ARPA Funds and The Creative Sector

January 5, 2022 - Southern Zone of the Vermont Creative Network
What We’ll Cover:

• ARPA
• Vermont’s share
• Timeline & Goal
• Eligible & Ineligible Uses
• Reporting Overview
• ARPA Nationally
• VLCT and RPCs
• ARPA & the Creative Sector
American Rescue Plan Act

- American Rescue Plan Act (ARPA) – $1.9 trillion stimulus package signed into law March 11, 2021
- Purpose – Combat the COVID-19 pandemic, including health and economic impacts
- $350 billion for eligible state, local, territorial and Tribal governments through the Coronavirus State and Local Fiscal Recovery Funds
- The money will be distributed through the U.S. Department of the Treasury
- It is subject to the requirements specified in the Interim Final Rule adopted by Treasury on May 10, 2021
- The Final Rule is expected to be released sometime before the end of 2021
American Rescue Plan Act
Coronavirus State and Local Fiscal Recovery Fund

Vermont’s Share:

- State of Vermont * $1,049,287,303
- Counties** $121,202,550
- Metro Cities $20,721,902
- Non-Entitlement Units of Government (NEUs) $58,788,245

TOTAL ARPA State and Local Funds: $1,250,000,000

* Only half the State money has been allocated. The remaining half will be allocated during the 2022 legislative session.

** County money has been reallocated to municipalities. Payments (local and county) can be found by clicking HERE.
American Rescue Plan Act
Coronavirus State and Local Fiscal Recovery Fund

➢ **ARPA** - Implemented through the [Interim Final Rule (IFR)]

➢ **Timeline** – The IFR includes a specific schedule:

  • 1\textsuperscript{st} payment (local and county) August 2021
  • 2\textsuperscript{nd} payment (local and county) summer 2022
  • All funds must be *obligated* by December 31, 2024
  • All funds must be *expended* by December 31, 2026
  • Any funds not spent by December 31, 2026, must be returned to Treasury

➢ **State and Local ARPA** – follows the same timeline and rules
Planning Framework for Maximum Impact and Best Use of Municipal ARPA Funds

1. PRIORITIZE GOOD GOVERNANCE
   - Convene all Stakeholders & Build Consensus
   - Follow Allowable Uses Under ARPA
   - Meet all Accounting & Reporting Rules
   - Comply w/ all Local & State Laws/Ordinances
   - Ensure Transparency Throughout
   - Do Not Create Future Budget Deficits

2. LEVERAGE YOUR ARPA AID
   - Use a Thoughtful Strategic Planning Process
   - Leverage w/ ARPA, FEMA & Other $ Fed Sources
   - Coordinate w/ Other State & Local Programs
   - Collaborate w/ Community Partners & Orgs
   - Use Existing Delivery Systems for Efficiency
   - Don’t Reinvent the Wheel: Learn from Others

3. INVEST IN BEST USES FOR LONG-TERM RECOVERY
   - Invest in Urgent Health and Economic Needs
   - Prioritize Short-Term Investments w/ Lasting Benefits
   - ID and Address Pre-COVID Inhibitors to Growth
   - Measure Progress Throughout to Inform Ongoing Plans

Vermont League of Cities & Towns
What You **CAN** Spend $ On

**Seven (7) Categories:**

1. Public Health
2. Negative Economic Impacts
3. Services to Disproportionately Impacted Communities
4. Premium Pay
5. Infrastructure (Water, Sewer, Broadband)
6. [Revenue Replacement](#)
7. Administrative
What You CAN Spend $ On

Within the 7 Categories, there are 66 Expenditure Categories

<table>
<thead>
<tr>
<th>Appendix 1: Expenditure Categories</th>
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<tbody>
<tr>
<td>The Expenditure Categories (EC) listed below must be used to categorize each project as noted in Part 2 above. This term “Expenditure Category” refers to the detailed level (e.g., 1.1 COVID-19 Vaccination), when referred to as a category (e.g., EC 1) it includes all Expenditure Categories within that level.</td>
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1: Public Health
   1.1 COVID-19 Vaccination
   1.2 COVID-19 Testing
   1.3 COVID-19 Contact Tracing
   1.4 Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)
   1.5 Personal Protective Equipment
   1.6 Medical Expenses (including Alternative Care Facilities)

2: Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency

3: Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)

4: Other Public Health Services

5: Subsidity Use Services

6: Other Public Health Services

7: Other Public Health Services

8: Negative Economic Impacts
   2.1 Household Assistance: Food Programs
   2.2 Household Assistance: Rent, Mortgage, and Utility Aid
   2.3 Household Assistance: Cash Transfers
   2.4 Household Assistance: Internet Access Programs
   2.5 Household Assistance: Eviction Prevention

