

# AMERICAN RESCUE PLAN FISCAL RECOVERY FUNDS POLICY SESSION

City of Peoria

June 1, 2021



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## AMERICAN RESCUE PLAN \$1.9 TRILLION FISCAL RECOVERY FUND \$350 BILLION

- \$350B for States, Locals, Tribes & Territories
- Local Governments
  - Counties - \$65.1B
  - Cities over 50,000 - \$45.57B
  - Cities under 50,000 - \$19.53B
- State of Illinois governments- \$13.232B
  - State of Illinois - \$7.549B
  - Local Governments - \$5.684B
    - Peoria County - \$34.8M
    - City of Peoria – \$47.0M



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## AMERICAN RESCUE PLAN FUNDING OPPORTUNITIES

- \$47.8 billion for COVID-19 testing, contact tracing and mitigation activities
- \$122.7 billion for elementary and secondary school emergency relief funds
- \$26.1 billion for Urbanized Area Formula Grants to aid transit service in urbanized areas
- \$8.0 billion for airports
- \$10.0 billion for a Coronavirus Capital Projects Fund for States to carry out projects to support work, education and health monitoring during COVID-19
- Provides \$7.25 billion for the Paycheck Protection Program (PPP) forgivable loans
- \$15.0 billion for targeted Economic Injury Disaster Loan (EIDL) advance payments \$25 billion for restaurants, bars, and other eligible providers of food and drink.
- \$1.25 billion for shuttered venue operators (like the Civic Center)

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## AMERICAN RESCUE PLAN FUNDING OPPORTUNITIES

- \$27.4 billion in emergency rental assistance including
- \$9.96 billion for a Homeowner Assistance Fund
- \$5 billion to assist people who are homeless
- \$7.2 billion Emergency Connectivity Fund to reimburse schools and libraries for broadband internet access and connected devices
- \$50 billion for disaster relief efforts
- \$300 million for assistance to firefighter grants
- \$175 million to create a "community navigator" pilot program

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## FISCAL RECOVERY FUND FUNDING OBJECTIVES

- **Support urgent COVID-19 response efforts** to continue to decrease spread of the virus and bring the pandemic under control
- **Replace lost public sector revenue** to strengthen support for vital public services and help retain jobs
- **Support immediate economic stabilization** for households and businesses
- **Address systemic public health and economic challenges** that have contributed to the inequal impact of the pandemic

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## ELIGIBLE USES OF THE STATE AND LOCAL FISCAL RECOVERY FUNDS



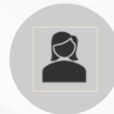
SUPPORT PUBLIC  
HEALTH RESPONSE



ADDRESS  
NEGATIVE  
ECONOMIC  
IMPACTS



REPLACE PUBLIC  
SECTOR REVENUE  
LOSS



PREMIUM PAY FOR  
ESSENTIAL  
WORKERS



WATER AND  
SEWER  
INFRASTRUCTURE



BROADBAND  
INFRASTRUCTURE

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## SUPPORT THE PUBLIC HEALTH RESPONSE

- **Services to contain and mitigate the spread of COVID-19**, including vaccination, medical expense testing, contact tracing, quarantine costs, capacity enhancements, and many related activities
- **Behavioral healthcare services**, including mental health or substance misuse treatment, crisis intervention, and related services
- **Payroll and covered benefits** for public health, healthcare, human services, and public safety staff to the extent that they work on the COVID-19 response

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## ADDRESS NEGATIVE ECONOMIC IMPACTS

- **Deliver assistance to workers and families**, including support for unemployed workers, aid to households, and survivor's benefits for families of COVID-19 victims
- **Support small businesses** with loans, grants, in-kind assistance, and counseling programs
- **Speed the recovery of impacted industries**, including the tourism, travel, and hospitality sectors
- **Rebuild public sector capacity** by rehiring staff, replenishing state unemployment insurance funds, and implementing economic relief programs

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## REPLACE PUBLIC SECTOR REVENUE LOSS

- **Ensure continuity of vital governmental services** by filling budget shortfalls
- **Revenue loss is calculated** relative to a counter-factual trend, beginning with the last full fiscal year pre-pandemic and adjusted 4.1% annually for growth
- **Recipients may recalculate revenue loss** at multiple points during the program, supporting those entities that experience revenue loss with a lag

