

Louisville Metro Recovery & ARPA

Key Considerations

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ARPA: More Than State & Local Relief Funds

\$1.85 Trillion across 84 programs & 19 Agencies*

ARPA Federal Investment Guide ([here](#))

DISTRIBUTION

How funds move out of their sources in federal agencies (e.g., by formula, competitive grant, etc.). These mechanisms determine the way funds are accessed and how quickly they can be expected.

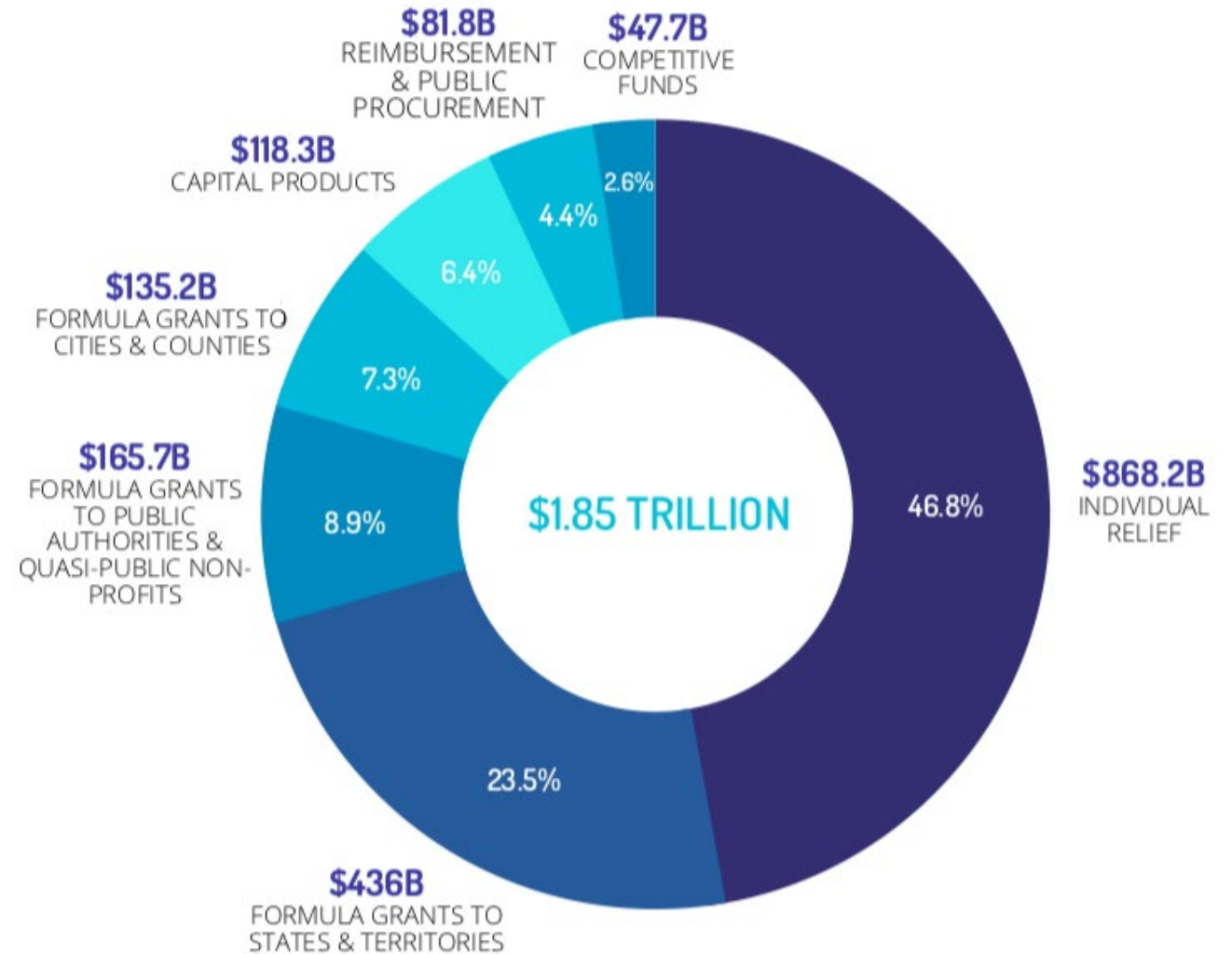
DECISIONMAKERS

Specific institutions and entities receive funding or must apply. They tend to have wide discretion over how funds are spent and should set priorities and be engaged accordingly.

