

LOCAL FISCAL RECOVERY FUNDS *Playbook*

Updated February 2022

U.S. DEPARTMENT OF THE TREASURY GUIDANCE
FOR THE AMERICAN RESCUE PLAN ACT



About the National League of Cities

The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence Federal policy and drive innovative solutions.

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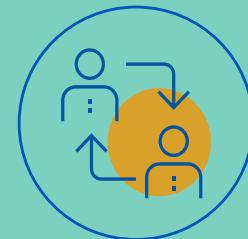
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Foreword

The American Rescue Plan Act (ARPA) is a landmark legislation for many reasons. For one, it provides billions in direct federal aid to municipalities across the nation that have experienced unprecedented financial hardships over the past two years due to the COVID-19 pandemic. It is also an investment in more equitable future for our country. On top of this, ARPA has also ushered in a new era in local-federal collaboration.

With ARPA, Congress changed the conventional playbook for federal intervention in times of economic crisis. Instead of consolidating control in Washington, ARPA authorized the State and Local Fiscal Recovery Fund (SLFRF) grant program, which empowers municipalities across the nation with \$65.1 billion in direct federal aid to address unprecedented financial hardships over the past two years due to the COVID-19 pandemic. The funding and authority provided to every local government under ARPA, regardless of its size, is a resounding vote of confidence by Congress and the Administration in intergovernmental partnerships. With responsible spending and a commitment to equitable outcomes, the data will show that this type of collaboration is effective and, in the end, better benefits the American people.

With the first half of SLFRF grant funds released in 2021, immediate needs were the priority and local governments responded by making necessary expenditures to restore and maintain local government operations and services. With the second half due to be released in 2022, the opportunity for cities and towns in this crisis is to identify and engage with residents who have been largely hidden in the margins of our communities, or who have been harmed by inequities that existed long before the pandemic, and that have been disproportionately impacted by losses related to the pandemic. This is also an opportunity to adopt a new playbook to chart your municipality's post-pandemic course.

\$65.1 billion

In direct federal aid to municipalities
across the nation

Foreword (continued)

NLC's Local Fiscal Recovery Funds Playbook centers racial equity in policymaking and offers step-by-step advice for local governments large and small to build capacity, improve services, and intervene in declines experienced by households and small businesses.

There is much left to be done to protect the lives and livelihoods of all our residents, including ensuring equitable vaccine distribution, protecting our frontline workers, supporting our local businesses, and providing critical assistance to our residents struggling to make ends meet. We can already see the American Rescue Plan Act is sparking new life into our nation's hometowns and offers hope to those who need it most. Local governments are putting this crucial aid into action for residents, households, and small businesses that are at the heart of our nation's cities, towns and villages everywhere.

The National League of Cities is dedicated to cities, towns and villages across the country, and will continue to develop the tools and resources needed to help communities navigate this federal legislation and leverage this tremendous opportunity to maximize their impact.



Clarence E. Anthony

CEO AND EXECUTIVE DIRECTOR
National League of Cities

DISCLAIMER: The information contained here is not legal advice. It will be subject to change based on updates from the U.S. Department of the Treasury, and any recipients should confirm applicability to their specific situation.



Introduction

On March 11, 2021, nearly a year after our nation shut down to stave off the fast-moving coronavirus pandemic, we marked a historic moment in the U.S. fight against COVID-19. [President Biden signed the American Rescue Plan Act](#) (ARPA) into law. The President and Congress delivered historic, unprecedented and meaningful aid to more than 26,000 of America's cities, towns and villages. The National League of Cities' (NLC's) year-long "Cities Are Essential" advocacy campaign resulted in \$65.1 billion of direct aid to every city, town and village across the country.

This local direct aid is part of the broader Coronavirus State and Local Fiscal Recovery Fund (SLFRF) within ARPA. The SLFRF provides \$350 billion for states, municipalities, counties, tribes and territories, including \$130 billion for local governments split evenly between municipalities and counties.¹ ARPA requires the U.S. Department of the Treasury (Treasury) to disburse \$45.6 billion of the total \$65.1 billion for municipalities to metropolitan cities, which are "entitlement communities" under the U.S. Department of Housing and Urban Development's (HUD's) Community Development Block Grant (CDBG) program. These communities are cities, towns and villages with populations greater than 50,000 or principal cities of Metropolitan Statistical Areas (MSAs), including those that relinquish or defer their status in the CDBG program.² States are required to pass through \$19.5 billion to "non-entitlement units" (NEUs) of local government, which are municipalities that typically serve populations of less than 50,000 residents and are not considered metropolitan cities.³ This funding

is being released in two allotments, the first half beginning the 60 days following enactment of the legislation and the second half 12 months after the first payment.⁴

The purpose of SLFRF is to "provide a substantial infusion of resources to help local governments turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery."⁵ Specifically, it is intended to protect the health and safety of residents, help workers, renters and businesses get back on their feet, and address racial disparities, inequities and disproportionate harm caused or exacerbated by the pandemic.

