



FY 2022 Recommended Budget Budget Question

Board Question #: 35

BUDGET QUESTION: Please clarify the timing of receipt of and expiration of the American Rescue Plan Act (ARPA) funds for the County and the Schools. Will the funds be received up front or will they be received on a reimbursement basis?

RESPONDING DEPARTMENT/OFFICE: Budget

RESPONSE:

County Funding -

As previously reported, current estimates show Spotsylvania County's direct allocation from the federal government at \$26.4 million. The first half of the funding is scheduled to be released to the County within 60 days of enactment of the legislation being signed into law, which was March 11, 2021. Before receiving the funds, we will have to provide a certification to the federal government. The U.S. Treasury is currently developing the certification process in consultation with the National Association of Counties. The second half of the funding will be received no earlier than 12 months after receipt of the first payment.

We await forthcoming guidance and spending requirements/parameters from the U.S. Treasury. We are told guidance may be expected in the mid-May timeframe.

The funding will expire on December 31, 2024.

Schools' Funding –

Current estimates show the Schools' allocation from the Virginia Department of Education at \$22.6 million. Given that the first two rounds for federal Elementary and Secondary School Emergency Relief Fund (ESSER) allocations are on a reimbursement basis and because the law associated with this new/third round of ESSER funding specifies that "Each State shall allocate not less than 90 percent of the grant funds awarded to the State under this subsection as subgrants to local education agencies ...," we expect this \$22.6 million to be on a reimbursement basis; not an upfront payment. The subgrant allocation from the State is to come not later than 60 days after the State's receipt of the funds. Recent communications from the Virginia Department of Education indicate that the State's application process for the funding will be made available within the next month.

According to the federal legislation, the funding to school divisions will remain available through September 30, 2023. However, under the Tydings amendment, the U.S. Department of Education has extended the period of performance to September 30, 2024.

The Board Communication pertaining to the ARPA funds and previously provided to the Board is attached here as additional information.

COUNTY OF SPOTSYLVANIA



BOARD OF SUPERVISORS COMMUNICATION

Date: March 18, 2021

Purpose:

<input type="checkbox"/> BOS Follow-Up	<input type="checkbox"/> Schedule Notes *
<input type="checkbox"/> Future BOS Meeting	<input checked="" type="checkbox"/> Information Only *
<input checked="" type="checkbox"/> Emerging Issue	<input type="checkbox"/> Other: _____

* May be combined

Title: Federal American Rescue Plan – Initial Information

Summary/Analysis: On March 11, 2021 the \$1.9 trillion *American Rescue Plan Act of 2021* was signed into law. Within the law is \$65.1 billion in direct federal aid to counties based on population. Current estimates show Spotsylvania County's allocation at \$26.4 million. The first half of the funding is scheduled to be released to the County within the next 60 days, but not until we provide a yet-to-be-available certification to the federal government. The funding will expire on December 31, 2024.

Federal guidance and reporting requirements are not yet available. The National Association of Counties (NACo), Government Finance Officers Association (GFOA), National Association of School Business Officials (NASBO), and other public finance-focused professional organizations are currently soliciting and developing a list of questions from finance officers across the country to inform the official guidance that is yet to come from the U.S. Department of the Treasury. We are very much tuned into this legislation and will alert you to options for appropriate use of the funding once such information has been received. At this time, the broad categories of acceptable use are:

- Mitigation of the COVID-19 public health emergency;
- Recovery of a local loss in revenue stemming from the pandemic;
- Transfers to private non-profits;
- Providing premium/additional pay up to \$13/hour (max of \$25,000) for workers needed to maintain continuity of operations during the COVID-19 pandemic; and
- Investments in water, sewer, and/or broadband infrastructure.

Funding is not to be used to:

- Directly or indirectly offset tax reductions or delay a tax/tax increase; or
- Deposit into any pension fund.

I am not at all optimistic that we will have appropriate, specific guidance from the Treasury by mid-April when you are scheduled to adopt the FY 2022 Budget. Even so, given that we are to tie the use of the funds to the pandemic, with exception of potential application to the broadband and water/sewer projects within the CIP, until additional information is available from the federal government, it is difficult at this time to project an appropriate use of the funds for the FY 2022 Budget.

