds can be spent, cities and towns should adhere to the rules. Due to the sheer number of recipients, Treasury does not have the capacity to review each project for eligibility prior to execution. Failure to adhere to the eligible uses may result in recoupment of funds by Treasury.

**Meet all accounting and reporting rules.** Make sure you have the systems in place to track and inform our federal partners of how well you are using your ARP funds. Reporting will be through the federal DUNS system.

**Comply with all local and state laws and ordinances.** In addition to federal rules, your ARP processes should be integrated with all other accounting, appropriation and audit requirements. For instance, many water or sewer investments may need to comply with DEEP and or DPH regulations.

**Ensure transparency throughout.** The public and media will want to know how these funds are being used, especially those that are not subject to appropriation. Consider creating an ARP dashboard and/or committee to make it easy for everyone to see the uses of the funds, and who is benefiting.

**Do not create future budget deficits.** The ARP is one-time funding, and it should be treated as such. Do not use the funds in collective bargaining contracts, for example, as this would lead to shortfalls in future years. Even premium pay should be closely scrutinized, as any pensionable benefits would increase unfunded liabilities for years to come, eroding available resources for essential services. Since the funds need to be “obligated” by December 2024 and spent by December 206, recognize that the funding commitments should end then, too.

**Local Leaders Should Consider the Following Factors to Leverage the ARP Funds:**

**Immediate Impact:** Families, non-profits and businesses are hurting. Businesses need capital to reopen doors, and people need outreach and skills development to match them to available jobs, and non-profits need resources and capital to help their constituents. While it is important to consider an investment’s impact beyond the immediate term, providing such immediate help is a necessary baseline for a longer-term recovery.

Below are some examples of programs for which local governments can contract with businesses and community nonprofits.

- **Marketing Campaigns** to tell the public how to get help from
area nonprofits. Funding can also support other forms of engagement with residents and communities.

- **Grants/Loans**: The pandemic has drained many nonprofits of resources, including funding they may have saved for capital projects that would increase the efficiency of their programs. Investments in these projects – one-time expenditures – frees up nonprofit dollars that can be used for services and to improve the community in which they work.

- **Grief counseling** for people who have lost loved ones due to Covid (or other reasons during Covid)

- **Tourism venues** often need to make structural changes and, having been closed, need funding for those. They may also need funds to subsidize performances and exhibits which, due to social distancing, cannot draw large enough crowds to support all the related costs.

- **Funding for existing mobile crisis teams designated by DMHAS and DCF** (Emergency Mobile Psychiatric Services) to add crisis clinicians to respond to community needs and which could be imbedded with police.

- **Programs for Substance Abuse Prevention and Treatment.** People with substance use disorders are more likely to catch COVID, get seriously ill or die from COVID and are more likely to become homeless. Substance use has been increasing during the pandemic.

- **Mental Health First Aid**: Similar in concept to CPR, Mental Health First Aid trains people in the community in ways to respond to mental health and substance abuse crises, e.g., training for trauma care.

- **Funding is needed** for Triage Therapists in outpatient clinics to handle increased caseloads and for psychiatrists and APRNs for medication management in clinics. Funding for regular clinical services will be needed due to the increased stresses brought by the pandemic.

- **School-based Mental Health Clinics.** Note that these are different from school-based health clinics that are in many communities. The mental health clinics can serve mental health and substance use needs of students and families that are growing as the pandemic continues.

**Use existing delivery channels for efficiency:** It would be prudent to spend your aid on direct assistance, programs and investments, rather than using precious resources to create new offices or delivery systems. If that means working with outside partners, including nonprofits or nearby communities that are already engaged in the work so you can leverage their
systems, that would be prudent.

**Invest for future prosperity:** Localities will receive two ARP disbursements over two years, but have until the end of 2026 to spend all the funds. Local leaders thus have a chance to invest in future growth and prosperity, the impacts of which will extend beyond near-term expenditure needs.