Local leaders have been on the frontline of the pandemic response for over a year, working with limited budgets and increased expenses to protect their communities from COVID-19. Although America still has a long road to recovery, this funding is a critical step forward.

At its core, the SLFRF within ARPA represents a federal strategy that recognizes local governments as one of the most pivotal and trusted partners needed to recover from the pandemic, rebuild the national economy and address systemic inequality. The following playbook is designed to educate local leaders on the value of this historic funding program, help them access critical implementation resources from the Treasury and NLC, and generate the biggest impact for their communities.



Roadmap of Treasury Guidance

The Treasury created a landing page with information related to SLFRF, which can be accessed with this address:

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

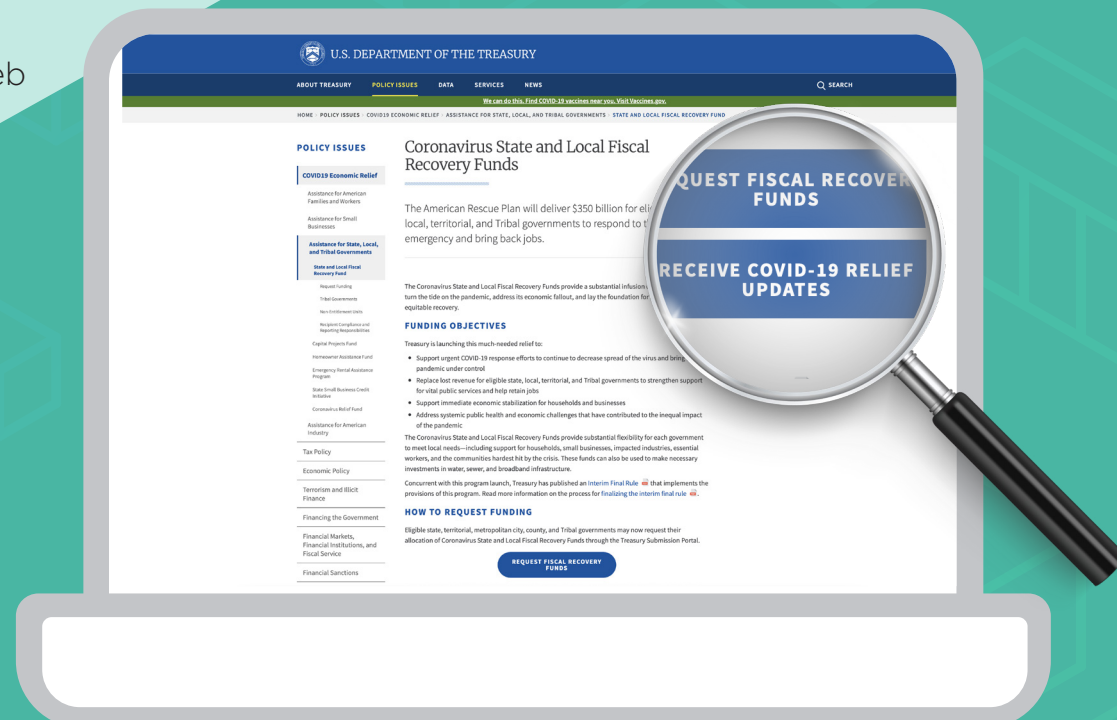
This page outlines funding objectives, requesting funds, funding allocations/methodology, information for NEUs, trenching of funds, use of funds/compliance/reporting, and the Final Rule.