We will be required to provide to the federal government "periodic reports" providing a detailed accounting of the use of all funds. If any use of the funding violates any provision of the legislation and the forthcoming guidance, we must repay the Treasury an amount equal to that used in the violation.

Funding for Local Education -

Please be aware that this law includes a separate \$122.8 billion allocation to states through which at least 90% must be transferred to local educational agencies (school divisions) within 60 days of the states' receipt of the funds. Guidance for this education funding is more detailed than that currently available for the funding the County will receive.

School divisions must reserve at least 20% of the funds "to address learning loss through the implementation of evidence-based interventions, such as summer learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs, and ensure that such interventions respond to students' academic, social, and emotional needs and address the disproportionate impact of the coronavirus" on racial/ethnic groups; economically disadvantaged students; children with disabilities; limited English proficiency students; homeless students; and those in foster care.

After allocation of at least 20% for the purposes note above, schools divisions are to use the remaining funds for any of the following:

- A. Any activity authorized by the Elementary and Secondary Education Act of 1965;
- B. Any activity authorized by the Individuals with Disabilities Education Act (IDEA);
- C. Any activity authorized by the Adult Education and Family Literacy Act
- D. Any activity authorized by the Carl D. Perkins Career and Technical Education Act of 2006;
- E. Coordination of preparedness and response efforts with State, local and other relevant agencies to improve coordination to prevent, prepare for, and respond to coronavirus;
- F. Activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth;
- G. Developing and implementing procedures and systems to improve the preparedness and response efforts of the school division;
- H. Training and professional development for staff of the school division on sanitation and minimizing the spread of infectious diseases;
- I. Purchasing supplies to sanitize and clean school division facilities;
- J. Planning for, coordinating, and implementing activities during long-term closures, including providing meals to eligible students, providing technology for online learning to all students, providing guidance for carrying out requirements under the

- IDEA and ensuring other educational services can continue to be provided consistent with Federal, State and local requirements;
- K. Purchasing educational technology for students served by the school division to aid in regular and substantive educational interaction between students and classroom instructors;
 - L. Providing mental health services and supports;
 - M. Planning and implementing activities related to summer learning and supplemental afterschool programs, including providing classroom instructional or online learning during the summer months and addressing the needs of low-income students, children with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care;
 - N. Addressing learning loss among students in the school division, including low-income students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and children and youth in foster care, including by –
 - i. Administering and using high-quality assessments that are valid and reliable, to accurately assess students' academic progress and assist educators in meeting students' academic needs, including through differentiating instruction;
 - ii. Implementing evidence-based activities to meet the comprehensive needs of students;
 - iii. Providing information and assistance to parents and families on how they can effectively support students, including in a distance learning environment; and
 - iv. Tracking student attendance and improving student engagement in distance education.
 - O. School facility repairs and improvements to enable operation of schools to reduce risk of virus transmission and exposure to environmental health hazards, and to support student health needs.
 - P. Inspection, testing, maintenance, repair, replacement, and upgrade projects to improve the indoor air quality in school facilities, including mechanical and non-mechanical heating, ventilation, and air conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement.
 - Q. Developing strategies and implementing public health protocols including, to the extent practicable, policies in line with guidance from the CDC for the reopening and operation of school facilities to effectively maintain the health and safety of students, educators, and other staff.
 - R. Other activities that are necessary to maintain the operation of and continuity of services in the school division and continuing to employ existing staff of the school division.

Funding to school divisions will expire September 30, 2023.

Other Funding –

The legislation provides separate funding for business and community needs. For example, funding will be available for vaccine distribution, testing and contact tracing, community-based overdose prevention, support for long-term care facilities, emergency rental assistance, and homeowner mortgage assistance funds. Additionally, the Paycheck Protection Program and Economic Injury Disaster Loan Program will be

extended for small businesses. At \$1.9 trillion, clearly there is a lot to unpack as we move forward. Although I do not anticipate that we can or will be locally responsible for administering these other programs, as information becomes available, we will make the information available to the community and to our partner agencies.

Conclusion/Recommended Action: I respectfully, but very strongly recommend no action until such time as additional, specific guidance and requirements are available from the Treasury.

Prepared By: Bonnie Jewell, Assistant County Administrator/CFO

Reviewed By: Ed Petrovitch, County Administrator