   2.6 Unemployment Benefits or Cash Assistance to Unemployed Workers
   2.7 Job Training Assistance (e.g., Sectional job-training, Subsidized Employment, Employment Supports or Brokerage)
   2.8 Contributions to Ill Trust Funds
   2.9 Small Business Economic Assistance (General)

   2.10 Add to Nonprofit Organizations
   2.11 Add to Tourism, Travel or Hospitality
   2.12 Add to Other Impacted Industries

6: Other Economic Support

5: Infrastructure
   5.1 Clean Water: Centralized Wastewater Treatment
   5.2 Clean Water: Centralized Wastewater Collection and Conveyance
   5.3 Clean Water: Decentralized Wastewater
   5.4 Clean Water: Combined Sewer Overflows
   5.5 Clean Water: Other Sewer Infrastructure
   5.6 Clean Water: Stormwater
   5.7 Clean Water: Energy Conservation
   5.8 Clean Water: Water Conservation
   5.9 Clean Water: Nonpoint Source
   5.10 Drinking water: Treatment
   5.11 Drinking water: Transmission & Distribution
   5.12 Drinking water: Transmission & Distribution: Lead Remediation
   5.13 Drinking water: Source
   5.14 Drinking water: Storage
   5.15 Drinking water: Other water infrastructure
   5.16 Broadband: “Last Mile” projects
   5.17 Broadband: Other projects

6: Revenue Replenishment
   6.1 Provision of Government Services

7: Administrative
   7.1 Administrative Expenses
   7.2 Evaluation and Data Analysis
   7.3 Transfers to Other Units of Government
   7.4 Transfers to Non-entitlement Units (States and territories only)
What You **CANNOT** Spend $ On

1. Non-Federal Match - you can include your ARPA $ in your capital stack, you just cannot use it as match for other federal grants
2. Pension Funds
3. Infrastructure Not Directly Addressed in ARPA
4. Rainy Day Funds, Financial Reserves, and Outstanding Debt
Things to Consider:

- Municipalities can:
  - **Pool funds** with other municipalities to achieve scale for deeper impact and long-term sustainability that benefits their community.
  - **Transfer funds** to non-profits or other eligible third-party organizations performing ARPA eligible projects that benefit their community.
  - **Take time to be patient and think bigger** - see how the State of Vermont’s ARPA money will be deployed, as well as other federal funding that is and could be on its way like the *Infrastructure Investment and Jobs Act* and the *Build Back Better Act*. 
The legislative body of a municipality is the ultimate arbiter of how funds will be spent; there is no higher authority or approval process.

All municipalities will be required to report on their spending directly to Treasury using an online portal.

All municipalities, other than Burlington, have an annual reporting schedule.

Reporting guidance issued by Treasury and additional ARPA resources are posted on VLCT’s ARPA webpage:
  - [https://www.vlct.org/resources/american-rescue-plan-information](https://www.vlct.org/resources/american-rescue-plan-information)
ARPA - Nationally

- National League of Cities COVID-19 Local Action Tracker
- ICMA ARPA Local Fiscal Recovery Fund Spending Priorities Survey
- U.S. Department of the Treasury - Early Reporting Highlights – Coronavirus State and Local Fiscal Recovery Funds (October 14, 2021)
VLCT ARPA Assistance and Coordination Program

• Guidance and project eligibility analysis
• Webinars, targeted trainings, technical assistance, best practices
• In-person and virtual meetings with local officials and staff
• Answer questions (arpa@vlct.org)
• Guidance with compliance, reporting, and transparency
• Collaboration/partnerships with RPCs, SOV, RDCs, statewide non-profits, private consultants, etc. to ensure needs of municipalities are met related to project ideation, implementation and management
• ARPA resources webpage:

  https://www.vlct.org/resources/american-rescue-plan-information
Regional Planning Commission Assistance

- Identify needs and top priorities for designing and building projects that are consistent with existing State, regional and local plans.
- Respond to inquiries on eligibility to facilitate local discussions among stakeholders on specific projects.
- Provide other assistance as needed from local communities in coordination with VLCT.
- Work with VLCT, regional development corporations, and private consultants working with municipalities to ensure needs of local communities are met, especially related to project development and management.

For more information on the State of Vermont’s 11 Regional Planning Commissions visit: [https://www.vapda.org/](https://www.vapda.org/)
So how does the Creative Sector fit into ARPA???
Empowering the Creative Sector

Eligible Ways to Use ARPA Funds

The American Rescue Plan Act is implemented by the Interim Final Rule, which outlines eligible uses of funds. Among them is assistance to small businesses, nonprofits, and hard-hit industries like tourism, travel, and hospitality - this includes arts, culture, and creative industries.

