

Recover Delaware: Focus on Funding

By Kirsten McGregor and Troy Mix, September 2021

Recovery Funding in Context

To support COVID-19 response and recovery efforts, the federal government has allocated unprecedented funding amounts directly to local governments and to federal grant programs addressing priorities ranging from housing, infrastructure, and premium worker pay to economic development, hazard mitigation, and resilience planning. Leveraging these funds for maximum impact will require a strategic approach informed by knowledge of community needs, funding opportunities, and guidelines.

This *Recover Delaware* brief aims to inform efforts by Delaware's state and local governments to strategize and prioritize recovery investments, with a focus on American Rescue Plan Act (ARPA) funds allocated directly to governments through the U.S. Treasury.

Overview of U.S. Treasury ARPA Funding

Recipients of U.S. Treasury ARPA funding may use these funds to:

- **Support public health expenditures**, by, for example, funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
- **Address negative economic impacts caused by the public health emergency**, including economic harms to workers, households, small businesses, impacted industries, and the public sector
- **Replace lost public sector revenue**, restoring reductions in revenue experienced during the pandemic
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet

Within these overall categories, recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities.ⁱ

What does “Final Rule” mean?

Until U.S. Treasury adopts a final rule for implementing ARPA's state and local fiscal recovery funds, and the final rule becomes effective, the Interim Final Rule is, and will remain, binding and effective.ⁱⁱ This means that recipients can and should rely on the Interim Final Rule to determine whether uses of funds are eligible under this program. The U.S. Treasury encourages recipients to use funds to meet needs in their communities. While the Interim Final Rule is effective, funds used in a manner consistent with the Interim Final Rule will not be subject to recoupment.

Treasury Compliance & Reporting Guiding Principles

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Reporting Guidance outlines four principlesⁱⁱⁱ for ensuring an equitable economic recovery:

Accountable	Program and performance reporting is required to raise public awareness, ensure accountability, and monitor compliance. Recipients must account for all spending.
Transparent	Large recipients must publish a detailed Recovery Plan each year. Each quarter, U.S. Treasury will provide comprehensive public transparency reports.
User Friendly	SLFRF guidelines allow for recipient report submission 30 days after the close of reporting periods, streamlined requirements for smaller funding recipients, and bulk upload capabilities.
Focused on Recovery	Guidance encourages an equitable economic recovery with provisions that “prioritize equity, focus on economically distressed areas, support community empowerment, encourage strong labor practices, and spotlight evidence-based interventions.”

Considerations for Developing a Recovery Funding Action Plan

Funding Leverage

Are you aware of other existing and pending federal funding that your municipality, county, region, or state agency may be the recipient of that you can leverage for your projects? Could coordinating investments with neighboring jurisdictions result in a more cost-effective and impactful use of your community’s recovery funds? Conversations with relevant agencies and neighboring towns could surface potential partnerships.

Duplication of Funding Efforts

Contrary to leverage, are you aware of other existing federal funding that may already be allocated for either a portion of or the entirety of a project? Why spend your U.S. Treasury allocation if it is already covered? Reach out to other jurisdictions or agencies if duplication seems possible, as the duplication of projects using federal funds could result in messy compliance issues.

Project Prioritization

Do you have many projects to include but don’t know where to start? Are some projects “shovel-ready” while others need work to get to the starting line? Consider prioritizing your projects with phasing (timeline), nexus to community need and proposed outcomes, and the highest and best use of the funds in mind.^{iv}

To help evaluate opportunities to leverage funds, assess possibilities for duplication, and think through project prioritization and phasing, consider the following measures:

- Explore partnerships with neighboring jurisdictions and relevant county and state agencies
- Bookmark recovery resource pages to stay current on pending programs and legislation that may impact your community, such as the Infrastructure Bill^v
- Review press release announcements from relevant federal and state agencies
- Search for Notice of Funding Opportunities (NOFOs) on grants.gov

Capacity & Compliance Support

Do you have the personnel, policies, and systems in place to manage grants and oversee procurement for contracts per federal regulations? Consider your community's resource availability and potential consulting, resource-sharing arrangements, or grant and training opportunities that may help to build capacity.^{vi}

Are you concerned about risk reduction and compliance with U.S. Treasury regulations for your projects? Stay up to date on the status of the U.S. Treasury Final Rule and acquaint yourself with federal procurement guidelines and regulations.^{vii} Seek to procure legal or accounting services as necessary.

Economic Distress and Community and Regional Visioning and Analysis

For required reporting and transparency, you may need to define areas of economic distress or establish the economic need for projects.^{viii} You do not need to limit your geographic footprint to your municipality. It is often appropriate to use statistics that highlight conditions in neighboring census tracts or capture trends at regional scales. You can also use business data to analyze impacts on specific industries or types of businesses.

It may be more cost-effective and valid to analyze economic conditions in collaboration with other jurisdictions or regional business groups. An ideal approach could involve partnering to establish a regional vision that acknowledges strengths and challenges, identifies economic distress tied to the changing economy, and develops priority projects and approaches to overcome those challenges.

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180 Graham Hall | Newark, DE 19716-7380 | 302-831-8971 | ipa@udel.edu | www.ipa.udel.edu

ⁱ U.S. Department of Treasury, "Coronavirus State and Local Fiscal Recovery Funds," 2021, <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.

ⁱⁱ U.S. Department of Treasury, "Coronavirus State and Local Fiscal Recovery Funds: Interim final rule," May 17, 2021, <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>.

ⁱⁱⁱ U.S. Department of Treasury, "Recipient Compliance and Reporting Responsibilities," 2021, <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities>.

^{iv} Bennon, M. and Sharma, R., "Infrastructure Project Prioritization in Theory and Practice: Examples in Federal U.S. and International Programs," 2018, <https://gpc.stanford.edu/publications/infrastructure-project-prioritization-theory-and-practice>.

^v Delaware League of Local Governments, "ARPA Resources," 2021, <https://dllg.delaware.gov/arpa-resources/>.

^{vi} Federal Emergency Management Agency, "Before You Apply for Building Resilient Infrastructure and Communities (BRIC) Funds," August 11, 2021, <https://www.fema.gov/grants/mitigation/building-resilient-infrastructure-communities/before-apply>.

^{vii} Federal Emergency Management Agency, "Contracting with Federal Funds for Goods and Services Before, During and After Disasters," May 26, 2021, <https://www.fema.gov/grants/procurement>.

^{viii} Access economic distress indicators from statistical sites such as statsamerica.org, census.gov, bea.gov, and bls.gov.