One future-oriented example is the “R7” pandemic response plan from MAGNET, the Manufacturing Extension Partnership in Northeast Ohio, which used CARES Act resources to help local manufacturers “restart” safely, “relaunch” using Industry 4.0 technologies, “refocus” on new products and markets, “reconnect” in new ways through the supply chain, “reskill” workers, “reshore” production from overseas, and “resecure” operations through cybersecurity transformation. Both the R7 plan and the health workforce “earn-and-learn” model can immediately help businesses and workers while also influencing their long-term productive potential.

Municipalities throughout Connecticut – rural, suburban and urban – are in the process of developing economic programs to provide grants to businesses to revitalize main streets. The goal is these investments will spur greater economic growth for these businesses and then the municipality as a whole.

**Complement existing efforts:** Ideally, ARP investments can boost strategies already in progress.

For example, multiple groups in Cleveland have been collaborating to ensure positive economic spillovers from the Opportunity Corridor, a $350 million road project through one of the most economically distressed neighborhoods in the country. The city, foundations, the regional chamber, and others have worked with the local community development corporation (CDC) to purchase and remediate land in the hopes of bringing mid-skilled, family-sustaining jobs back to this promising part of the city.
The CDC has a vision of creating a food tech hub that harnesses the region’s many food-related assets into a business accelerator with shared production and storage infrastructure, a startup fund to support diverse entrepreneurs, and a workforce development center to prepare people to attain and advance in a career. Parts of ARP run through the Economic Development Administration (EDA) and the Department of Agriculture have programs that could support such initiatives; the city and county should consider how its allocation could be used to complement this work.

This effort includes, **coordinating with state and federal programs.** The state is using its federal aid and its own resources to address a wide range of urgent needs, such as rent and mortgage relief, small business relief, support for child care, access to public transportation, and much more. Work closely with the state and your COGS to complement each other. If businesses and residents in your community already qualify for state funding, look at ways you can augment this or repurpose your aid to address community needs in other ways, rather than spending resources unnecessarily.

**Convene all stakeholders and build consensus.** Decisions on how to spend ARPA funds will likely be concentrated in the hands of municipal CEOs, but the power to act should not short-circuit an open process to bring all stakeholders in the community together to engage in dialogue about needs, resources and priority-setting, including government colleagues, nonprofits, businesses and others. True engagement and listening will minimize friction and encourage collaboration over ARP’s three-and-a-half-year lifespan.

Some examples of those that should be convened at the local level include:

- Boards of Selectman
- Chambers of Commerce (and other economic development groups or commissions)
- Local non-profits (in particular those focused on housing and food assistance)
- Local tourism groups
- Municipal attorney or legal counsel (to ensure compliance)
- Public health officials
- Local Internet Service Providers (ISPs)
- Public works and/or water and sewer officials
- Councils of Government (COGs)

**Be organized and transparent:** Beyond the ARP at the very local level, drawing Long-Term Recovery Committees, these can execute strategic investments and monitor impact. These councils should be public/private partnerships that include small businesses, neighborhood leaders, social service agencies, philanthropic leaders, and corporate heads. They would be tasked with aggregating and supplementing existing recovery plans, setting goals, recommending investments, and tracking results. Furthermore, these Committees can serve as a unified voice to liaise with implementing agencies.

**Build Capacity: Create intermediaries that can get stuff done**

Focus on creating intermediaries with the capacity, capital and community standing to drive the growth of business growth. In con-
crete terms, that means multi-year operations support for critically needed intermediary organizations. The four-year duration of the flexible funding to municipalities enables this multi-year approach.

As capacity gets built, the geography of the effort must be an intentional design feature. In many places, capacity building must be a regional exercise that deliberately focuses on pockets of distress, not an effort bounded artificially by municipal boundaries. It will be important for recipients of the funds to know that they can spend money to help people and businesses beyond the borders of their current geographies as it makes sense.

