



# AMERICAN RESCUE PLAN: A GENERATIONAL OPPORTUNITY

## CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS (FRF)

The American Rescue Plan’s FRF funds are the largest and most flexible federal funding currently available to local governments. FRF funds must be obligated to projects by December 31, 2024, while the performance period is extended to December 31, 2026. These funds are meant to focus on long-term recovery and there are five primary allowable uses:

- Supporting public health expenditures;
- Addressing negative economic impacts caused by the public health emergency;
- Replacing lost public sector revenue;
- Providing premium pay for essential workers; and
- Investing in water, sewer, and broadband infrastructure.

## FRAMEWORK TO ASSESS ELIGIBILITY FOR PROJECTS AND SERVICES:

1. Identify the harmful effect of COVID-19 that the activity will address.
2. Assess the causal or compounding connection.
3. Assess for disproportionate impact on distressed sectors or populations.
4. Determine how to prove the expense produces the expected outcome

For an overview of the Recovery Funds program including eligible uses, see this May 10 [fact sheet](#) (PDF download). For additional details on the state, local, territorial, and Tribal government allocations, see [the full list here](#) (PDF download).

For updates from Treasury Department Relief and Recovery Programs, [sign up here](#).

For more information and details on the state, local, territorial, and tribal government allocations, visit [Coronavirus State and Local Fiscal Recovery Funds](#).



## ALLOWABLE, ENCOURAGED, AND PROHIBITED USES

- Allowable expenses include intervention for qualified census tracts, public health, direct aid, community and economic development, and infrastructure.
- Encouraged expenditures include addressing racial disparities, inequities, and disproportionate harm.
- Prohibited expenditures include paying unfunded pension liabilities, legal settlements, federal match requirements.

## QUESTIONS AND ISSUES

Cities and counties may ask for clarifications or raise questions and concerns on the Interim Final Rule on or before July 16 through the [Federal eRulemaking Portal](#).

Many questions may be addressed in Treasury’s Frequently Asked Questions which are updated regularly. This includes guidance on eligible and prohibited uses as well as specific reporting guidance for Non-Entitlement Units.

## TIPS AND STRATEGIES

- American Rescue Plan provides flexible aid to invest in long-term needs and gaps
- Community and stakeholder engagement in the planning process strengthens your plan
- Use data to demonstrate how funds are used and provide regular updates
- Tell your story about how American Rescue Plan funds are advancing your recovery and revitalizing your community

## HOW TO REQUEST FUNDS

The U.S. Department of Treasury has opened a portal for cities and counties to apply for [Coronavirus State and Local Fiscal Recovery Funds](#) (FRF) authorized by the American Rescue Plan Act. Treasury also released guidance and an interim final rule on how the funds may be used.

Even if your jurisdiction is eligible for a direct allocation and has used the Treasury portal to request funding from other federal programs, you must submit a new request to receive Coronavirus State and Local Recovery Funds. Requests must include the jurisdiction's taxpayer ID number, DUNS number, a sam.gov account, and address as well as funds transfer information.

Non-entitlement units (NEUs) of local government, including cities under 50,000 in population, are eligible to receive funding from their state government. See [Treasury information for Non-entitlement Units of Local Government](#).

## OTHER FEDERAL RESOURCES

There are other federal resources that may be tapped for specific needs in your community, including grants from the Small Business Administration, Economic Development Agency, Department of Agriculture, the Federal Emergency Management Agency (FEMA), and the CARES Act.

For example, FEMA adjusted the federal cost share to fully reimburse certain COVID-19 eligible costs through September 30, 2021. FEMA has not set a cap for State, Local, Tribal, and Territories (SLTTs) on how much money they can claim through the PA program and these funds are not competitive. Jurisdictions may want to use their FEMA PA funding for eligible public health expenses prior to the more flexible Coronavirus Relief Fund and American Rescue Plan funds

## CORONAVIRUS RELIEF FUNDS (CRF)

CRF funds are now available through December 31, 2021, so their use can be prioritized for projects that are not eligible for funding under the FEMA PA program. The CARES Act funds can be used to cover expenses that are necessary expenditures incurred due to COVID-19; unaccounted for in the government's most recently approved budget (as of March 27, 2020); and were incurred between March 1, 2020, and December 31, 2021.

Now that the FEMA Public Assistance program is fully reimbursable, local governments should consider reallocating these costs to, (1) support remaining response efforts, and (2) to continue any existing recovery programs that support individuals and families, non-profits, and businesses within their community.

## WHAT'S NEXT?

ICMA will continue working with its partners, the Big 7, GFOA, and others to provide members with updates on how local governments can access resources to help their communities respond to, and recover from, the impacts of the COVID-19 pandemic. ICMA and its partners will also bring the local government perspective into any new legislation or the development of regulations related to the recovery efforts.

For more information on ICMA resources related to COVID-19, visit [icma.org/coronavirus](https://icma.org/coronavirus).

