

# American Rescue Plan Act Local Fiscal Recovery Fund Spending Priorities

SUMMARY OF SURVEY RESULTS

October 2021

ICMA surveyed local government chief administrative officers (CAOs) in September 2021 about their priorities for utilizing the American Rescue Plan Act (ARPA)'s Local Fiscal Recovery Funds (FRF). Nearly 600 town, city, and county managers responded. Responses include local governments with populations ranging from less than 2,500 to over one million; two-thirds came from communities of 25,000 or fewer residents, which fall under the U.S. Treasury definition of "Non-entitlement Units" (NEUs, i.e., local governments typically serving a population of under 50,000). Direct FRF recipients include counties and metropolitan cities.

## Key Findings

### Major Investment Priorities

- Of the broad eligible expense types as defined by the U.S. Department of Treasury, responding local governments typically anticipate spending within two out of five top-level categories.
- Infrastructure was the top investment priority for communities of all sizes, prioritized by 84 percent of respondents.
- Approximately half of all respondents (52 percent) anticipate replacing lost public sector revenue. Direct recipients are more frequently considering this option (63 percent), as well as addressing negative economic impacts of the pandemic (54 percent) and supporting public health expenditures (51 percent) than NEUs.
- Local governments planning on public health expenditures are overwhelmingly counties.
- Within the infrastructure category, most anticipated projects and priorities concern water and sewer infrastructure—prioritized by 75 percent of respondents. Water and sewer investment is an even higher priority among ICMA's Mountain Plains CAOs (89 percent), and a lower priority among West Coast CAOs (59 percent).
- Broadband infrastructure is being considered by 45 percent of direct recipients and 25 percent of smaller communities/NEUs. Broadband interest is especially high among responding counties.
- We observe additional differences between larger and smaller communities, notably in areas such as COVID-19 mitigation and containment; housing and neighborhoods; nonprofit support; small businesses; and behavioral or mental health—all areas where larger communities are more likely to prioritize spending. Smaller communities overwhelmingly prioritize water and sewer infrastructure and indicated fewer additional priority areas. CAOs in ICMA's West Coast region were also more likely to prioritize support to small businesses and nonprofits.

### Management and Coordination

- Nearly half (47 percent) of overall respondents anticipate hiring or designating coordinators for overall planning and management of these funds, whether internal staff, external consultants, or both. Local governments are more frequently looking at hiring or designating this role internally, but 22 percent overall (more frequently direct recipients, especially counties, and CAOs in ICMA's Northeast region) are considering engaging external consultants.
- Overall, one-third of respondents are considering regional collaboration on a project or investment. Regional collaboration is expected most frequently in ICMA's Mountain Plains region and by counties nationwide.
- Fifteen percent of direct recipients anticipate transferring at least part of their allocation to another entity. These tend to be local governments representing populations of at least 100,000.

### What's Driving Prioritization

- Capital improvement plans are highly influential in setting priorities for FRF spending, used by three out of four communities as a part of their planning.
- Approximately 40 percent of NEUs and half of direct recipients are utilizing strategic plans developed prior to the passage of the Rescue Plan legislation.
- Half of responding direct recipients and a quarter of responding NEUs have developed new recovery/ARPA-specific plans within the last several months.
- A quarter of responding local governments have conducted community engagement activities specific to pandemic recovery and ARPA opportunities.

## Survey Results

### ICMA Region Key

<b>MP, Mountain Plains:</b>	Arizona, Arkansas, Colorado, Idaho, Kansas, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Wyoming
<b>MW, Midwest:</b>	Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, Wisconsin
<b>NE, Northeast:</b>	Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont
<b>SE, Southeast:</b>	Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia
<b>WC, West Coast:</b>	Alaska, California, Hawaii, Nevada, Oregon, Washington

**Q1. In which of the following categories of eligible expenses is your local government actively considering spending its allocation of funding? Check all that apply based on guidance issued to date.**

Treasury-defined Eligible Expense	Non-entitlement Units	Direct Recipients	All Local Governments
Investing 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	85%	81%	84%
Replacing lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic	47%	63%	52%
Addressing negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector	29%	54%	37%
Supporting public health expenditures, by, for example, funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff	16%	51%	27%
Providing 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	21%	27%	23%
None of these at this time	3%	1%	3%
<b>n</b>	<b>402</b>	<b>187</b>	<b>589</b>

### Q1 Responses by ICMA Region

Treasury-defined Eligible Expense	MP	MW	NE	SE	WC
Investing in water, sewer, and broadband infrastructure	93%	80%	79%	89%	70%
Replacing lost public sector revenue	38%	55%	52%	50%	70%
Addressing negative economic impacts caused by the public health emergency	31%	30%	38%	37%	58%
Supporting public health expenditures	32%	21%	33%	27%	23%
Providing premium pay for essential workers	20%	17%	19%	37%	14%
None of these at this time	2%	2%	6%	3%	1%
<b>n</b>	<b>121</b>	<b>148</b>	<b>90</b>	<b>153</b>	<b>77</b>

**Q2. Which of the following types of projects/priorities is your local government looking to support with ARPA Fiscal Recovery Funds? Check all that apply based on available information (i.e., including if you are actively considering but still waiting for final guidance on eligibility).**