**HOW CAN LOCAL OFFICIALS MAXIMIZE THE FUNDS?**

**Try to solve something well, don’t try to solve everything.**

The ARP awards a substantial amount of money, but it could be spread very thin across a set of uncoordinated priorities and actors on the local level. With the sheer amount and variety of federal funding it is tempting for local leaders to get overwhelmed.

Rather than trying to do everything, local leaders should establish a clear set of three-to-five priority goals they hope to achieve with ARP funding. These can draw from previous strategic plans or gap assessments that emerged from the crises of the past year.

**INVEST IN BEST USES FOR LONG-TERM RECOVERY AND RESULTS**

**Invest in urgent health and economic needs:** Of course the most immediate challenge is to deploy the funds to reverse the damage that the pandemic has done to our residents and small businesses, and using the funds as an economic lifeline is more than appropriate — it is called for, especially to lift up the most vulnerable in your community. Failing to do so will hamper future growth and progress.
Prioritize short-term investments with lasting benefits: Consider multiple ways to provide assistance and choose the path that will go farther and last longer. For example, using ARPA funds to support struggling businesses and households could be coordinated with education and training on financial planning (assuming that would be an allowable use).

Identify and address pre-COVID inhibitors to growth: ARPA allows investments in certain types of infrastructure, including water, sewer and broadband. If the quality of these systems has hampered your growth in the past, then it would make sense to consider such investments. Capital investments that improve water quality and access, or close the digital divide, can also make great economic sense and free up funds for future investments as well.

Measure progress throughout to inform ongoing plans: This is a best practice that will be very helpful to allow adjustments over the next several years, ensuring ARPA’s success.

The most effective strategic plans have four key phases:
1. make sense of the situation (investigate all angles with all stakeholders);
2. make a plan (choosing what to do and what not to do);
3. make it happen (making sure everyone is aligned with your strategy); and
4. make revisions and repeat steps 1-4. It is impossible to make revisions and improve if you do not measure whether you are hitting your targets or achieving expected results. Making changes is not an admission of failure, it is a commitment to excellence and a best practice.

References


**ARP FAQ**

1. **Who has authority to appropriate funds?**

The ARPA and the Interim Rule does not provide guidance on allocation methodology. As these are more akin to formula grants rather than competitive grants, towns and cities should follow the normal process for handling supplemental revenue or special funds. There is no legal basis to conclude that allocation of the funds is an executive function.

2. **What is included/excluded in sum of revenue**

The Interim Final Rule (IFR) defines the term “general revenue” to include revenues collected by a recipient and generated from its underlying economy and would capture a range of different types of tax revenues, as well as other types of revenue that are available to support government services. In calculating revenue, recipients should sum across all revenue streams covered as general revenue. This would include gross revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, museums, zoos, etc.); and auxiliary facilities in public recreation areas (camping areas, refreshment stands, gift shops, etc.); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities. When reporting, you will likely need to classify the various types of revenue.

Excluded Revenue Sources:
- Refunds and other correcting transactions
- Proceeds from issuance of debt or the sale of investments
- Agency or private trust transactions
- Utilities and insurance trusts

Recipients may provide data on a cash, accrual, or modified accrual basis, provided that recipients are consistent in their choice of methodology throughout the covered period and until reporting is no longer required.

Calculation of Loss Recipients will compute the extent of the reduction in revenue by comparing actual revenue to a counterfactual trend representing what could have been expected to occur in the absence of the pandemic. The counterfactual trend starts with the last full fiscal year prior to the COVID-19 public health emergency and then assumes growth at a constant rate in the subsequent years.

For purposes of measuring revenue growth in the counterfactual trend, recipients may use a growth adjustment of either 4.1 percent per year or the recipient’s average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency, whichever is higher.

Recipients should calculate the extent of the reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023.
Four Steps for Calculating Lost Revenue:

1. Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue.

