



Maryland Municipal League
The Association of Maryland's Cities and Towns

MML FACT SHEET: American Rescue Plan and the Coronavirus State & Local Fiscal Recovery Funds

METROPOLITAN CITIES VS. NON-ENTITLEMENT

- 146 municipalities in Maryland are defined by the ARP Act as [“Non-Entitlement Units” \(NEUs\)](#) whose allocations are based on population.
- Nine are considered “Metropolitan” (or Entitlement Municipalities). Their allocations are based on existing CDBG formulas.
- Metro cities will receive their funding directly from the U.S. Treasury. NEUs will receive their funding from the State of Maryland, which is serving as a pass through. The state cannot place additional conditions or requirements on these distributions. Final amounts for each NEU are still not available but will be released by the Treasury “in the coming days” (stated on 5/10/21).

TREASURY GUIDANCE

- On May 10th, the Treasury released a 151-page guidance document called the [Interim Final Rule \(IFR\)](#) to provide guidance on allowable uses of funds. For an overview, Treasury has a [Quick Reference Guide](#). Both document links are available on MML’s website.

FUNDING AMOUNTS

- Metro cities are now able to request Coronavirus State and Local Fiscal Recovery Funds through the Treasury Submission Portal.
- NEUs will receive this funding through Maryland state government. Treasury expects to provide further guidance on distributions to non-entitlement units in the coming days.
- All municipalities will receive funds in two tranches, with 50% provided in May/June 2021 and the balance delivered 12 months after the first installment.

FUNDING REQUIREMENTS

- To receive ARP Funds, all municipalities have **a valid DUNS number**. A [Federal DUNS number](#) is a unique nine-character number used to identify an organization and is issued by Dun & Bradstreet. The federal government uses the DUNS number to track how federal money is allocated. Registering for a DUNS number is free of charge. If an entity does not have a valid DUNS number, please visit <https://fedgov.dnb.com/webform/> or call 1-866-705-5711
- The **Single Audit Act** requires all non-federal entities that expend more than \$750,000 in federal awards in a year to obtain an audit in accordance with the Single Audit Act Amendments of 1996. Municipalities are encouraged begin budgeting to hire an auditing

firm for a single audit if they believe they will expend more than \$750,000 in federal awards in a year.

- Nonentitlement municipalities can expedite electronic payments from the State by filling out their [ACH/Direct Deposit Authorization Form](#).

USES OF FUNDING

Within the categories of eligible uses, recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities. Recipients may use Coronavirus State and Local Fiscal Recovery Funds to:

- **Support public health expenditures**, by 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**, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- **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, Treasury's [Interim Final Rule](#) provides more extensive guidelines and principles for determining the types of programs and services that this funding can support, together with examples of allowable uses that recipients may consider. As described below, Treasury has also designed these provisions to take into consideration the disproportionate impacts of the COVID-19 public health emergency on those hardest-hit by the pandemic.

INELIGIBLE USES

To ensure that these funds are used for their intended purposes, the American Rescue Plan Act also specifies two ineligible uses of funds:

1. States and territories may not use this funding to directly or indirectly offset a reduction in net tax revenue due to a change in law from March 3, 2021 through the last day of the fiscal year in which the funds provided have been spent.
2. No recipient may use this funding to make a deposit to a pension fund.

ADDITIONAL RESOURCES

- Sign up to receive [COVID-19 Relief Updates](#) from Treasury.
- Review the [FAQ page on NLC's Website](#).
- Read the [MML e-Bulletin](#) and visit our [ARP Resource Page](#).
- Save the Treasury's contact info- email: SLFRP@treasury.gov; Phone: 844-529-9527