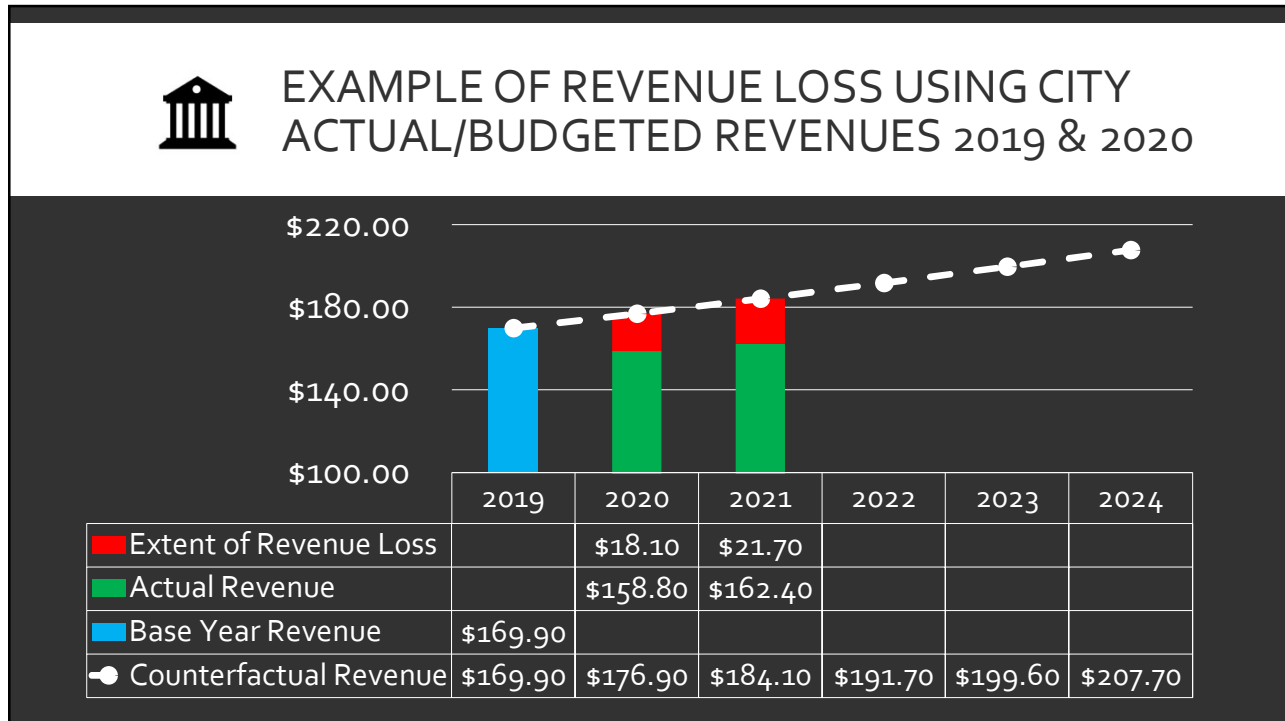
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## REPLACE PUBLIC SECTOR REVENUE LOSS

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>▪ <b>What is OUT of the revenue calculation?</b> <ul style="list-style-type: none"> <li>▪ Federal transfers</li> <li>▪ Intergovernmental transfers within the organization</li> <li>▪ Revenues from utilities (sewer and stormwater)</li> <li>▪ Refunds and other correcting transactions</li> <li>▪ Proceeds from the issuance of debt</li> <li>▪ Liquor store revenues</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▪ <b>What is IN?</b> <ul style="list-style-type: none"> <li>▪ Everything else not listed above           <ul style="list-style-type: none"> <li>▪ Taxes, fees, and other revenues to support public services</li> </ul> </li> <li>▪ Including fees generated by the underlying economy           <ul style="list-style-type: none"> <li>▪ Component Units – Civic Center, Library</li> </ul> </li> </ul> </li> </ul> |
|--|---|

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**REPLACE PUBLIC SECTOR REVENUE LOSS**

- **What can it be spent on?**
  - Government services
    - Directly provide services or aid to citizens
    - Pay-as-you-go infrastructure and capital projects
    - Cybersecurity
    - Healthcare
    - Public safety
- **What is NOT allowed?**
  - NOT on principal or interest of debt service
  - NOT on reserves or rainy day funds

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## PREMIUM PAY FOR ESSENTIAL WORKERS

- **Provide premium pay to essential workers**, both directly and indirectly through grants to third party employers
- **Prioritize low and moderate-income workers**, who face the greatest mismatch between employment-related health risks and compensation
- **Key sectors include** healthcare, grocery and food services, education, childcare, sanitation, and transit
- **Must be fully additive** to a worker's wages
- **Retroactive** - Funding under this can look back to 2020 costs

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## WATER AND SEWER INFRASTRUCTURE

- **Includes improvements to infrastructure**, such as building or upgrading facilities and transmission, distribution, and storage systems
- **Eligible uses aligned to Environmental Protection Agency project categories** for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund

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## BROADBAND INFRASTRUCTURE

- **Focus on households and businesses** without access to broadband and those with connections that do not provide minimally acceptable speeds
- **Fund projects that deliver reliable service** with minimum 100 Mbps download/ 100 Mbps upload speeds unless impracticable
- **Complement broadband investments** made through the Capital Projects Fund

