

NLC Presents:

ARPA's IMPACT ON SMALL BUSINESS BROWN BAG

Friday June 11th, 2-3 pm EST

Moderator: Brooks Rainwater, NLC – Sr. Executive & Director for Center of City Solutions

Panel: Mike Wallace, NLC – Legislative Director, Housing, Community & Economic Development

Jenn Steinfeld, NLC – Director, Entrepreneurship & Economic Development

Bernardo Martinez, PayPal – VP, Global Merchant Lending

Nick Mastronardi, Polco – CEO



American Recovery Plan Act: Small Business Support and Neighborhood Revitalization

National League of Cities



During an unprecedented time, NLC delivered
unprecedented results for our members.

┌ \$65 billion of DIRECT aid to
EVERY city, town or village
across the country. ┐

nlc.org/stateleague

NLC **DELIVERS**

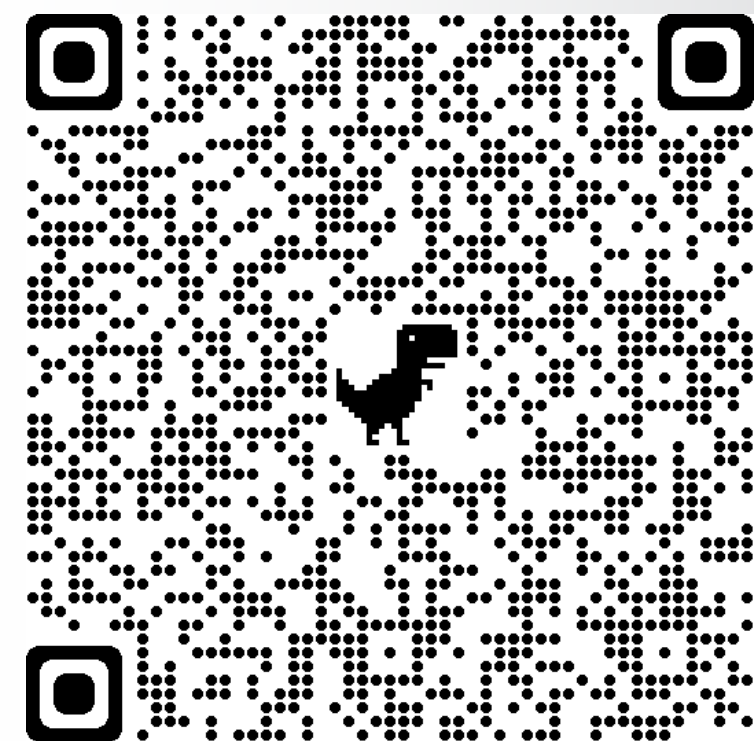
The U.S. Department of the Treasury released:

- Guidance/Interim Final Rule
- Frequently Asked Questions (FAQ)
- Allocation for Metropolitan cities
- Opened portal for Metropolitan cities to apply for funding

Many of the points that NLC advocated for were adopted in the Interim Final Rule.

Visit the Treasury webpage for more info about the Coronavirus State and Local Recovery Fund.

[Treasury.gov/SLFRP](https://treasury.gov/SLFRP)



Framework of Interim Rule

- Non-exclusive lists of allowable expenditures
 - Categories include 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

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.

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.

- Direct cash and loan interventions
- Assistance to business and non-profits
- Impacted industries and workers
- Housing and Community Development
- Homelessness
- Childcare and Education
- Program improvement through data analysis, targeted consumer outreach, improvements to data or technology infrastructure, and impact evaluations.

Small Businesses Create New Jobs

- Small businesses make up nearly half of U.S. private-sector employment.
- Responsible for two-thirds of net new jobs.
- 400,000 small businesses have closed since the beginning of the pandemic.

Disparate Harm for Low-Wage Workers

- “The COVID–19 emergency may have lasting negative effects on economic outcomes, particularly in exacerbating disparities that existed prior to the pandemic.”
- Low- and mod-income jobs are substantial part of total pandemic job losses
- Low-wage jobs disproportionately require in-person frontline work.
- Concentrated poverty results in a cascade of additional burdens on families and reduces economic potential

COVID-19 Related Harm

- Eligible uses must be designed to address an economic harm resulting from or exacerbated by the public health emergency.
- Economic harm may either be immediate or delayed.
- “Expenditures to aid businesses that did **not** experience a negative economic impact from the public health emergency would not be an eligible use under this category.”

