



OKLAHOMA



**American Rescue Plan Act (ARPA)
Local Fiscal Recovery Fund
Eligible Uses**

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Eligible Categories Overview

5 major categories of eligible uses:



1. Public health expenditures



2. Address economic impacts of COVID-19



3. Replace lost public sector revenue



4. Provide premium pay for essential workers



5. Invest in water, sewer, and broadband infrastructure



3. Replace Lost Public Sector Revenue



Standard Allowance Revenue Loss

- The revenue loss category is the easiest method to spend ARPA funds as your municipality desires under the rules.
- The Treasury’s Final Rule, published on January 6, 2022, allows municipalities to elect a “standard allowance” revenue loss of \$10 million. Under this option, the Treasury presumes up to \$10 million in revenue has been lost due to the public health emergency.
- **KEY: Under this standard allowance option, you are not required to actually have a revenue loss.**

Under the standard allowance, allotted NEU funds (up to 10 million dollars) may be used to pay for the provision of **government services**



3. Replace Lost Public Sector Revenue



Standard Allowance Government Services

- Government services generally include any service traditionally provided by a government, unless Treasury has stated otherwise. Here are some common examples, although this list is not exhaustive:
 - ✓ **Construction** of schools and hospitals
 - ✓ **Road building** and maintenance, and other infrastructure
 - ✓ **Health services**
 - ✓ **General government administration, staff, and administrative facilities**
 - ✓ Environmental remediation
 - ✓ Provision of police, fire, and other public safety services (including purchase of fire trucks and police vehicles as long as the equipment is used for the originally authorized purpose 2 CFR Part 200, Subpart D.)

Under the standard allowance, allotted NEU funds (up to 10 million dollars) may be used to pay for the provision of **government services**



Reporting with the standard allowance

This is an example of what reporting under the standard allowance revenue loss will likely look like.

Revenue Replacement Key Inputs

Select Year

2020

* Is your jurisdiction electing to use the standard allowance of up to \$10 million, not to exceed your total award allocation, for identifying revenue loss?

Yes

* Estimated Revenue Loss Due to Covid-19 Public Health Emergency as of December 31, 2020

* Were Fiscal Recovery Funds used to make a deposit into a pension fund?

No

* Please provide an explanation of how revenue replacement funds were allocated to government services

Explanation

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Restrictions on use

Funding from the Coronavirus State and Local Fiscal Recovery Funds is subject to the requirements specified in the [Final Rule](#) , [Award Terms and conditions](#), "[Uniform Guidance](#)" or [2 CFR Part 200](#), and the [Reporting and Compliance Guidance](#).

- The Restrictions on use in the [overview of the final rule page 41](#) are:



1. Municipalities **cannot** use ARPA funds to **pay off debt or replenish financial reserves.** (ex. Deposit into rainy day funds)
2. Municipalities **cannot** use ARPA funds to **pay a settlement** agreement, judgment, consent decree, or judicially confirmed debt
3. Municipalities **cannot** use ARPA funds to **undermine COVID-19 mitigation practices** in line with CDC guidance.
4. Municipalities **cannot violate state (ex. Competitive bidding) or federal law** or the award terms and conditions.



Terms and Conditions- *What exactly did we sign?*

This list does not include everything. Please read the Award Terms and Conditions to make sure you are in compliance:

https://static1.squarespace.com/static/59bba641cd39c38913f702a0/t/619bdd3483ba4002ad7d6d8f/1637604660813/NEU_Award_Terms_and_Conditions.pdf



Your municipality agreed to:

1. **Maintain a Conflict of Interest policy** . Recipient understands and agrees it must maintain a conflict of interest policy consistent with 2 C.F.R. § 200.318(c) and that such conflict of interest policy is applicable to each activity funded under this award. Recipient and subrecipients must disclose in writing to Treasury any potential conflict of interest affecting the awarded funds in accordance with 2 C.F.R. § 200.112. (If you do not already have one, Have your attorney help you develop one.
2. **follow the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200**
3. **Comply with Title VI of the Civil Rights Act** which prohibits discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance;
4. **Comply with the Fair Housing Act**, which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability;

Terms and Conditions- *What exactly did we sign?*

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Your municipality agreed to:

5. **Comply with the Rehabilitation Act**, which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance.
6. **Comply with the Age Discrimination Act**, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance
7. **Comply with the Americans with Disabilities Act**, which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.
8. **Comply with the Hatch Act as applicable**, which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by this federal assistance.



