

Management of ARPA State & Local Fiscal Recovery Funds White Paper



American Rescue Plan



American Rescue Plan Act (ARPA)



The **American Rescue Plan Act (ARPA)** funds bring urgently needed resources to communities all over the United States but could do more if it weren't for the confusing and burdensome reporting requirements attached to these funds. Many eligible organizations, for example, are not even aware of the timing of payments and the steps needed to ensure their receipt. Any entity wanting to get the full amount of the funds allotted and probably any federal stimulus dollars going forward will need a specialized and experienced partner that can navigate the complexities of the ARPA protocols. The purpose of this paper is to illuminate the history, the current state, and future of ARPA, and to propose an efficient solution to this existing challenge. The PRISM American Investment and Rescue Reporting Service provides organizations the advisory, technical support, and reporting system to effectively manage funding according to US Treasury's ARPA State and Local Fiscal Recovery Fund (SLFRF) guidelines.





History



President Biden introduced ARPA funds shortly after his inauguration as the United States was in the midst of the COVID-19 national health pandemic and economic crisis. H.R. 1319 became law on March 11th, 2021 and it provided \$1.9 trillion in funding. ARPA's first phases of funds were rapidly distributed to battle COVID economically in both the short and long term. States, Cities, Large Counties, US territories and Tribal Governments were eligible to apply for and receive these funds directly.

Small Cities and Towns also are eligible for ARPA Funding. If an entity is a non-entitlement unit (NEU), the state in which the NEU resides will administer funds to the NEU under **SLFRF (State and Local Fiscal Recovery Funds)** guidelines. Similar to state and local government, NEU entities must use the funds for appropriate expenditures and comply with the SLFRF Guidelines.

Prior to Congress passing H.R. 1319, President Biden issued executive order 13985 on January 20th, 2021. H.R. 13985 directs the federal government to revise agency policies to account for racial inequities in their implementation. This order also applies to all federal funds creating a federal requirement to include small and disadvantaged businesses on projects in which federal funds are allocated.