Proportional Assistance

- Responses must be related and reasonably proportional to the extent and type of harm experienced;
- Uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses.

Flexible Criteria

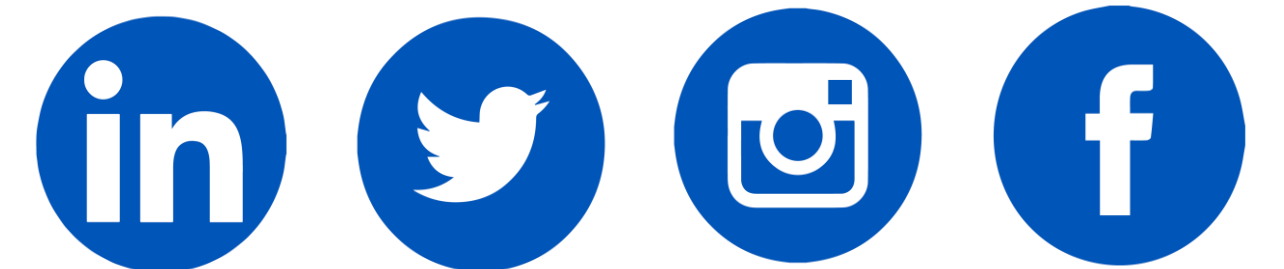
- Recipients should consider local economic conditions and business data
- Criteria may include businesses with less capacity to weather financial hardship, such as the smallest businesses, those with less access to credit, or those serving disadvantaged communities.

- 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.

- Local governments are encouraged to address the needs of households and businesses that were **disproportionately** and negatively impacted by the public health emergency.
- Treasury encourages expenditures that foster strong, inclusive, and equitable recovery, especially uses with long-term benefits for health and economic outcomes.
- Funds cannot be reserved in a way that constitutes savings for future spending needs unrelated to COVID-19 harm.
- Local governments must publicly report assistance provided to private-sector businesses, and its connection to negative economic impacts of the pandemic.
- Local governments should maintain records to support their assessment of how businesses or business districts receiving assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts



@LEAGUEOFCITIES





POLCO & THE AMERICAN RESCUE PLAN ACT (ARPA)





WHY ENGAGE?

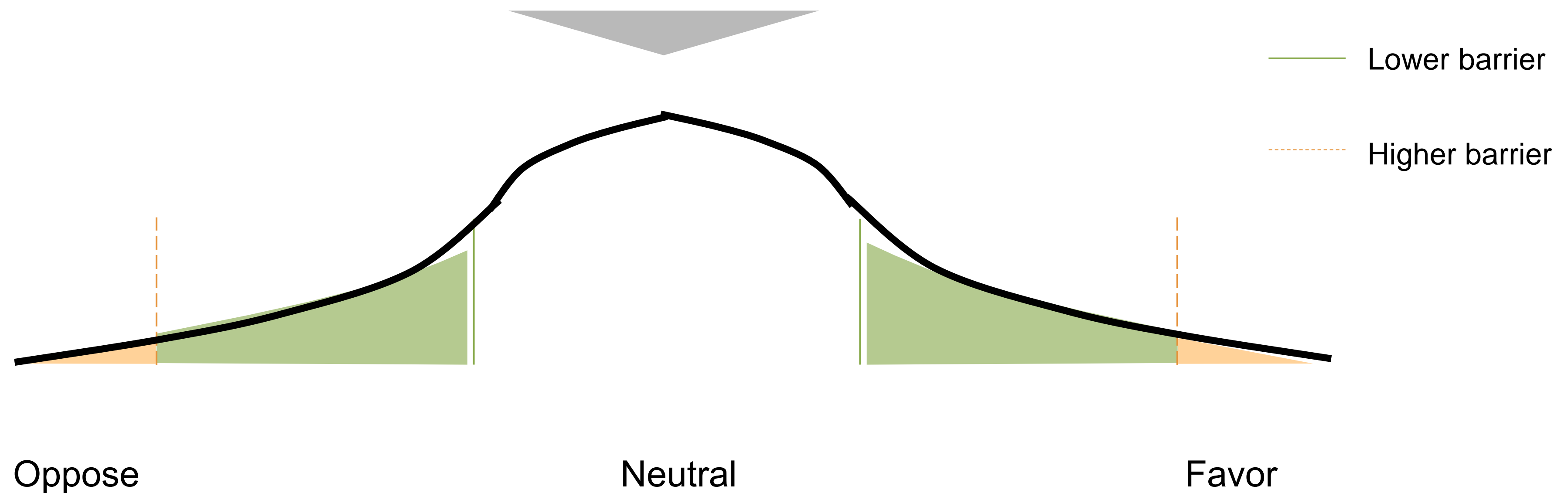
“Treasury urges State, territorial, Tribal, and local governments to engage their constituents and communities in developing plans to use these payments, given the scale of funding and its potential to catalyze broader economic recovery and rebuilding.”