DEPLOYMENT

How funds move into their final end-uses (e.g., timing requirements, eligible uses, etc.). These must be understood so ARP spending is maximized for City and Metro residents.

**this total does not include allocations to Tribal Governments or to agency operations*



Treasury Rules on the State & Local Relief Funds

On May 10, Treasury released guidance for the flexible formula grants to cities, states and counties. Guidance emphasize relief more than recovery. Read more [here](#)

What is Eligible

What the legislation says: to “respond to COVID-19 or its “negative economic impacts,” including:

- **Providing government services** to the extent of the reduction in revenues due to COVID-19 (relative to the most recent full fiscal year);
- Providing **assistance to households, small businesses, and nonprofits**, or aid to impacted industries such as tourism, travel and hospitality;
- Providing **premium pay**, directly to recipient employees or in grants to eligible employers; and
- Making necessary investments in **water, sewer, or broadband** infrastructure.
- **Recipients are precluded from using the funds to lower taxes or for pensions.**

Key Examples from Treasury

Address negative economic impact

- Families & workers: support for unemployed workers, aid to households, survivors benefits for COVID-19 families.
- Small business: loans, grants, in-kind support, and counseling (rescue focused, not growth oriented).
- Aid to impacted industries: especially, but not limited to, tourism, hospitality and recreation. Focused on a safe recovery.
- Public capacity: rehire staff to pre-pandemic levels.

Water, Sewer & Broadband Infrastructure

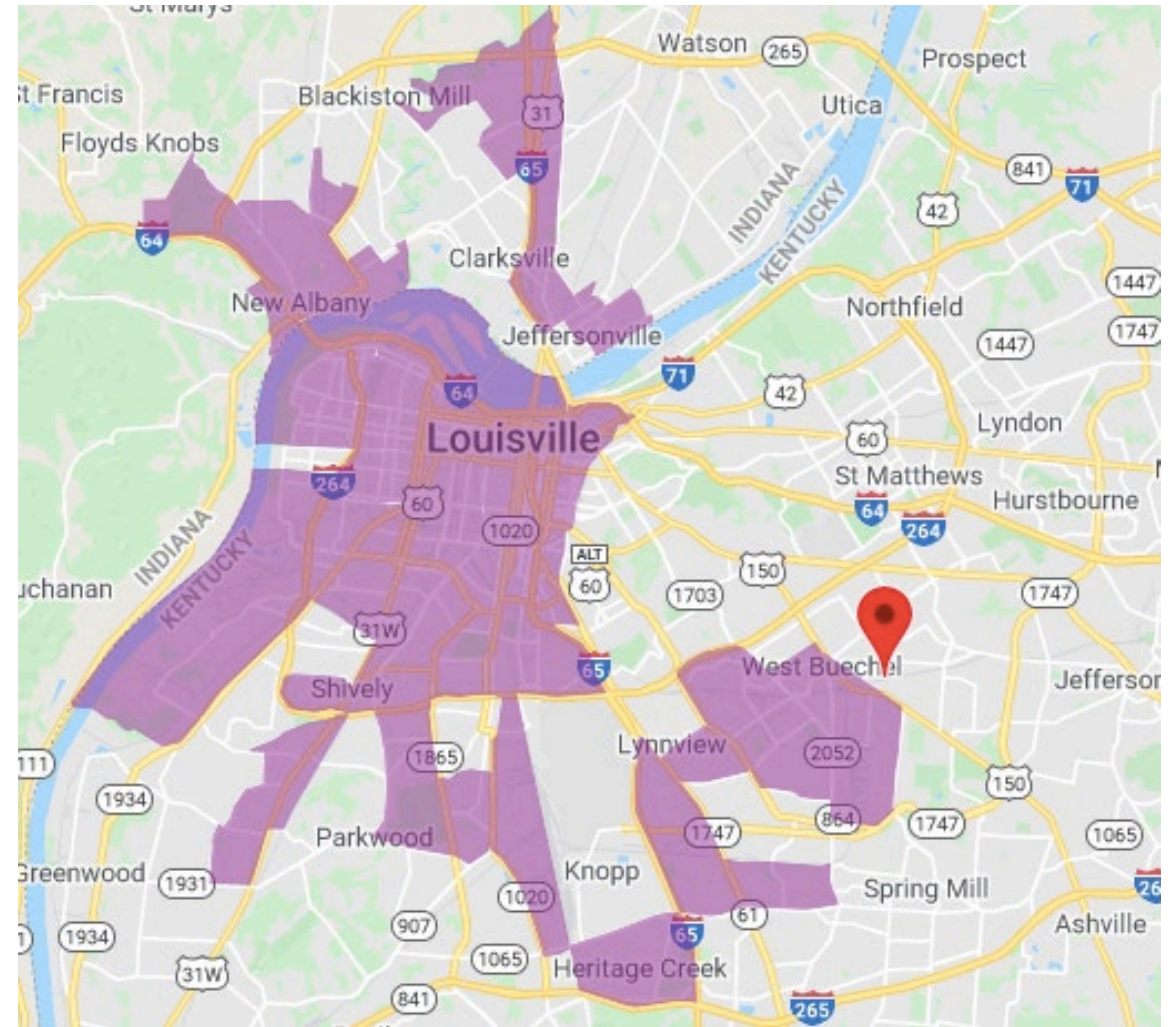
- Compliment capital projects fund: a separate \$10B fund exists for capital investments, these uses should support that.
- Broadband: projects focused on increasing household & business access to quality connections (100MBPS).
- Water & Sewer: includes improvements to infrastructure & aligned with EPA eligible clean water uses.

