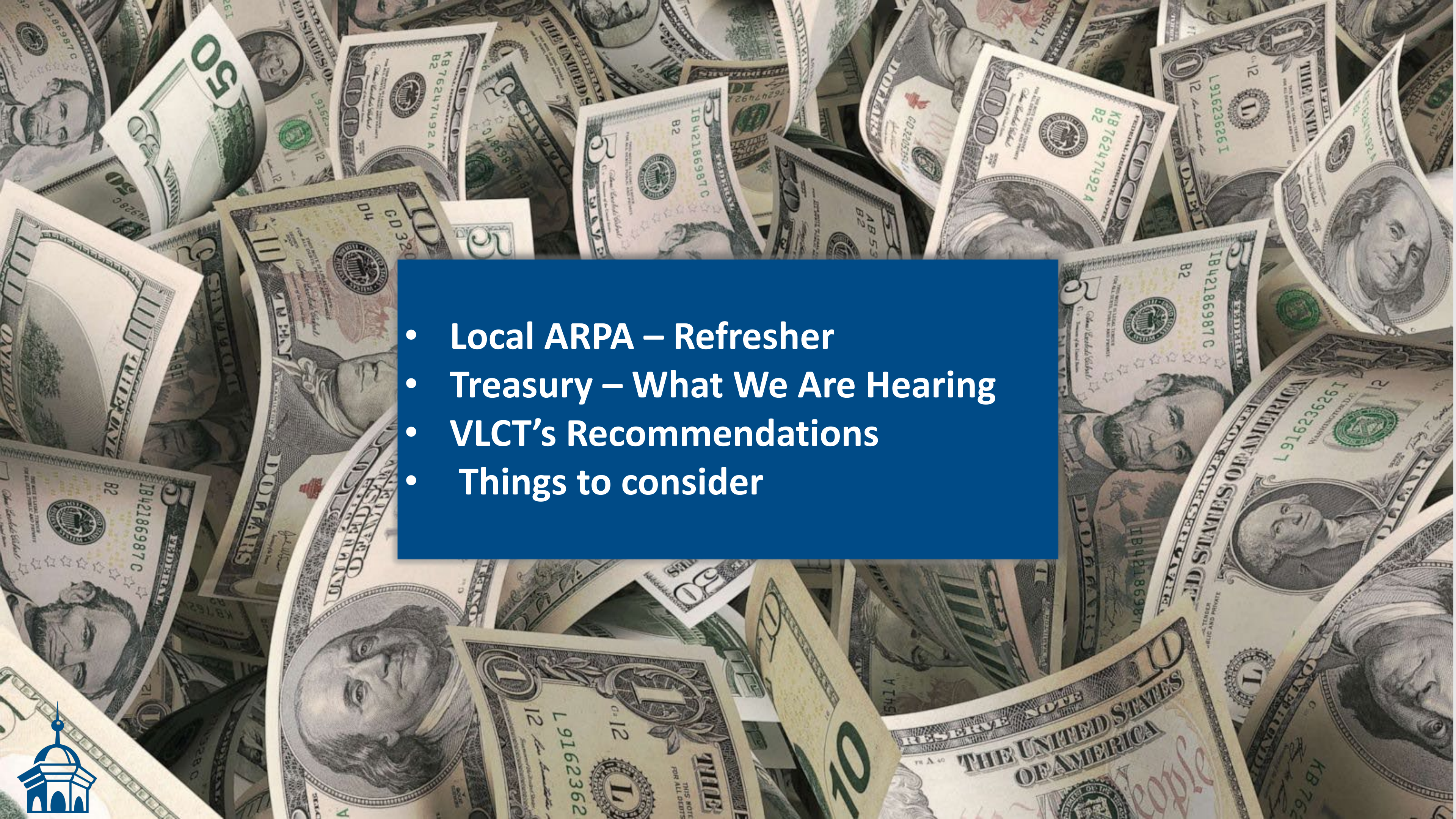




*** LOCAL ***

American Rescue Plan Act (ARPA)

December 2023 Update

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- The background of the slide is a dense, overlapping collage of various US dollar bills. Visible denominations include \$1, \$5, \$10, \$20, \$50, and \$100. The bills are scattered across the entire frame, with some showing the portraits of George Washington, Abraham Lincoln, and Benjamin Franklin. A semi-transparent blue rectangle is centered over the middle of the image, containing a white bulleted list.
- Local ARPA – Refresher
 - Treasury – What We Are Hearing
 - VLCT's Recommendations
 - Things to consider