The Treasury also created the following additional web pages under the SLFRF section:

[“Request Funding,”](#)

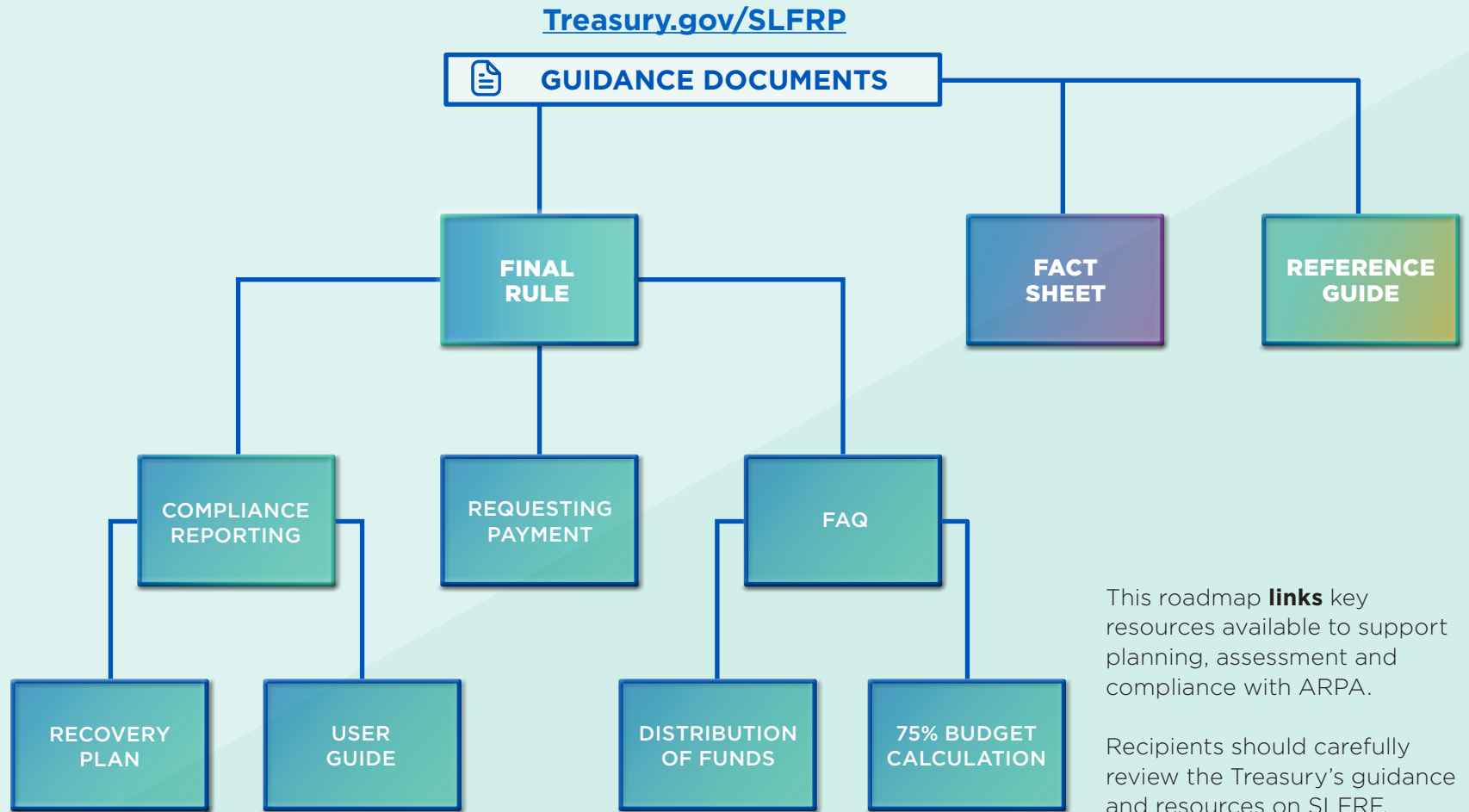
[“Non-Entitlement Units,”](#) and

[“Recipient Compliance and Reporting Responsibilities”](#).