2. Estimate counterfactual revenue, which is equal to base year revenue * [(1 + growth adjustment) ^((n/12)], where n is the number of months elapsed since the end of the base year to the calculation date, and growth adjustment is the greater of 4.1 percent and the recipient’s average annual revenue growth in the three full fiscal years prior to the COVID-19 public health emergency.

3. Identify actual revenue, which equals revenues collected over the past twelve months as of the calculation date.

4. The extent of the reduction in revenue is equal to counterfactual revenue less actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.


3. Once revenue loss is determined, what types of “government services” can the funding be used for?

Government services can include, but are not limited to, maintenance of infrastructure (including roads); modernization of cybersecurity (including hardware, software, and protection of critical infrastructure); health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.

4. Can the funds be used retroactively for acceptable infrastructure projects?

Generally, no. Most uses under the Interim Final Rule permits funds to cover costs incurred beginning on March 3, 2021 unless otherwise specified in certain sections.

5. Can funds be used for grants to businesses and other economic development investments?

Recipients must demonstrate that funding uses directly address a negative economic impact of the COVID-19 public health emergency, including funds used for economic or workforce development.

Assistance to small business and non-profits includes, but is not limited to:

- Loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs;
- Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19
vaccination, testing, or contact tracing programs; and
• Technical assistance, counseling, or other services to assist with business planning needs

6. HOW CAN THE FUNDS BE USED TO ASSIST THOSE DISPROPORTIONATELY IMPACTED BY COVID-19?

Treasury will presume that expanded types of services are eligible uses when provided in a Qualified Census Tract (QCT). This does not limit these uses only to QCT’s, other recipients may provide these services to other populations, households, or geographic areas but will need to identify that they are disproportionately impacted by the pandemic. In identifying these disproportionate-ly-impacted communities, recipients should be able to support their determination for how the pandemic disproportionately impacted the populations, households, or geographic areas to be served. Eligible services include:

• Addressing health disparities and the social determinants of health, including: community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs;

Programs or services that provide or facilitate access to health and social services and address health disparities exacerbated by the pandemic include:

• Evidence-based practices like focused deterrence, street outreach, violence interrupters, and hospital-based violence intervention models, complete with wraparound services such as behavioral therapy, trauma recovery, job training, education, housing and relocation services,
and financial assistance.

- **Capacity-building efforts** such as additional intervention workers; training and professional development for intervention workers; and hiring and training workers to administer the community violence intervention programs.

- **Building stronger neighborhoods and communities**, including: supportive housing and other services for individuals experiencing homelessness, development of affordable housing, and housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity;

- **Addressing educational disparities exacerbated by COVID-19**, including: early learning services, increasing resources for high-poverty school districts, educational services like tutoring or afterschool programs, and supports for students’ social, emotional, and mental health needs; and

- **Promoting healthy childhood environments**, including: child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth.

Programs or services that address or mitigate the impacts of the COVID-19 public health emergency on education, childhood health and welfare include:

- Summer education and enrichment programs in these communities, which include many communities currently struggling with high levels of violence;

- Programs that address learning loss and keep students productively engaged;

- Enhanced services for foster youths and home visiting programs; and

- Summer camps and recreation.

7. **CAN CELLULAR NETWORKS BE CONSIDERED ELIGIBLE UNDER BROADBAND?**

While the IFR encourages fiber investment, it does not require it – but it does require that broadband projects be capable of 100/100 Mbps service or, if that is not possible, a minimum of 100/20 Mbps service with the ability to scale to 100/100 Mbps. Projects also need to be focused on locations currently lacking 25/3 Mbps service.