- Unlike any other federal grant program
- Not competitive; no application process; one-size-fits-all “grant agreement”
- No public process requirement
- Cash up front in two tranches, one year apart (summer 2021, summer 2022)
- Protracted timeline to plan & spend (12/31/2026)
- How many eligible Vermont municipalities accepted these federal funds?
ALL except one.
- The best part....the “Standard Allowance” for revenue loss = “provision of government services” = broad flexibility in spending



Local ARPA – A Rare & Beautiful Thing



Local ARPA - Vermont's Share

- Allocated to states based on population using 2019 Census data
- “Metro cities” (based on HUD definitions)
 - Only 1 in VT = Burlington (pop. 42,819)
 - Received funding directly from Treasury
 - Largest awards in VT = \$27,176,144.49 (includes county \$)
 - More rigid, quarterly reporting requirements
- “NEUs” (non-entitlement units)
 - Everyone else
 - Received funding from Treasury distributed through the State of VT
 - Largest award = South Burlington \$5,654,533
 - Smallest award = Victory (pop. 63), \$18,956
 - Simpler, annual reporting requirements
- Local ARPA works out to be ~\$300/Vermonger
- How much did your community get? Click [HERE](#).
- How is ARPA being spent in VT? Click [HERE](#).

Local ARPA Funds:	
Metro Cities	\$20,721,902
Non-Entitlement Units of Government (NEUs)	\$58,788,245
Counties*	\$121,202,550
TOTAL Local ARPA Funds:	\$200,712,697
State of Vermont**	\$1,049,287,303
TOTAL VERMONT ARPA:	\$1,250,000,000

*County money has been reallocated to municipalities.



What We Are Hearing From Treasury & NLC

- Taking a closer look at NEUs
- Noticing that many have not [obligated](#) or expended any funds
- Sending emails to entities that have not reported threatening recoupment
- Signaling stronger messages on program requirements:
 - Funds not [obligated](#) by 12/31/2024 will be returned to Treasury
 - Funds not expended by 12/31/2026 will be returned to Treasury
 - If funds are [obligated](#) to a project and the project doesn't happen after 1/1/2025 then funds must be returned to Treasury
 - **Not** allowing de-obligation and re-obligation after 12/31/2024 – only under a few very specific circumstances.



USE IT.....DON'T LOSE IT!



Recommendations:

- [Obligate](#) ALL your ARPA funds before March 31, 2024, if possible
- Report ALL ARPA funds as [obligated](#) during the next required annual reporting to Treasury (April 2024).
- **Expend all remaining ARPA funds as soon as possible.**



1

2

3

For Many Towns, We Recommend Door #3

Three ways to expend your ARPA ahead of schedule:

1. Spend directly from your ARPA special revenue fund (for non-recurring or infrequent items).
2. Use it as a revenue source during your next annual budget process.*
3. **Transfer it to your General Fund and formally designate it (backed by a decision on the record in a regular meeting of the legislative body) to pay for municipal personnel expenses to create fund balance (surplus).**



*If you will use this approach, then this budget cycle is your last opportunity to do this!



BEFORE Transferring to Your General Fund...Think It Through

- Do you have adopted financial policies that address the treatment of fund balance? (example: VLCT's "Fund Balance Reserve Policy")?
- Is there a history for how the municipality has treated fund balance?
- Is there an existing reserve fund to which fund balance created by ARPA could be transferred?*
- Will the municipality need to create a new reserve fund for the purpose of using these funds? If so, then voter approval will be required.**

* It cannot be a "rainy-day fund." ARPA cannot be used to directly fund a rainy-day fund.

** Do not use the term ARPA when creating a new reserve fund – not in the fund name nor the purpose.

AFTER Transferring from Your General Fund...

The federal character of the money is gone:

- Funds are no longer “ARPA” funds.
- The timelines of obligation (12/31/2024) and expenditures (12/31/26) disappear.
- The federal requirements (“Uniform Guidance”) like procurement, audits, cost principles, etc. no longer apply; only your local policies apply.