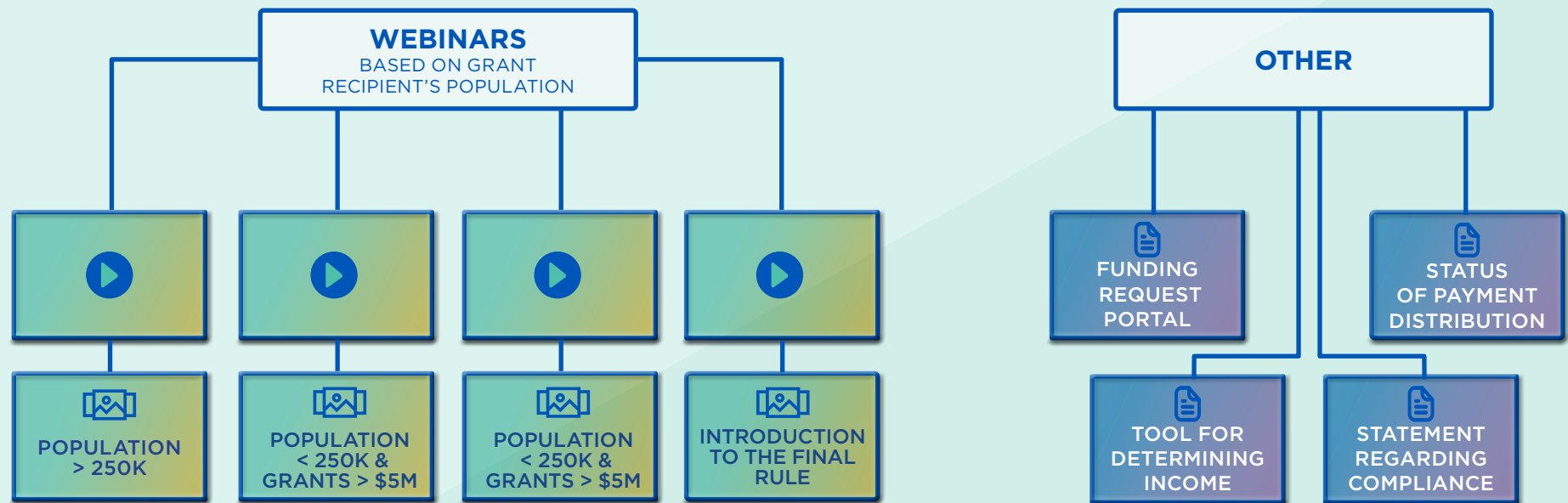



Roadmap of Treasury Guidance





Roadmap of Treasury Guidance



 DOCUMENT

 WEBINAR
RECORDING

 SLIDE
PRESENTATION

Click on each box
to learn more.





NLC Resource Map for Allowable Uses

SLFRF offers substantial flexibility on funding uses but focuses on helping cities and states respond to the negative economic impacts of COVID-19, replenish lost government revenues, and update their water and broadband infrastructure.

NLC has developed a variety of resources that address general questions related to SLFRF and provides guidance on best practices to effectively utilize these funds by the eligible use categories.



NLC Resource Map For Allowable Uses

WEBINAR

ARTICLES

General



[ARPA coronavirus local fiscal recovery funds guidance update \(call\)](#)

[5 Big takeaways from treasury's july faq updates](#)

[A local leader's guide to talking about the arpa](#)

[U.S. Treasury guidance on using coronavirus state and local fiscal recovery funds](#)

[Arpa local relief frequently asked questions](#)




[Final Rule on ARPA SLFRF Grants: 10 Things for City Leaders to Know](#)

[New Federal Guidance for Auditing ARPA SLFRF Funds](#)

[ARPA Assistance for Utility Bills Not Considered Taxable Income](#)



NLC Resource Map For Allowable Uses

	WEBINARS	FACT SHEETS	OTHERS
Administrative	 The fundamentals of budgeting with ARPA	How non-entitlement units of local government access recovery funds	The urgency of smart relief fund strategy
		How states can allocate coronavirus state & local recovery funds to local governments	Key opportunities in post-pandemic tech
			Three key takeaways from reporting guidance
			The american rescue plan: benchmarking
	 ARPA fiscal recovery funds update reporting requirements	How to meet the reporting requirements for coronavirus state & local recovery funds	Procurement 101: how to spend ARPA dollars wisely
		How to spend coronavirus state & local recovery funds	Community engagement strategies for funding
			City/county coordination is vital for recovery plan
			What small cities need to know to access funds
	 Coordinating federal relief: assessing community needs	How to use arpa to access coronavirus state & local recovery funds	Recovery: 5 principles for ARPA implementation
			Local recovery: 5 principles for ARP implementation
			Audit Readiness



NLC Resource Map For Allowable Uses

WEBINAR

ARTICLES

Infrastructure



Q&A:
[How ARPA is impacting
water infrastructure](#)

[ARPA clean water
infrastructure](#)

[Using ARPA funds
for water, wastewater
and stormwater
infrastructure projects](#)

[ARPA drinking water
infrastructure](#)

[How cities can use
ARPA to advance
digital inclusion](#)

[Treasury expands
broadband eligibility for
ARPA in a win for cities](#)