The Challenge

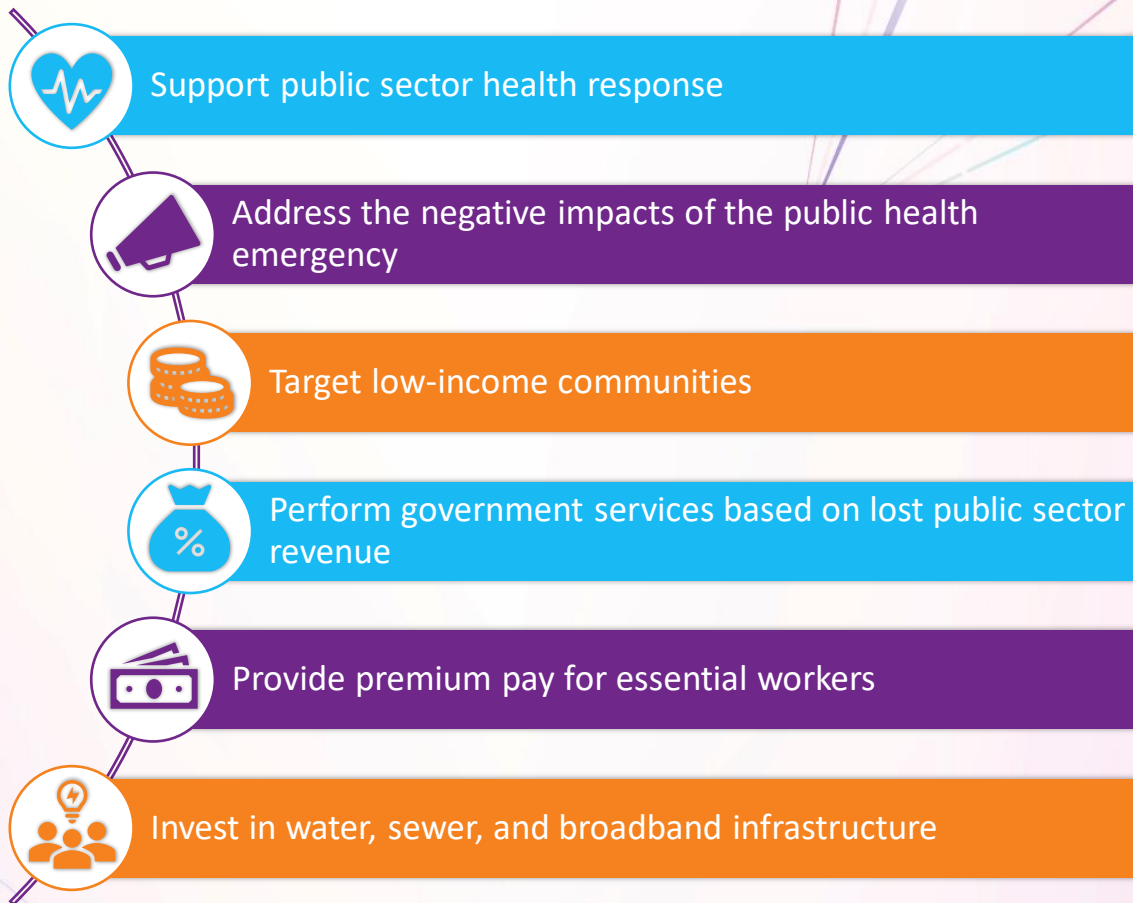


From COVID crisis emerges H.R. 1319, creating ARPA implemented through SLFRF, supervised by the US Treasury and executed under the guides of Executive Order 13985. If you are a State Administrator, you have reporting responsibilities due on a quarterly basis. Originally the first reports were due on October 31st, 2021, now revised to be due on January 31st, 2022, or April 30th, 2022, for NEU's. These reports need to be robust in nature and create "A framework" for

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determining eligibility for receiving the second batch of funds. The framework should account for how funds were obligated and distributed; who was contacted for distribution; and what are the positive economic impacts. Entities that receive the funds also must account for the reporting requirements associated with Executive Order 13985, demonstrate what minority communities were impacted and track the economic impact.

ARPA was designed to be utilized in primarily six categories:



The Treasury Department has issued two prohibited uses of ARPA funds in their *“Interim Final Rules”*. The funds cannot be used to offset a reduction in net tax revenue due to a change in law from March 3rd, 2021, through the last day of the fiscal year in which the funds provided have been spent. No recipient may use this funding to make a deposit to a pension fund and other ineligible uses include funding debt services, legal settlement or judgement, and deposits to rainy day funds or financial reserves.

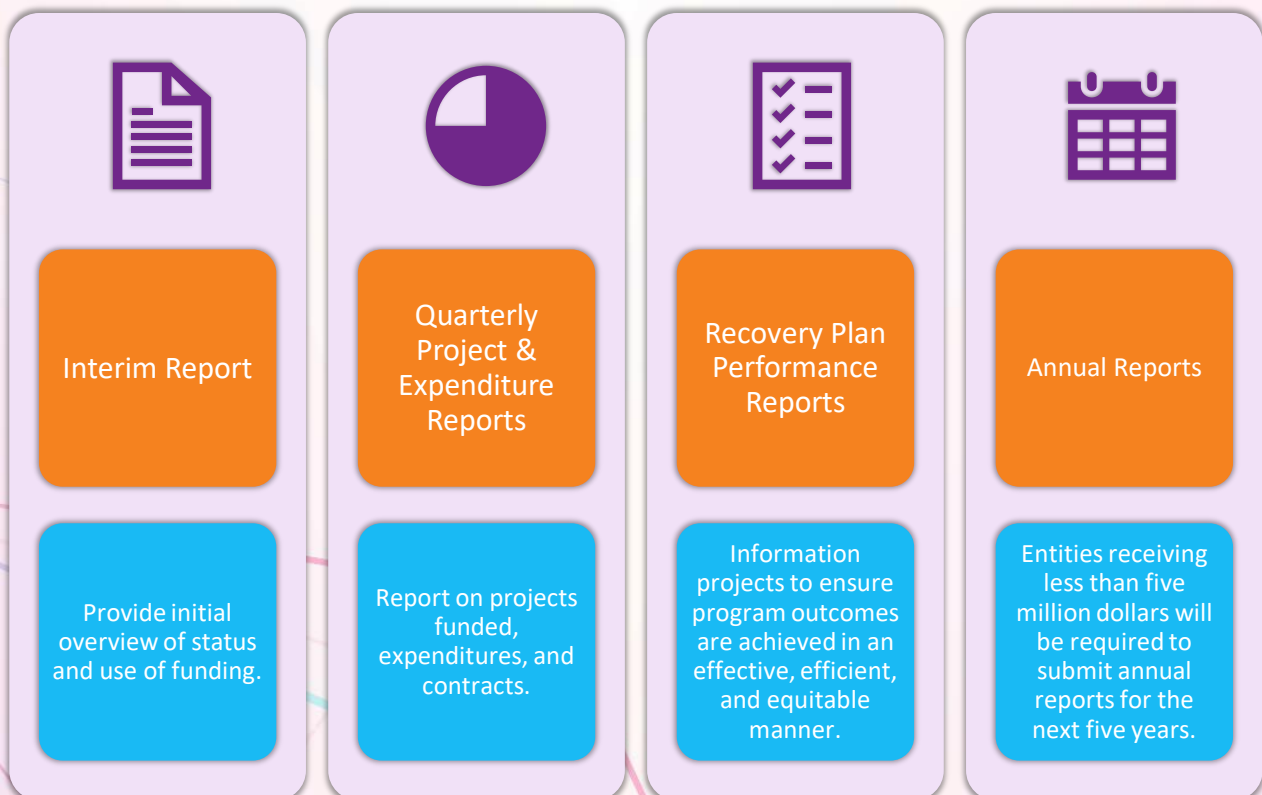


The Current State

Over \$350 billion dollars in funds are in circulation. The initial payments, as of May 2021, were distributed as follows:

Type	Amount in Billions (\$)
States & District of Columbia	\$195.3
Counties	\$65.1
Metropolitan Cities	\$45.6
Tribal Governments	\$20.0
Territories	\$4.5
Non-Entitlement Units of Local Government	\$19.5

ARPA funds have various reporting requirements within the SLFRF program. In addition to generating Interim, quarterly and annual reports, ARPA grant recipients must report programmatic and fiscal performance.





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What does this look like for a medium size state? Maryland, for example, received just under \$12 billion from the **American Rescue Plan Act (ARPA)**. They would have crossed \$12 billion dollar mark, but \$178 million of the moneys request were not granted because they were designated for unapproved uses (after being accounted for in the state budget). At the State level they have been allocated \$3.7 Billion dollars, \$2.3 billion going directly to local governments Baltimore City, Montgomery County, Etc. Schools received \$2 billion in ARPA funds, \$529 million will be shared across the states 148 towns and cities of \$225 million have already been distributed in the first round across 124 of them. Three smaller municipalities opted out, passing on at least \$1.5 million. Additionally, the state of Maryland allocated over \$500 million in funds on behalf its NEUs. After contacting every NEU and asking them to participate, the State of Maryland noticed the ARPA compliance – allocating funds, data collection, tracking, and establishing an audit level system - was a significant undertaking and that meeting the SLFRF requirements may be quite daunting and complex for any government entity.

Baltimore City, for example, was allocated \$100 million directly from US Treasury and \$100s of millions from the state. Those funds can serve an overlapping purpose, however, can never be comingled and each grant source having separate reporting and compliance requirements. Each NEU prepares its own separate report. That's means the collection of 100 reports annually for the next five years. Hundreds, if not thousands, of quarterly reports that must be collected, maintained and associated with any of the funds received for the next six years after your organizations' last installment of ARPA funds. These funds can never be comingled with any other funds and must be accounted for any number of projects, including those used as operating capital.





The Future



ARPA will be with us for years to come, the door is still open even to request more funding, let alone all the accountability that will follow the money for years after the final payment. Aside from ARPA funds, federal grants and stimulus dollars will have these same requirements. They are already in the Infrastructure Bill and the Education Bill. So, what is the solution to these extensive tracking and reporting needs and guidelines?

PRiSM American Investment Response & Report Services (AIRRS) positions state, local and non-entitlement units to manage its ARPA grants in accordance with the State & Local Fiscal Recovery Funds Guidance. PRiSM AIRRS is a comprehensive set of policies, industry best practices and performance reporting processes specifically developed for the oversight and transparency of ARPA funds obligated and expended within the government and in the business community. PRiSM AIRRS are technology-enabled and powered by the PRiSMCompliance.com system to support State and City/County Governments.

PRISM Compliance Management (PCM) team is uniquely qualified to provide State and City/County Government comprehensive Technical Support and Advisory services through its PRiSM America Investment and Rescue Reporting Services (AIRRS). The PRiSM AIRRS are



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developed for an organization administer funds, perform grant management, track fund obligations, collect programmatic data, and define economic impact. PRiSM AIRRS processes are designed to complement State and City/County Government staff and other consultants as appropriate. PCM consultants and compliance staff will deliver end-to end operational procedures and/or augment your organization's contract and grant management processes. In delivery of the PRiSM AIRRS, our staff leverages the [PRiSMCompliance.com](https://www.prismcompliance.com) platform to provide an electronic tracking and reporting system for management of funding obligations, grants applications, subrecipient awards, and generating quarterly and annual reports.

PRiSM AIRRS is the only partner Cities, Counties, and States will need for the duration of ARPA management and any other federal program thereafter. Partnership with PRiSM AIRRS in the early stages will include:





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The PRISM AIRRS Services differentiates itself from other organizations based upon the following collective corporate characteristics

- Provide proven technical assistance and compliance management services yield clients high success
- Attainment of economic impact, business inclusion and Local Hiring commitments
- Compliance Management and Reporting
- Community Engagement Strategies
- Open House and Town Hall Meetings
- Mentor Protégé
- M/WBE Outreach and Engagement Events
- Forming relationships with community partners and local certified M/WBEs
- Served as member of National and Local MBE and Economic Development Advisory Committees
- Technology firm manufacturing Contract, Diversity and Compliance platform
- Certified Minority and Woman Owned Business

PRISM Compliance Management offers a comprehensive All-in-One Service with features that no one else has...



Long after funds distribution and use, PRISM AIRRS maintains all data and information at secure and audit ready levels for years to come.



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