Why Use ARPA Funds to Empower the Creative Sector?

The creative sector is key to local economic recovery and renewal. Arts, culture, and creativity are foundational to strong vibrant communities as arts, music, bridges, and broadband. Creative enterprises and culture experiences improve people’s health, well-being, enhance quality of life, and revitalize villages and downtowns. They also help to honor and develop Vermont culture and identity, drive equity, and sustainability fuel entrepreneurship, attract new visitors, and retain young residents.

Vermont’s creative sector was hard hit by the COVID-19 pandemic. Our cultural organizations were among the first to close, to protect public health - and the last to fully re-open. Vermont’s creative sector lost 8,000 jobs and $29 million in sales just from April to July 2020.

The creative sector makes your town a place that people want to visit and live. Communities thrive when they are full of creative people & businesses and host cultural activities & events. Vermonters are eager participants in cultural activities: a 2017 survey found that 88.4% of Vermont adults attended visual or performing arts events in the previous year, putting us in the top 10 in the country.

Creative industries kickstart local economies. Vermont’s creative sector contributes billions of dollars annually to our GDP. In 2019, arts and cultural industries generated $1.1 billion in output, representing 3.5% of the state’s gross domestic product. The creative economy is a catalyst for growth and change, particularly in rural places and in times of crisis and recovery.

Use this to help support your request. Click HERE for a copy.

Footnotes


Six Ideas for Using ARPA Funds to Empower the Creative Sector in Your Community

1 Improvements for disaster recovery and resilience: Upgrading cultural and community facilities for health, accessibility, and resilience - and making them investments now - will have long-term benefits to your town for when a disaster strikes again.

2 Improve and / or increase digital capacity. Digital skills and the ability to connect will be essential for creative enterprises in a post-pandemic world. Upgrading computer hardware and software can help culture organizations and others connect with and build audiences and increase opportunities for civic engagement.

3 Investments in community-driven creative projects. Supporting or collaborating with cultural nonprofits, libraries, and other community groups can foster creative placemaking, public art, oral history projects, community conversations, performances, and festivals— all of which are powerful ways to mitigate the negative effects of the pandemic on the economy and bring residents back together— especially those who were disproportionately impacted by COVID-19.

4 Infrastructure. Ensure that the cultural organizations and facilities (libraries, theaters, studios, galleries, and performance spaces) can access and benefit from ARPA infrastructure projects in your town (e.g., water system upgrades and broadband expansion)

5 Direct Assistance. Create direct grant programs to help small creative businesses and cultural organizations recover from the pandemic and build financial resilience. When developing any direct assistance programs, ensure that nonprofits and the smallest businesses—such as artists who work as freelancers or whose proportions are eligible and can access this relief. Collaborate with organizations that offer small business planning and financial training.

6 Revitalize downtown areas and create artful spaces. Assistance to small businesses and cultural organizations could include support to enhance creative public gathering spaces for COVID-19 mitigation (e.g., outdoor performance spaces, parklets, patios) or to improve the built environment of the neighborhood (e.g., facade improvements, artistic signage).
Before a Request

Do your homework.

• ARPA is a funding unicorn. Nobody fully understands it yet, even the most experienced. Do some research to learn the basics on ARPA before framing your ask.

• Treasury’s Interim Final Rule is the playbook for ARPA funding, but it contains many “grey areas” in how it can be spent.

• Every town is different in their process for prioritizing how their ARPA money might be spent. Call the Town Office to ask for details.

• The “legislative body” – selectboard, board of aldermen, trustees – are the ultimate arbiters on how the money will be spent for each town, city, village.

• Be patient and gracious with your local officials, just as you would any other funder from which you seek money.

• Your request will be a public record.

• VLCT’s ARPA webpage is loaded with information to help anyone who is interested learn more about the funding.
Making A Request

Why?

• Which Expenditure Category do you fall into?
• Clearly and concisely articulate your need. Towns “must maintain records to support their assessment of how businesses receiving assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts.” (IFR)
• Keep your narrative short and focused. Reporting narratives for towns must be under 250 words.
• Who will benefit from the request? Provide data to support this.
• Do you provide services/programming to those disproportionately impacted by the pandemic? If so, include details in your request.

How much?

• What is the total dollar amount of your ask?
• Is the amount you are requesting reasonable compared to the benefit it will provide to the community?
• Provide a cost justification or project budget.
• Will you seek funds from other towns and if so, how much and how were the amounts determined?

Why you?

• What sets you apart from others who might be asking for $? 
• Think of this as a competitive grant application.
Thank You!

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https://www.vlct.org/resources/american-rescue-plan-information
Questions?