[Infrastructure
investments will advance
environmental priorities](#)

[ARPA local recovery
funds: what's in it
for connectivity and
technology?](#)



NLC Resource Map For Allowable Uses

	WEBINARS	ARTICLES	
Negative Economic Impact	 <u>How ARPA is impacting small businesses</u>	<u>Advancing equitable economic mobility in cities</u>	<u>Guaranteed income pilot projects with ARPA funding</u>
	 <u>Utilizing ARPA funding to advance cooperative business ownership</u>	<u>Corporate partner relief and recovery resources</u>	<u>Utilizing arpa funding to advance cooperative business ownership</u>
	 <u>Leveraging ARPA funds for small businesses</u>	<u>Employee ownership in the American Rescue Plan</u>	<u>Growing residents' credit through the ARPA</u>
		<u>Supporting local businesses with America's Rescue Plan</u>	<u>ARPA Fiscal Recovery Funds & Supporting Small Businesses</u>



NLC Resource Map For Allowable Uses

ARTICLES

FACT SHEETS

Premium Pay

[What local leaders can learn from the city of oxnard in supporting frontline workers](#)

[How to use ARPA funds to provide premium pay to eligible workers](#)


Revenue Replacement

[Lost revenue: What municipalities need to know](#)

[How to use coronavirus state and local recovery funds to ease budget shortfalls](#)



NLC Resource Map For Allowable Uses

	Webinar	Articles	
Public Health	 <u>Leveraging City and Community Partnerships to Address COVID-19</u>	<u>How local incentives can help accelerate the vaccination effort</u>	<u>Former contact tracers can continue to support the public's health in cities beyond Covid-19</u>
		<u>Cities in action: Cities using partnerships to increase vaccination distribution and equity</u>	<u>Vaccinating hard-to-reach communities</u>
		<u>Leveraging ARPA funds for vaccine promotion</u>	<u>ARPA & Health Equity</u>



NLC Resource Map For Allowable Uses

Services to Impacted Communities

Childhood, Families and Education

Economy



Webinar | [How state and local partnerships can support afterschool and summer learning](#)

[Making up for lost instructional time: reengaging middle and high school students](#)

[How to spend ARPA funds with an equity lens](#)

[Utilizing recovery funds to support vulnerable children and families](#)

[Strategies to increase participation in eviction prevention and diversion](#)

[Partnering with cities: Leveraging ARPA funds for early childhood success](#)

[Embedding equity into how your city does business for early childhood success](#)

[Advancing justice and community safety via the american rescue plan](#)

[Aligning city, county, and state for early childhood success](#)

[Feeding more youth while strengthening child care businesses](#)

[How ARPA funds can level the playing field to aid vulnerable families in debt](#)

[Developing early childhood success through local investments](#)

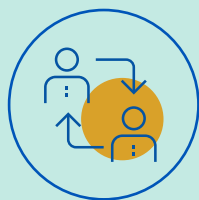
[Supporting education success through ARPA](#)

[ARPA supporting housing stability and income security](#)

[One pager: initial guidance on using ARPA funds to bring nature's benefits to children](#)

[Supporting early childhood with ARPA](#)

[How the ARPA is supporting food access and jobs](#)



Supporting Cities, Towns & Villages

ARPA's historic investment provides a tremendous opportunity for cities, towns and villages to set their communities on a long-term path to equitable recovery and economic prosperity, and NLC is assisting municipalities with key research, resources and support. Municipalities will receive SLFRF funds in 2021 and 2022. They have until December 31, 2024, to obligate their SLFRF funds and December 31, 2026, to disburse their SLFRF funds. With this time, municipalities can assess the needs of their communities to develop strategic plans that meet those needs, while keeping an eye towards the future. This report provides resources to help municipalities access their SLFRF funds, determine eligible expenditures and reporting requirements, and provides clarity on many other aspects of ARPA and SLFRF.



Implementation Benchmarks

To support municipal efforts in developing their SLFRF plans, NLC set [nine implementation benchmarks](#) to guide SLFRF recipients.

As [these benchmarks](#) indicate, the Treasury intends for flexibility within the SLFRF's eligible uses as communities address the pandemic's negative impacts while enabling equitable recovery. To prioritize equitable recovery, municipalities can implement inclusive community engagement measures, especially by including those with the greatest need, to aid in recovery planning and funding decisions.





