

Stimulus Money Spending Guidelines Summary Report

7/20/2021

Background

This one-page report succinctly summarizes the US Treasury's interim final rule that stipulates how local governmental jurisdictions may expend funds from the American Rescue Plan Act, otherwise known as stimulus funds.

Total Eligible Uses

There are 48 eligible uses explicitly authorized by Treasury under the banners of four broad categories, as follows:

- To respond to the public health emergency and its negative economic impacts;
- To respond to workers performing essential work;
- To provide for government services due to decreased revenue; and
- To make investments in water, sewer, and broadband infrastructure.

Non-Exclusive List of Uses

Treasury's guidelines are designed for risk tolerance. Treasury's guidelines emphasize their list of 48 eligible uses is "non-exclusive." I.e., stimulus allocatees are not bound by the explicit list of 48 eligible uses. To the contrary, allocatees are only bound by their own creativity.

Deadlines

Funds must be obligated by December 31, 2024, and expended by December 31, 2026.

Audits and Quality Reporting

Quarterly project expenditure reports are required, alongside annual performance reporting. Quality, professional reporting pursuant to Treasury's guidelines is critical to minimize perceived risks. Outside of Treasury's guidelines, the most significant guidepost to expending stimulus funds is the local annual audit, by which sufficient documentation must be in place to avoid findings. (Again, quality, professional reporting is critical.) Therefore, those responsible for expending stimulus funds should seek general guidance from their independent, third party auditors.

Infrastructure Eligibility

Investments in water, sewer, and broadband infrastructure are a high priority within the Rescue Plan, which lends itself well to beautification projects. For instance, enhancing water quality via stormwater management planning, design, and construction seamlessly provides for streetscaping and beautification improvements.

Ineligible Uses

Congress outlined two specific ineligible uses for stimulus funds, and Treasury's guidelines identify a third, as follows:

- Depositing of funds into any pension fund;
- Back-filling lost public revenue due to non-COVID related policies, such as tax cuts and similar revenue-reducing measures; and
- Funds may not be used as a match for federal grants.



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