Project/Priority Type	Non-entitlement Units	Direct Recipients	All Local Governments
Water and sewer infrastructure	78%	68%	75%
Public safety equipment	31%	39%	34%
Broadband infrastructure	25%	45%	31%
Small businesses	21%	43%	28%
Housing and neighborhoods	18%	42%	26%
Other capital improvements	24%	29%	26%
COVID-19 mitigation and containment	17%	41%	25%
Nonprofit support	16%	41%	24%
Tourism, travel, and hospitality Industries	18%	27%	21%
Improving remote work capacity	19%	24%	21%
Families and household assistance	10%	28%	16%
Cybersecurity capacity	17%	16%	16%
Behavioral or mental health	7%	29%	14%
Other specific priority	9%	16%	11%
Rehiring government staff	7%	13%	9%
Educational disparities	4%	4%	4%
	<b>n</b>	<b>386</b>	<b>184</b>
			<b>570</b>

### Q2 Responses by ICMA Region

Project/Priority Type	MP	MW	NE	SE	WC
Water and sewer infrastructure	89%	73%	73%	75%	59%
Public safety equipment	30%	34%	41%	30%	36%
Broadband infrastructure	34%	24%	28%	34%	41%
Small businesses	16%	24%	26%	32%	51%
Housing and neighborhoods	25%	26%	23%	22%	35%
Other capital improvements	15%	24%	28%	30%	34%
COVID-19 mitigation and containment	24%	20%	31%	23%	30%
Nonprofit support	21%	19%	24%	21%	46%
Tourism, travel, and hospitality Industries	18%	16%	14%	27%	32%
Improving remote work capacity	19%	24%	20%	15%	31%
Families and household assistance	14%	12%	14%	14%	30%
Cybersecurity capacity	14%	15%	20%	18%	16%
Behavioral or mental health	18%	13%	13%	10%	20%
Other specific priority	11%	10%	16%	9%	12%
Rehiring government staff	8%	8%	8%	5%	19%
Educational disparities	1%	6%	5%	3%	5%
	<b>n</b>	<b>118</b>	<b>143</b>	<b>86</b>	<b>149</b>
					<b>74</b>

**Q3. Is your local government considering any of the following strategies related to overall fund management?  
Check all that apply.**

	Non-entitlement Units	Direct Recipients	All Local Governments
Hiring or designation of internal staff to coordinate overall planning and management of funds	32%	46%	36%
None of these	42%	24%	36%
Regional collaboration on a project or investment	33%	40%	35%
Hiring of external consultants to assist with planning or management of funds	19%	28%	22%
Transferring part or all of your allocation to another entity	4%	15%	7%
Declining acceptance of funds	0%	0%	0%
<b>n</b>	<b>385</b>	<b>185</b>	<b>570</b>

### Q3 Responses by ICMA Region

	MP	MW	NE	SE	WC
Hiring or designation of internal staff to coordinate overall planning and management of funds	36%	32%	40%	40%	34%
None of these	35%	46%	30%	30%	40%
Regional collaboration on a project or investment	45%	34%	35%	29%	34%
Hiring of external consultants to assist with planning or management of funds	20%	14%	33%	26%	22%
Transferring part or all of your allocation to another entity	4%	10%	7%	7%	7%
Declining acceptance of funds	0%	0%	1%	0%	0%
<b>n</b>	<b>118</b>	<b>145</b>	<b>86</b>	<b>148</b>	<b>73</b>

**Q4. Is your local government using any of the following tools/approaches in planning for use of fiscal recovery funds? Check any that apply.**

	Non-entitlement Units	Direct Recipients	All Local Governments
Capital improvement plan	75%	69%	73%
Existing strategic plan (i.e., developed prior to passage of ARPA)	41%	52%	45%
New ARPA/recovery-specific plan	26%	45%	32%
Community engagement activities specific to recovery needs/ARPA opportunities (surveys, focus groups, etc.)	20%	35%	25%
None of these	12%	11%	12%
<b>n</b>	<b>385</b>	<b>183</b>	<b>568</b>

**Q4 Responses by ICMA Region**

	MP	MW	NE	SE	WC
Capital improvement plan	75%	70%	72%	77%	66%
Existing strategic plan (i.e., developed prior to passage of ARPA)	49%	41%	35%	52%	42%
New ARPA/recovery-specific plan	31%	26%	38%	34%	38%
Community engagement activities specific to recovery needs/ARPA opportunities (surveys, focus groups, etc.)	24%	22%	29%	22%	31%
None of these	12%	14%	10%	9%	14%
<b>n</b>	<b>118</b>	<b>144</b>	<b>86</b>	<b>146</b>	<b>74</b>

**Q5. Is your local government a... (select one)**

	All Local Governments	ICMA Region				
		MP	MW	NE	SE	WC
Non-entitlement Unit (NEU), receiving funds through your state	68%	66%	74%	66%	67%	65%
Direct recipient of Fiscal Recovery Funds	32%	34%	26%	34%	33%	35%
<b>n</b>	<b>589</b>	<b>121</b>	<b>148</b>	<b>90</b>	<b>153</b>	<b>77</b>