<https://www.federalregister.gov/documents/2021/05/17/2021-10283/coronavirus-state-and-local-fiscal-recovery-funds>



LOWERING BARRIERS TO PARTICIPATION RE-INTRODUCES REASONABLE VOICES

Number of Voices





ENGAGING HARD TO REACH POPULATIONS

The Treasury Department notes in several places the disparate impact on some communities:

“Finally, although the pandemic's impacts have been widespread, both the public health and economic impacts of the pandemic have fallen most severely on communities and populations disadvantaged before it began. Low-income communities, people of color, and Tribal communities have faced higher rates of infection, hospitalization, and death,[10] as well as higher rates of unemployment and lack of basic necessities like food and housing.[11]”

<https://www.federalregister.gov/documents/2021/05/17/2021-10283/coronavirus-state-and-local-fiscal-recovery-funds>

CONSIDER A PANEL

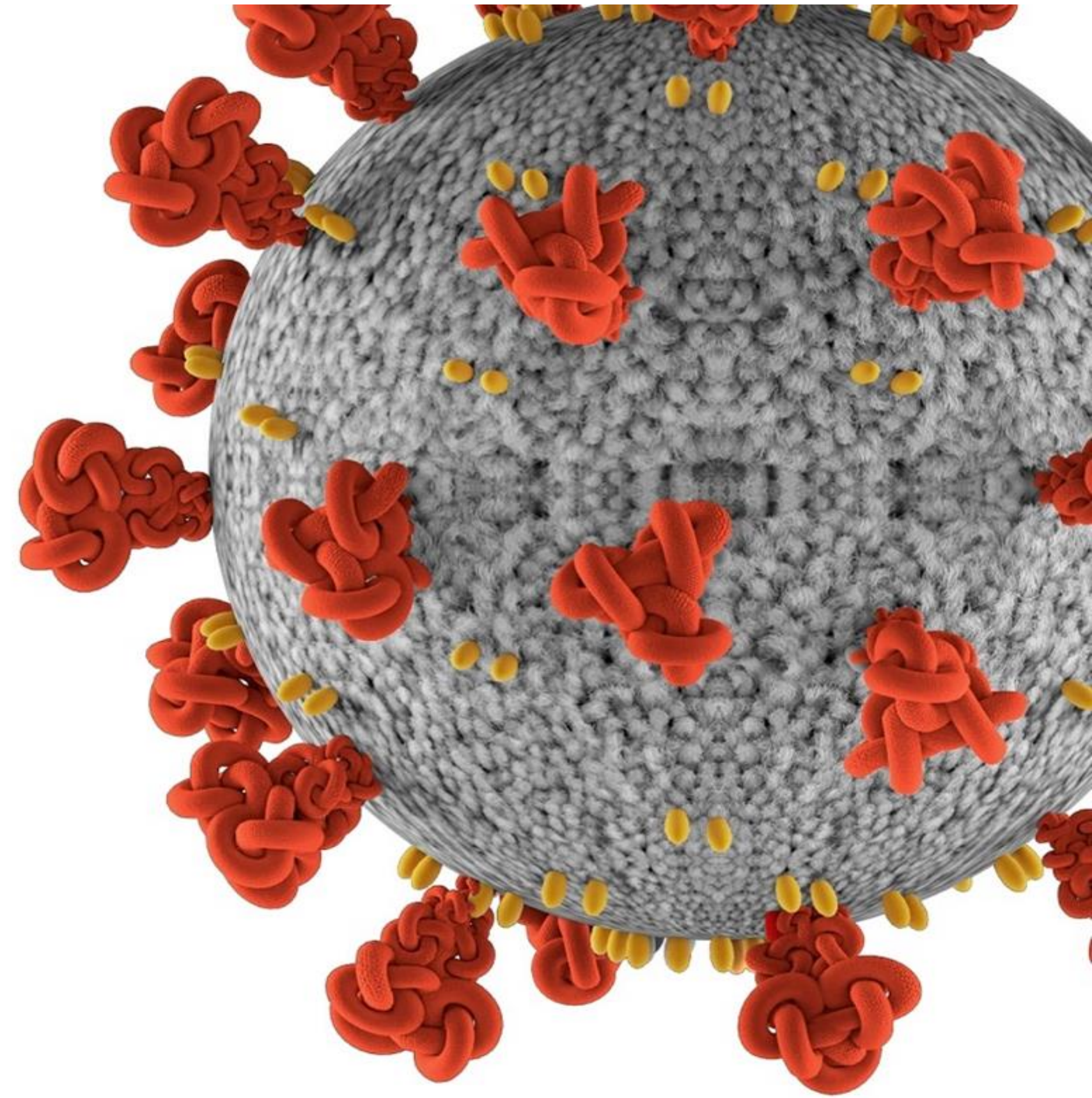
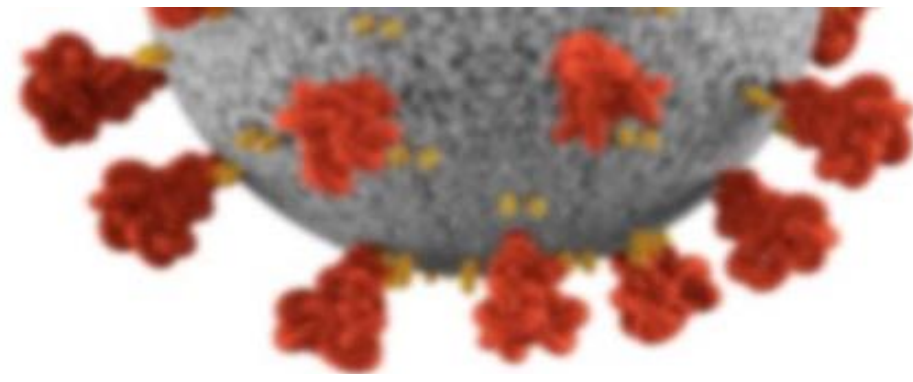
Once you find them... keep them!

- Commitment to serve as resident “voice”
- 10-20 minutes per month
- Build over time
- Monitor diversity
- Provide benefit





THE ARPA ENGAGEMENT PACKAGE





THE ARPA ENGAGEMENT PACKAGE

Our goal, through our engagement platform and benchmark data, is to:

- 1 Measure** resident/business stakeholder needs to **prioritize** ARPA-funded initiatives.
- 2 Monitor** changes to assess the **effectiveness** of community initiatives.
- 3 Identify** and share best practices
- 4 Assist** local governments in using ARPA funds to create long term community improvements



THE ARPA ENGAGEMENT SURVEY

Administered every 6 months

Throughout ARPA funding to regularly assess needs and measure performance

Intra-Index Engagement **Optional**

As needed to provide additional information to better understand specific needs

ARPA Survey

Residents

A subset of key indicators from
NRC Benchmark surveys
(The National Community Survey
and The National Business Survey)