8. **DO TOWNS AND CITIES NEED PRE-APPROVAL FOR PROJECTS?**

Recipients do not need approval from Treasury to determine whether an investment in a water, sewer, or broadband project. Each recipient should review the Interim Final Rule (IFR), along with the preamble to the Interim Final Rule, in order to make its own assessment of whether its intended project meets the eligibility criteria in the IFR. A recipient that makes its own determination that a project meets the eligibility criteria as outlined in the IFR may pursue the project as a project without pre-approval from Treasury. Local government recipients similarly do not need state approval to determine that a project is eligible. However, recipients should be cognizant of other federal or state laws or regulations that may apply to construction projects independent of funding conditions and that may require pre-approval.
9. **What type of account can the funds be kept in until the municipal allocations are made?**

ARPA does not impose any restrictions on investing the funds in an interest-bearing account. Interest earned on the funds would need to be spent on one of the allowable uses.

10. **Can recipients use funds for hiring of staff or for administrative purposes?**

Recipients may use funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID-19 public health emergency and its negative economic impacts. This includes, but is not limited to, costs related to disbursing payments of Fiscal Recovery Funds and managing new grant programs established using Fiscal Recovery Funds, as well as costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.

11. **Who are considered frontline workers?**

As discussed in the Interim Final Rule, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, for the portion of the employee’s time that is dedicated to responding to the COVID-19 public health emergency.

- **Public safety employees** would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel.

- **Public health employees** would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel.

- **Human services staff** include employees providing or administering social services; public benefits; child welfare services; and child, elder, or family care, as well as others.

12. **The ARPA funds are to be used prospectively but from what date?**

Generally, the funds are intended to be used prospectively (aside from premium pay and some reimbursement eligibility). For most uses the Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021.

13. **Would investments in improving outdoor spaces (e.g., parks) be an eligible use of funds as a response to the public health emergency and/or its negative economic impacts?**
There are multiple ways that investments in improving outdoor spaces could qualify as eligible uses. These programs and services could include services designed to build stronger neighborhoods and communities and to address health disparities and the social determinants of health. The Interim Final Rule provides a non-exhaustive list of eligible services to respond to the needs of communities disproportionately impacted by the pandemic, and recipients identify other uses of funds that do so, consistent with the Rule’s framework. For example, investments in parks, public plazas, and other public outdoor recreation spaces may be responsive to the needs of disproportionately impacted communities by promoting healthier living environments and outdoor recreation and socialization to mitigate the spread of COVID-19.

In addition, recipients may provide assistance to small businesses in all communities. Assistance to small businesses could include support to enhance outdoor spaces for COVID-19 mitigation (e.g., restaurant patios) or to improve the built environment of the neighborhood (e.g., façade improvements).

14. CAN FUNDS BE USED TO ASSIST SMALL BUSINESS START-UPS AS A RESPONSE TO THE NEGATIVE ECONOMIC IMPACT?

A recipient could assist small business startups with additional costs associated with COVID-19 mitigation tactics (e.g., barriers or partitions; enhanced cleaning; or physical plant changes to enable greater use of outdoor space). Funds can be used to respond to a negative economic impact of COVID-19 by assisting businesses that have faced increased costs to starting the business due to the pandemic, or that the small business had lost expected startup capital due to the pandemic. In addition, funds can be used for job training for unemployed individuals and initiatives to support small business startups and individuals seeking to start small businesses.

15. HOW CAN I USE FUNDS TO PREVENT AND Respond TO CRIME, AND SUPPORT PUBLIC SAFETY?

The Interim Final Rule provides several ways for recipients to “respond to” this pandemic-related gun violence, ranging from community violence intervention programs to mental health services to hiring of public safety personnel. Below are some examples of how the funds can be used address public safety:

- Rehire police officers and other public servants to restore law enforcement to pre-pandemic levels or paying overtime where the funds are directly focused on advancing community policing strategies.
- In communities where an increase in violence is a result of the pandemic, funding Community Violence Intervention (CVI) programs, advancing additional enforcement efforts to reduce gun violence exacerbated by the pandemic.
- Investing in technology and equipment to allow law enforcement to more efficiently and effectively respond to the rise in gun violence resulting from the pandemic.
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