

Ohio Municipalities Prepare to Receive Federal Funds from the American Rescue Plan Act (ARPA)

As Ohio's cities and villages continue to navigate through the ongoing aftermath of the coronavirus pandemic, local leaders should be turning their attention to forthcoming federal funding from the American Rescue Plan Act (ARPA).

ARPA allocated \$350 billion in Coronavirus State and Local Fiscal Recovery Funds for states and local governments across the nation. Of that, Ohio will receive approximately \$5.4 billion in relief, with 37 cities and all 88 counties receiving \$6.6 billion directly from the federal government. Ohio will also receive over \$843 million for distribution to non-entitlement units of local government (NEUs), which are cities and villages with populations under 50,000. The Ohio Office of Budget and Management is still determining whether townships will be eligible for relief funding.

ARPA's Coronavirus State and Local Fiscal Recovery Funds will be delivered in two tranches: the first half of the funding was released beginning May 10, while the second

half of the funds will be released one year later. Metro cities, which are municipalities with populations over 50,000, can directly request their ARPA funds from the U.S. Treasury via a submission portal. The state of Ohio must pass legislation in order to distribute the funds to NEUs; however, the Ohio General Assembly has yet to introduce a bill in order to disperse those funds.

Municipalities can use ARPA aid to cover costs incurred up until December 31, 2024. The U.S. Treasury has issued an Interim Final Rule outlining how the funds can be spent. The largest difference between ARPA monies and the CARES Act funds municipalities received last year is that municipalities can use these funds for revenue replacement for budget shortfalls caused by the pandemic.

The guidelines also allow for the funds to be spent in response to the public health emergency or its negative economic impacts. Municipalities can use these revenues to provide fiscal assistance to households, small businesses,

nonprofits, and other COVID-impacted industries such as tourism, travel, and hospitality. ARPA funds can also be used to provide premium pay to eligible essential workers and can be spent on necessary investments in water, sewer and broadband infrastructure.

The League has been collaborating with the National League of Cities (NLC) to ensure our members have access to up-to-date information and guidance on ARPA funds. Members can access our website at www.oml.com for fact sheets, presentations, FAQs and other resources covering the steps both Metro cities and NEUs must take in order to receive their funds, reporting requirements, how to calculate lost revenue, and other critical information.

Municipal leaders across Ohio will be able to use ARPA funds to invest in their local communities as part of the ongoing economic recovery from the fiscal impacts of the COVID-19 pandemic. It is imperative that local leaders know how they will receive these funds, which expenses are eligible and the extent of the reporting requirements in order to ensure these funds are spent most effectively. The League will continue to provide our members with access to up-to-date information and ensure that local leaders have the resources they need to effectively invest ARPA funds in their community's economic recovery.

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