Business
Community

Hot topic resolution

Deep dive tools

Hot topic resolution

Deep dive tools



DISPARITIES IN RESIDENT RECOVERY

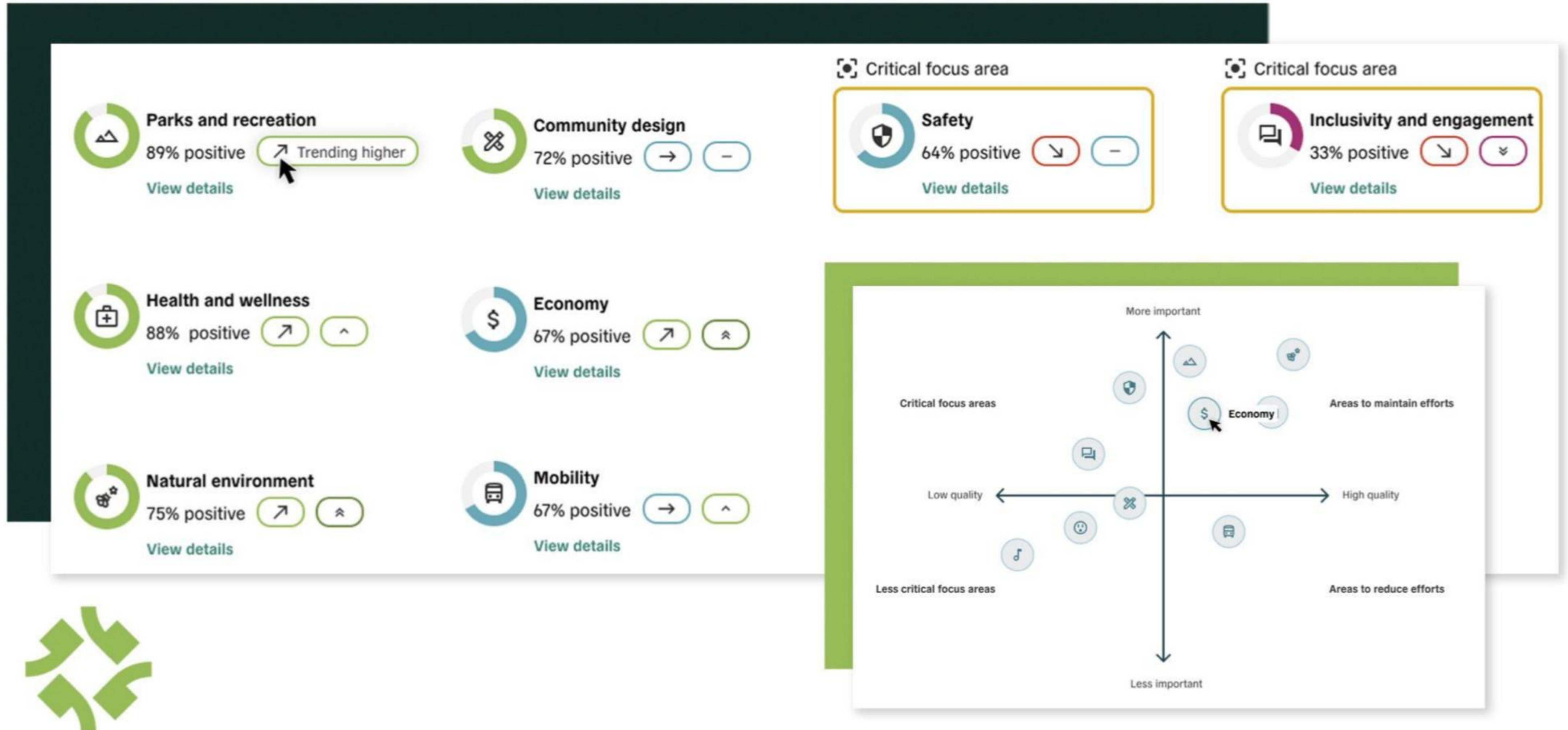
Topic	Income ?	Tenure ?	Race/ethnicity ?	Area of city ?
Community livability	Similar	Small	Large	Small
Governance	Large	Large	Similar	Similar
Health challenges	Similar	Small	Small	Large
Employment challenges	Similar	Small	Large	Small
Economic challenges	Large	Large	Similar	Similar
Educational/child care challenges	Similar	Small	Small	Large
Broadband challenges	Similar	Small	Large	Small
Housing challenges	Large	Large	Similar	Similar
Food security challenges	Similar	Small	Small	Large
Inclusion Challenges	Small	Large	Small	Large
Water and Sanitation Challenges	Similar	Small	Large	Small

Legend

	No significant disparity across demographic
	Small disparity across demographic
	Large disparity across demographic



COMMUNITY LIVABILITY





Polco

LEARN MORE: polco.us/arpa-engagement-package