Terms and Conditions- *What exactly did we sign?*

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Your municipality agreed to:

9. **Not make False Statements.** Recipient understands that making false statements or claims in connection with this award is a violation of federal law and may result in criminal, civil, or administrative sanctions, including fines and imprisonment,
10. **Insert language into publications about ARPA funds.** Publications produced with funds from this award must display the following language: “This project [is being] [was] supported, in whole or in part, by federal award number [enter project FAIN] awarded to [name of Recipient] by the U.S. Department of the Treasury.”
11. **Protect Whistleblowers.** A recipient may not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to specified persons or entities, information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant.

Where is the best place to go to determine if a use is eligible?

- Funding from the Coronavirus State and Local Fiscal Recovery Funds is subject to the requirements specified in the [Final Rule](#) , [Award Terms and conditions](#), [“Uniform Guidance”](#) or 2 CFR Part 200, and the [Reporting and Compliance Guidance](#).
- The Treasury has also issued [Frequently Asked Questions about the Final Rule](#) and the [Reporting and Compliance Guidance](#). Together, the Final Rule, Reporting and Compliance Guidance, and the FAQ’s documents are the best resources on permissible uses.
- **Ask your municipal attorney.** ARPA fund recipients may use funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID–19 public health emergency and its negative economic impacts. This includes, but is not limited to, costs related to disbursing payments of Fiscal Recovery Funds (ex. Paying an attorney) and managing new grant programs established using Fiscal Recovery Funds. ([FAQ 10.2](#)).



**Be Smart-
Avoid your name
in the Headlines
for a misuse of
funds.**

Ultimately, Your municipality is accountable to your community on how best to use the ARPA funds.

While the permissible uses of ARPA are broad, It is important to keep the reason why ARPA was passed in mind.

Goals of ARPA from the US treasury:

1. To support the immediate pandemic response,
2. bring back jobs
3. lay the groundwork for a strong and equitable recovery

“The American Rescue Plan Act of 2021 established the Coronavirus State and Local Fiscal Recovery Funds, designed to deliver \$350 billion to state, local, territorial, and Tribal governments to bolster their response to the COVID-19 emergency and its economic impacts.”

If you would like to see how communities across the United states are using their funds, The National League of Cities put together A tracker here:

<https://www.nlc.org/resource/covid-19-local-action-tracker/>



A television cameraman films near the Edward M. Kennedy Institute in Boston in 2015. An AP review finds state and local governments have spent nearly \$1 billion worth of federal virus aid on projects that have little to do with the pandemic.

STEVEN
SENNE/AP FILE



Pandemic relief money spent on hotel, ballpark, ski slopes

Brian Slodysko
ASSOCIATED PRESS

WASHINGTON – Thanks to a sudden \$140 million cash infusion, officials in Broward County, Florida, recently broke ground on a high-end hotel that will have views of the Atlantic Ocean and an 11,000-square-foot spa.

In New York, Dutchess County pledged \$12 million for renovations of a minor league baseball stadium to meet requirements the New York Yankees set for their farm teams.

And in Massachusetts, lawmakers delivered \$5 million to pay off debts of the Edward M. Kennedy Institute for the

U.S. Senate in Boston, a nonprofit established to honor the late senator that has struggled financially.

The three distinctly different outlays have one thing in common: Each is among the scores of projects that state and local governments across the United States are funding with federal coronavirus relief money despite having little to do with combating the pandemic, a review by The Associated Press has found.

The expenditures amount to a fraction of the \$350 billion made available through last year's American Rescue

See PANDEMIC AID, Page 12NN



Be intentional- *Document your Plan and communicate*

Passing a resolution about how you will spend the funds is not required, however it is recommended.

RESOLUTION APPROVING THE CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PLAN AND THE ALLOCATIONS CONTAINED THEREIN.

WHEREAS, The City of Oklahoma City has received \$61,253,795 from the Coronavirus State and Local Fiscal Recovery Funds (Fiscal Recovery Funds) and expects to receive an additional \$61,253,795 in May 2022 for a total federal allocation of \$122,507,590; and

WHEREAS, the Fiscal Recovery Funds were provided pursuant to the American Rescue Plan Act (ARPA) and are provided to assist government entities in recovering from the ongoing and lasting effects of the COVID-19 pandemic; and

WHEREAS, City staff developed a plan for use of the Fiscal Recovery Funds to provide transparent and accountable approaches and processes, and to identify opportunities for improvements that will benefit the community and economy as the City emerges from the COVID-19 pandemic; and

WHEREAS, ARPA identified categories for use of the Fiscal Recovery Funds and the City's plan allocates the use of the Funds in such categories; and

WHEREAS, the Coronavirus State and Local Fiscal Recovery Funds Plan allocations are as follows:

Revenue Replacement	\$78,507,590
Response to Negative Economic Impacts	\$37,000,000
Response to Public Health Emergency	\$7,000,000

NOW THEREFORE BE IT RESOLVED, by the City Council of The City of Oklahoma City, that the Coronavirus State and Local Fiscal Recovery Funds Plan and the allocations contained therein are approved.



