

ARPA Local Relief Frequently Asked Questions

After the American Rescue Plan Act was signed into law by President Biden on March 11, 2021, it guaranteed direct relief to all 19,000 cities, towns and villages in the United States (Sec. 9901: Coronavirus State and Local Fiscal Recovery Funds). The U.S. Department of the Treasury is responsible for distributing this unprecedented program, and they are currently developing methods and guidance for the allocation and oversight process. NLC is sharing information about municipal allocations by state and city leaders' questions with the Treasury.

NLC has identified your frequently asked questions about Coronavirus Local Fiscal Recovery Fund grants, and we have provided answers based on available information to help you prepare while we all wait for official guidance. These answers will be updated when additional information becomes available.

When can we expect more guidance?

The American Rescue Plan Act gives the U.S. Department of Treasury 60 days from enactment on March 11, 2021, to make their allocations to state and local governments. Considering the complexity of distributing these funds to 19,000 cities, towns and village, the Treasury may take close to 60 days to develop guidance.

What should my city do while we wait for more guidance?

The US Department of the Treasury has released information about preliminary steps that municipalities should take to facilitate quick receipt of funds. Metropolitan cities (populations over 50,000) need a valid DUNS number, an active SAM registration, and payment information whereas Non-Entitlement Units of Local Government (populations under 50,000) need a valid DUNS number to meet reporting requirements.

Municipalities should also take informal steps to prepare for these funds. Assess government operations AND community needs to develop a plan for recovery. Gather your team and include internal and external stakeholders. Include resident voices. Get to know the community's needs at all levels: individuals, families, organizations and businesses, and each level of government. Think about building connections across systems and levels. Solicit input from valuable staff and stakeholders to help create a comprehensive needs assessment. Make racial equity a part of your plan and ensure that you have set targets to support those who are often excluded.

The federal government has prioritized the timely distribution of funds, so do not wait to get started. The sooner that you develop a recovery plan, the faster you can get people back to work, stabilize your operations, and support those most impacted by COVID-19. As you put your plan together, consider the benchmarks of success including key metrics that will help you tell the story of how the American Rescue Plan Act has helped your city, town, or village.

NLC has created principles to help guide your planning and use of the Coronavirus Local Fiscal Recovery Fund grants. [You can view those principles here.](#)

What does my city need to do to receive funds?

The Coronavirus Local Fiscal Recovery Fund grants are *formula grants* and under the formula every municipal government is entitled to receive a calculated share of the \$65.1 billion for cities, towns, and villages. These are not *competitive grants* and local governments will NOT have to submit an application or certification or justify their needs in advance. Municipalities do need to take certain steps to make sure they receive their grants, however.

Metropolitan cities (population greater than 50,000) should ensure they have a valid DUNS number, an active SAM registration, and payment information – including Entity Identification Number (EIN), name, and contact information; name and title of authorized representative of the entity; and financial institution information.

Non-entitlement Units of Local Government (population less than 50,000) must have a valid DUNS number to meet reporting requirements. Since they will be receiving their grants through their state government, they do not need an active SAM registration.

What is a DUNS number?

Metropolitan cities (populations over 50,000) and Non-Entitlement Units of Local Government (populations under 50,000) must have a valid DUNS number to meet reporting requirements in the Coronavirus Local Fiscal Recovery Fund.

A DUNS number is a unique nine-character number used to identify an organization and is issued by Dun & Bradstreet. The federal government uses the DUNS number to track how federal money is allocated. A DUNS number is required prior to registering with the SAM database, which is outlined below. Registering for a DUNS number is free of charge.

If an entity does not have a valid DUNS number, please visit <https://fedgov.dnb.com/webform/> or call 1-866-705-5711 to begin the registration process.

What is an active SAM registration?

Since they will receive their funds directly from the federal government, Metropolitan cities (populations over 50,000) will need an active SAM registration, whereas Non-Entitlement Units of Local Government (populations under 50,000) will not need this registration since they will receive their funds through their state governments.

SAM is the official government-wide database to register with in order to do business with the U.S. government. All Federal financial assistance recipients must register on SAM.gov and renew their SAM registration annually to maintain an active status to be eligible to receive Federal financial assistance. There is no charge to register or maintain your entity SAM registration.

If an entity does not have an active SAM registration, please visit, SAM.gov to begin the entity registration or renewal process. Please note that SAM registration can take up to three weeks; delay in registering in SAM could impact timely payment of funds.

How will my city receive its funds?

More than 19,000 municipalities will receive direct funding under the America Rescue Plan Act. Direct funding means:

1. All cities, towns, and villages are entitled to a federal grant from the new Coronavirus Local Fiscal Recovery Fund.
2. Aid obligated to municipalities is not in any way mingled with aid obligated to state or county governments.
3. Aid for municipalities is protected from state or county interference by iron-clad statutes compelling states to comply, including penalties for states that fail to carry out their responsibilities to small cities and towns.