Treasury Rules on the State & Local Relief Funds, Pt. II

Geography is Key: QCTs

Treasury will presume that certain types of services are eligible uses when provided in a Qualified Census Tract (QCT) —the same as LIHTC geographies— to families living in QCTs. Here funds can be used in four areas:

- **Addressing health disparities:** e.g., community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs.
- **Investing in neighborhoods:** e.g., supportive housing & services for individuals experiencing homelessness, affordable housing development, housing vouchers & relocation assistance to neighborhoods with more economic opportunity.
- **Addressing educational disparities:** e.g., 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
- **Promoting healthy childhood environments:** e.g., child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth.



Qualified Census Tracts in Louisville (more info [here](#))

Treasury Guidance on the State & Local Relief Funds, pt. III

This is not free money, it requires frequent reporting and tracking. It is also a reimbursement rather than an up-front grant.

What's Explicitly Not Allowed

- Cannot be used to **replace a loss in net tax revenue** resulting from policy changes (i.e. don't cut taxes).
- Cannot be used to cover **pension payments**.
- **General infrastructure spending** (outside of water, sewer, and broadband) is not allowed.
- Expenses not demonstrably related to the COVID **-19 response** or its negative economic harms outside of QCTs (e.g. general economic & workforce development programs, job training targeted at workers unemployed as a result of COVID *are* allowed though).

Reporting & timing

Cities will be required to **submit one interim report and thereafter quarterly Project and Expenditure reports** through the end of the award period on December 31, 2026.

Interim report includes **expenditures by category at the summary level from the date of award to July 31, 2021**.

Recipients must **submit their interim report to Treasury by August 31, 2021**.

Illustrative Examples of Grey Areas

Provided in a [FAQ Document from Treasury](#), specifically on providing aid to those experiencing negative economic impact.

Assistance to individuals experiencing negative impact: LMI Group Presumption

This would allow an internet access assistance program for all low- or moderate-income households that does not require the recipient to demonstrate or document that each individual low- or - moderate income household experienced a negative economic impact from the COVID19 public health emergency apart from being low- or -moderate income.

Justification: Final rule language “In assessing whether a household or population experienced economic harm as a result of the pandemic, a recipient may presume that a household or population that experienced unemployment or increased food or housing insecurity or is low- or moderate-income experienced negative economic impacts resulting from the pandemic.”

Negative Economic Impact on small business: Group Impact Matters

Assistance may be provided to small businesses, including loans, grants, in-kind assistance, technical assistance or other services, to respond to the negative economic impacts of the COVID19 public health emergency. **Recipients must design a program that responds to the negative economic impacts of the COVID-19 public health emergency, including by identifying how the program addresses the identified need or impact faced by small businesses.**

For example, a recipient could find based on local data or research that the smallest businesses faced sharply increased risk of bankruptcy and develop a program to respond; such a program would only need to document a population or group-level negative economic impact, and eligibility criteria to limit access to the program to that population or group (in this case, the smallest businesses).

Questions & Discussion

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