Example of a plan to spend ARPA funds

“Recipients should ensure they maintain proper documentation supporting determinations of costs and applicable compliance requirements, and how they have been satisfied as part of their award management, internal controls, and subrecipient oversight and management”- Compliance and Reporting Guidance



CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PLAN

BACKGROUND

The City of Oklahoma City has received \$61,253,795 from the Coronavirus State and Local Fiscal Recovery Funds (Fiscal Recovery Funds) and expects to receive an additional \$61,253,795 in May 2022 for a total federal allocation of \$122,507,590. The Fiscal Recovery Funds were provided pursuant to the American Rescue Plan Act (ARPA). The Fiscal Recovery Funds are intended to provide support to State, local, and Tribal governments in responding to the impact of COVID-19 and in their efforts to contain COVID-19 on their communities, residents, and businesses.

City staff developed this plan for use of the Fiscal Recovery Funds to provide transparent and accountable approaches and processes, and to identify opportunities for improvements that will benefit the community and economy as the City emerges from the COVID-19 pandemic.

GUIDING PRINCIPLES

The following guiding principles are recommended for the use of the Fiscal Recovery Funds:

- Temporary Nature of Funds - Care should be taken to avoid creating new programs or add-ons to existing programs that require an ongoing financial commitment.
- Infrastructure Needs - Investment in critical infrastructure is particularly well-suited use of Fiscal Recovery 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.
- Coordination of Efforts -Try not duplicate efforts and be aware of potential enhancements available from state funding resources.
- Timing of Expenditures - Whenever possible, expenditures related to Fiscal Recovery Funds should be spread over the qualifying period (through December 31, 2024), but managed in a way to ensure projects are completed in the required timeframe (before December 31, 2026).

Ideas on how to use ARPA funds.

1. Public health expenditures
2. Address economic impacts of COVID-19
3. Replace lost public sector revenue
4. Provide premium pay for essential workers
5. Invest in water, sewer, and broadband infrastructure



1. Public Health Expenditures

Eligibility Test

Step 1: Identify public health issue created or made worse by the COVID-19 public health emergency

Step 2: Identify how the proposed program, service, or other intervention addresses the identified need or impact

Examples of Public Health Activities

- COVID-19 mitigation and prevention: vaccination programs, ventilation improvements in congregate or health care settings. -



- <https://www.cdc.gov/coronavirus/2019-ncov/community/ventilation.html>
- Behavioral Health Care: mental health treatment, crisis intervention, substance misuse treatment
- Public Health and Safety Staff: payroll and benefits
- Medical Expenses: continued care for those suffering from long-term impacts of COVID-19 such as shortness of breath for weeks or months, multi-organ impacts from COVID-19, or post-intensive care syndrome.

These are only examples from the list of eligible and ineligible activities provided by the [Interim Final Rule](#), pages 13-38.





2. Address Economic Impacts of COVID-19

Eligibility Test

Step 1: Identify the economic impact created or made worse by the COVID-19 public health emergency

Step 2: Identify how the proposed program, service, or other intervention addresses the identified need or impact

Special Rules for Tourism

- Assistance to hospitality/tourism businesses for safe reopening measures: improvements to ventilation or physical barriers or partitions, construction of outdoor facilities



- Planned expansions or upgrades of tourism, travel, and hospitality facilities delayed due to the pandemic

These are only examples from the list of eligible and ineligible activities provided by the [Interim Final Rule](#), pages 13-38.



4. Premium Pay for Essential Workers



LFRF may be used to provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency or to provide grants to third-party employers with eligible workers performing essential work.

Premium pay is defined as an amount up to \$13 per hour in addition to pay the worker otherwise receives and in aggregate amount cannot exceed \$25,000 per eligible worker.