The Act designates the approximately 1,000 cities with more than 50,000 residents as Metropolitan cities, and those cities will receive their funds directly from the U.S. Department of Treasury. The act designates the approximately 18,000 cities, towns and villages with less than 50,000 residents as non-metro, non-county units of local government and makes the states responsible for passing through all federal funds that non-metro localities are entitled to.

What will I need to report to the Treasury?

Cities should prepare to report how they spent their funds. NLC is waiting on guidance from the U.S. Department of Treasury to know what details need to be included and in what format they will need to be reported.

Cities will need a valid DUNS number to meet the reporting requirements for the Coronavirus Local Fiscal Recovery Fund.

When will I need to report to the Treasury?

Cities will need to make “periodic” reports to the U.S. Department of Treasury, according to the statute. Cities should plan to report how these funds are spent. Audits might go on for years after 2024, the date by which the money will remain available. Therefore, it is important to maintain good records.

How much money will my city receive?

Accurate grant calculations depend on a perfected list of eligible municipalities. The Treasury department is finalizing a list of all local governments to accurately calculate the share each municipality will receive from the \$65.1 billion municipal fund. Existing estimates provided by Congress are not completely accurate or final. However, you can find those non-final estimates of your allocation on our [Estimated Local Allocations in the American Rescue Plan](#) webpage.

Of the \$65.1 billion total, \$45.57 billion, or 70% of funds, will be allocated to metro cities with more than 50,000 residents using a modified Community Development Block Grant formula calculation. The remaining \$19.53 billion, or 30% of funds, will be allocated non-metro cities with less than 50,000 residents using a simple per-capita calculation, with total grant size for non-metro cities capped at 75% of the locality’s most recent budget as of January 27, 2020.

Why is my city missing from the estimated allocations?

The Congressional Research Service calculated the estimates to inform debate over the American rescue Plan Act. The estimates were based on incomplete Census data from the U.S. Department of Housing and Urban Development, the Census Bureau, and the Congressional Research

Service. However, as a result of incomplete data, some cities, towns and villages are missing or misclassified. The Act permits the Treasury Department to correct the estimates by supplementing federal data with state and locally- derived data. NLC is coordinating with the state municipal leagues to provide the U.S. Department of Treasury with lists of missing and misclassified cities.

When will my municipality receive funds?

Cities designated as “Metropolitan cities” will receive their money within 60 days of the laws signing (March 11, 2021). Cities, towns and villages considered non-metro units of local government will receive their money approximately 90 days after the signing of the law (March 11, 2021).

Funding will be released to state and local governments by Treasury in two tranches. Half the funding each city is entitled to will be released under the first tranche by May 10, 2021; and the second half of funds will be released under the second tranche one year after the disbursement of the first tranche.

Is there a deadline to use the funds?

We are waiting for the U.S. Department of Treasury to weigh in on this. The bill states that funds for local governments will “remain available through December 31, 2024.” Treasury will need to decide whether this means spent by or obligated by that date.

Can recovery funds be used for stormwater projects and expenses?

At this point, it is unclear if stormwater or wastewater projects and expenses are eligible expenses under the statute. [In a letter to Treasury](#), NLC made a push for a liberal interpretation of the statute to include stormwater and wastewater projects and expenses.

Can my city decrease taxes after receiving these funds?

The rule that would prohibit tax decreases is a restriction only on States. The local government section of the bill contains no prohibition on lowering taxes.

If fiscal recovery funds are used for infrastructure projects, does my municipality need to comply with typical federal requirements like NEPA?

NLC raised this issue with the U.S. Department of Treasury during a call and the Department of Treasury said it is an issue it is looking in to.

What infrastructure projects can funds be used on?

The statute states that the allowable infrastructure includes water, sewer, or broadband. It is unclear at this point if waste and stormwater are allowable uses. As for other infrastructure projects, we will have to wait for Treasury guidance to see what is considered a permissible use.

Can recovery funds be used for pensions?

No, the statute states explicitly that cities receiving funds may not “use funds made available under this section for deposit into any pension fund.”

Can cities transfer their allotted funds to counties?

The statute provides four categories in which a city can transfer funds.

1. A private nonprofit organization
2. A public benefit corporation involved in the transportation of passengers or cargo
3. A special-purpose unit of State or local government
4. A state government

The statute is silent on transferring funds to a county.

Can Governors or state legislatures interfere with the allocation or spending of Coronavirus Local Fiscal Recovery Funds?

The Act does not give states authority to change the amount of, or attach additional requirements to, the payments allocated to local government recipients.