Beyond SLFRF

In addition to SLFRF, ARPA includes other critical investments that will flow to (or through) municipalities, from other levels of government and organizations. When making funding decisions for recovery plans, local governments should consider all possible funding streams and community resources to maximize municipal resources. NLC recommends the following key programs under ARPA streams (beyond SLFRF) that may be relevant to municipalities and their communities.



Child Tax Credit

The Child Tax Credit (CTC) is a tax benefit to help all families who are raising children. ARPA expanded the eligibility and amounts for CTC to help many families receive advanced payments, but the changes are for the 2021 tax year only.

[How the American Rescue Plan Is Providing More Money to Families through Tax Credits](#)



Emergency Rental Assistance

The Emergency Rental Assistance (ERA) Program is designed to help landlords and tenants recover from the economic impacts of the COVID-19 pandemic to avoid housing insecurity and eviction. The Treasury distributed ERA funds to states and many local governments.

[6 Do's and Don'ts How-to Guide to ERA Access ERA 3 Things to Know](#)



Capital Projects Fund

The Capital Project Fund program is a flexible, \$10 billion fund for investment in “Capital Projects designed to directly enable work, education and health monitoring.” While this fund will be controlled by states, state governments will have the ability to target covered projects to specific communities in need and may opt to subgrant funding to local governments.

[New Guidance on ARPA Funds for Broadband Projects](#)

There are many more programs in ARPA. NLC launched the [ARPA Grant Navigation Program](#) to assist cities, towns and villages in identifying and gathering application deadlines for federal programs available under ARPA. Check out the [landing page](#) to learn more and see if your municipality is eligible.



Conclusion

NLC is dedicated to developing the tools and resources needed to help communities navigate federal legislation and leverage this tremendous opportunity to maximize impact. In addition to the benchmarks and guidance outlined above, NLC has **three final tips** for municipalities as they embark on their equitable recoveries from the COVID-19 pandemic.



1 Take your time to ensure equitable outcomes

Municipalities have time to make an equitable plan and put it into motion. SLFRF doesn't need to be obligated until December 31, 2024 and municipalities have until December 31, 2026 to expend their funds. Municipalities should use this time to plan for equitable outcomes by conducting community assessments and engaging with their communities to better understand their needs.



2 Partner for greater impact

Connect with county and state leaders to align efforts for greater regional impact. All levels of government and state municipal leagues should work to support local recovery and build equitable and resilient communities



3 Share your plans and learn from peers

Many municipal leaders across the country are beginning to develop recovery plans. For cities that have developed plans, they are sharing them with their communities. Sharing plans provides communities with a roadmap for recovery. For ideas and insights on how other cities, towns and villages, are leveraging ARPA and SLFRF, please visit [NLC's Bloomberg COVID-19 Local Action Tracker](#).

Appendix

GUIDANCE DOCUMENTS

[Final Rule](#)

[Frequently Asked Questions \(Periodically Updated\)](#)

- [Update on Interpretation for the 75 Percent Budget Cap Calculation \(NEUs\) \(06/30/21\)](#)
- [FAQs on Distribution of Funds to NEUS](#)

[Non-entitlement Unit of Local Government Checklist for Requesting Initial Payment](#)

[Compliance and Reporting Guidance](#)

- [Recovery Plan Template](#)
- [Reporting Portal User Guide \(Interim Report and Recovery Plan only\)](#)

[SLFRF Fact Sheet](#)

[SLFRF Quick Reference Guide](#)

WEBINARS

[Local recipients with population over 250,000 - *Presentation*](#)

[Local recipients with populations under 250,000 and grants over \\$5 million - *Presentation*](#)

[Local recipients with populations under 250,000 and grants under \\$5 million - *Presentation*](#)

OTHER

[Status of Payments to States for Distribution to Non-entitlement Units of Local Government](#)

[Funding Request Portal](#)

Endnotes

- ¹ Department of the Treasury. (2021). *Coronavirus State and Local Fiscal Recovery Funds*.
<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>
- ² Census Bureau. (2021). *Metropolitan and Micropolitan Statistical Area Standards*.
<https://www.census.gov/programs-surveys/metro-micro/about.html>
- ³ Department of the Treasury. (2021). *Coronavirus State and Local Fiscal Recovery Funds*.
<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>
- ⁴ Department of the Treasury. (2021). *Coronavirus State and Local Fiscal Recovery Funds*.
<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>
- ⁵ Department of the Treasury. (2021). *Coronavirus State and Local Fiscal Recovery Funds*.
<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