Eligible Worker Examples

- Staff at nursing homes, hospitals, and home-care settings
- Workers at farms, grocery stores, and restaurants
- Janitors and sanitation workers
- Public health & safety staff

Essential Workers

- Help maintain continuity of operations of essential critical infrastructure sectors (childcare, education sanitation, food production), including those who are critical to protecting the health and wellbeing of communities
- Key Definition of Essential Worker- Must be **physically present and involve regular in-person interactions** (telework is ineligible) or regular **physical handling of items** that were also handled by others.
- Recipients may provide premium pay retrospectively for work performed at any time since the start of the public health emergency.

These are only examples from the list of eligible and ineligible activities provided by the [Interim Final Rule](#), pages 13-38.



4. Reporting, Taxes and Premium Pay

Reporting:

- Recipients of premium pay must provide Treasury a written justification of how premium pay is responsive to their essential work **if premium pay would increase total pay above the higher of:**
 - ☐ 150% of residing state's average annual wage for all occupations according to US Bureau of Labor Statistics.
 - ☐ Residing county's average annual wage, defined by Bureau of Labor Statistics
 - ☐ Google Bureau of labor statistics Oklahoma.
 - ☐ https://www.bls.gov/oes/current/oes_ok.htm

Taxes:

- You must include the payment in gross income as compensation for services. Premium pay amounts paid to employees are considered wages.
- <https://www.irs.gov/newsroom/frequently-asked-questions-for-states-and-local-governments-on-taxability-and-reporting-of-payments-from-coronavirus-state-and-local-fiscal-recovery-funds>



4. Frequently asked questions on Premium Pay for essential workers

1. Can volunteers Be paid?

The rules do not mention that you cannot provide premium pay to volunteers like a volunteer fire department. Ask your municipal attorney for guidance in determining if a volunteer is an eligible worker.

2. We have an employee who no longer works for the municipality, Do we have to provide premium pay if we provide it to everyone else?

This decision is up to your municipality. Under the federal guidance, municipalities must have a documented procedure for determining premium pay eligibility.



5. Infrastructure Investment



Eligible Infrastructure Uses

Water & Sewer: Projects that meet at least 1 criteria

Aligning Investments

- Infrastructure does not end at the NEU's boundaries
- Both the State and neighboring NEUs have funding available for investments in these kinds of infrastructure projects.
- NEUs are advised to align their planning to most efficiently invest in this infrastructure.

- Eligible for EPA's Clean Water State Revolving Fund:
 - Construct, improve or repair wastewater treatment plants
 - Control non-point sources of pollution
 - Improve resilience of infrastructure to severe weather
 - Create green infrastructure
 - Manage and treat stormwater
 - Facilitate water reuse
 - Protect water bodies from pollution
- Eligible for EPA's Drinking Water State Revolving Fund:
 - Build or upgrade facilities and transmission, distribution and storage
 - Support consolidation or establishment of drinking water systems
 - Replace lead service lines

These are only examples from the list of eligible and ineligible activities provided by the Interim Final Rule, pages 13-38.



5. Infrastructure Investment (cont)

Aligning Investments

- Infrastructure does not end at the NEU's boundaries
- Both the State and neighboring NEUs have funding available for investments in these kinds of infrastructure projects.
- NEUs are advised to align their planning to most efficiently invest in this infrastructure.

Eligible Infrastructure Uses

Broadband: Projects that meet these criteria:

- Help unserved & underserved customers
- Meets symmetrical upload & download speeds of 100 Mbps
- Integrate affordability options into design
- Offers direct internet or digital literacy assistance to households facing negative economic impacts
- Prioritize fiber optic infrastructure

These are only examples from the list of eligible and ineligible activities provided by the [Interim Final Rule](#), pages 13-38.



Deadlines: Obligations and Expenditures

- Funds may be used for costs incurred by the recipient beginning on **March 3, 2021**.

Obligations

A commitment to pay a third party based on a contract, grant, loan, or other arrangement.

12/31/24: Funds must be *obligated*

Expenditures

The amount that was obligated has actually been spent, and the good/service has been fully provided.

12/31/26: Funds must be *expended*



Resources to Assist Municipalities

U.S. Treasury Guidance and FAQ

[Homepage for NEUs](#)

[Coronavirus State and Local Fiscal Recovery Fund FAQs](#)

[Compliance and Reporting Guidance](#)

***Some of the information from this PowerPoint is from the Interim final Rule Please check the Final rule if you are not sure if a project is eligible.**



OMAG

OKLAHOMA MUNICIPAL LEAGUE

The Unified Voice of Oklahoma Cities and Towns

Crawford & Associates, P.C.

Governmental Accounting



 **Guidehouse**