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## EQUITY-FOCUSED SERVICES

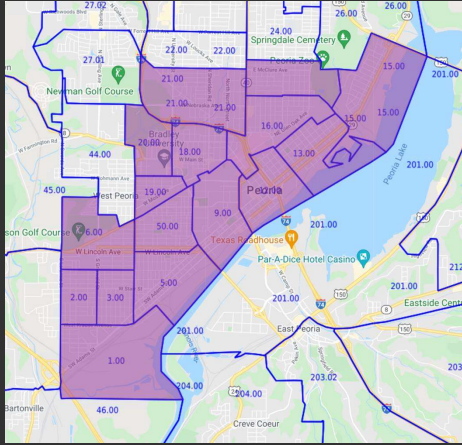
- **Additional flexibility for the hardest-hit communities and families** to address health disparities, invest in housing, address educational disparities, and promote healthy childhood environments
- **Broadly applicable to Qualified Census Tracts**, other disproportionately impacted areas, and when provided by Tribal governments

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## EQUITY-FOCUSED SERVICES



### Qualified Census Tracts

- 01, 02, 03, 05, 06, 09
- 12, 13, 15, 16, 18, 19
- 20, 21, 25, 50

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## EQUITY-FOCUSED SERVICES

- Address health disparities
  - Community health workers and public benefits navigators
  - Lead paint remediation
  - Community violence intervention programs
- Housing and neighborhoods
  - Persons experiencing homelessness
  - Affordable housing development
  - Housing vouchers, residential counseling, navigation assistance
- Educational disparities
  - New/expanded early learning services
  - Expanded resources for high-poverty school districts
  - Tutoring and afterschool programs
- Promoting healthy childhood environments
  - New/expanded high quality childcare
  - Home visiting programs for families with young children
  - Services for child welfare-involved families

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## INELIGIBLE USES

- **Changes that reduce net tax revenue** must not be offset with American Rescue Plan Funds
- **Extraordinary payments into a pension fund** are a prohibited use of this funding. Under Treasury's interpretation, a "deposit" is distinct from a "payroll contribution," which occurs when employers make payments into pension funds on regular intervals for employees whose wages are an eligible use
- **Rainy day funds** or financial reserve deposits
- **Funding debt service** payments, legal settlements, or judgements

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## AUDITING & REPORTING REQUIREMENTS



### Interim Reports

One interim report will be due August 31, 2021, on expenses to-date



### Quarterly Reports

Quarterly expenditure reporting on uses of funds  
Due October 31, 2021 and every 90 days thereafter



### Funds are subject to Single Audit

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## RECOVERY FUND KEY DATES

Date	Milestone
January 27, 2020	Declaration of the public health crisis
March 3, 2021	Beginning of the Recovery Fund "covered period"
July 9, 2021	Deadline to comment on US Treasury's <i>Interim Final Rule</i> on Recovery Fund
August 31, 2021	Deadline to submit first <i>Recovery Plan Performance Report</i> to US Treasury
October 31, 2021	Deadline to submit first <i>Quarterly Project and Expenditure Report</i>
December 31, 2024	Recovery Funds must be obligated (NOT incurred)
December 31, 2026	Recovery Funds must be spent and all work/performance must be completed

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## GFOA GUIDING PRINCIPLES

- TEMPORARY NATURE OF FUNDING
  - Care should be taken to avoid creating new programs or add-ons to existing programs that require ongoing financial commitment.
  - Use of FRF funds to cover operating deficits caused by COVID-19 should be considered temporary and additional budget restraint may be necessary to achieve/maintain structural balance in future budgets.
  - Investment in critical infrastructure is particularly well suited for use of FRF funds because it is a non-recurring expenditure that can be targeted to strategically-important long-term assets that provide benefits over many years. However, care should be taken to assess any on-going operating costs that may be associated with the project.

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## GFOA GUIDING PRINCIPLES

- **SCANNING AND PARTNERING EFFORT**
  - Local jurisdictions should be cognizant of state-level ARP efforts, especially regarding infrastructure, potential enhancements of state funding resources, and existing or new state law requirements.
  - Consider regional initiatives, including partnering with other ARP Recipients. It is possible there are many beneficiaries of ARP funding within your community, such as schools, transportation agencies, and local economic development authorities. Be sure to understand what they are planning and augment their efforts or create cooperative spending plans to enhance the structural financial condition of your community.

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## GFOA GUIDING PRINCIPLES

- **TAKE TIME AND CAREFUL CONSIDERATION**
  - Use other dedicated grants and programs first whenever possible and save FRF funds for priorities not eligible for other federal and state assistance programs.
  - Whenever possible, expenditure related to FRF should be spread over the entire qualifying period (through December 31, 2024) to enhance budgetary and financial stability.
  - Adequate time should be taken to carefully consider all alternatives for the prudent use of FRF funding prior to committing the resources to ensure the best use of the temporary funding.

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## SUGGESTED USES OF PEORIA FRF

- Eliminate the \$10 million in future working cash bonds for 2021
- End furloughs for non-union employees from July 2021-December 2021
- Community / Business support – including partnering with other entities who have received ARP funding
- Utilize FRF for capital projects – since this is one time funding.
- Equity – focus funding in areas disproportionately impacted
- Targeted operational expense restoration

**The City has time to deliberate on how to best use the funding over the**

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## QUESTIONS



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