

Accessing Resilience Funding for Rural Communities

OFMA Spring Technical Workshop

April 11, 2023



Session Goals

- Discuss major sources of resilience funding available to rural communities
- Explore fund mapping – a process used to identify a universe of needs and match those needs with available funding programs – and how that process can be applied by smaller governments
- Examine common challenges faced by rural communities, including:
 - Limited resources for application development
 - Lack of available non-federal match
 - Inexperience managing federal awards
- Highlight upcoming funding opportunities that could be used to build resilience in rural Oklahoma
- Provide answers to questions and highlight resources for additional information

The Resilience Funding Landscape

A Strategic Approach to Leveraging Resilience Funding

Community Capacity for Obtaining and Managing Funds

Upcoming Funding Opportunities

Questions / Answers

Resilience Funding for Rural Communities

Since the beginning of the COVID-19 pandemic, the federal government has made available an unprecedented amount of funding for local governments. While early funding programs such as the CARES Act focused on providing immediate response for public health and economic needs, subsequent legislation began to incorporate a number of longer-term lenses including incorporating equity and building resilience.

- **American Rescue Plan Act (ARPA).** \$350B to state and local governments through Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Program.
- **Infrastructure Investment and Jobs Act (IIJA).** \$1.2T in total investment in the nation's infrastructure, with nearly all programs having some sort of resilience focus or criteria.
- **Inflation Reduction Act (IRA).** \$369B in investments in resilience, sustainability and energy security.
- **2023 Consolidated Appropriations Act (Omnibus).** Funds numerous grant and disaster programs and allows ARPA funding to be used more flexibly, including expanding allowable use of SLFRF funds for local match.

Resilience Funding for Rural Communities

- Traditional mitigation funding sources – Hazard Mitigation Grant Program (HMGP), FMA (Flood Mitigation Assistance), Building Resilient Infrastructure and Communities (BRIC) – should not be overlooked, especially given that the IIJA provided significant funding for FMA and BRIC. However, both programs can have very significant barriers to entry for smaller communities.
- The Pre-disaster Mitigation Program (PDM) allows communities to work with their congressional representatives to identify projects for funding (formerly known as Legislative or L-PDM, the program is now referred to as Congressionally Directed Spending).

Overview of Infrastructure Investment and Jobs Act

The bulk of the resilience funding opportunity is found in the Infrastructure Investment and Jobs Act (IIJA), but the IIJA is difficult to navigate due to its structure.

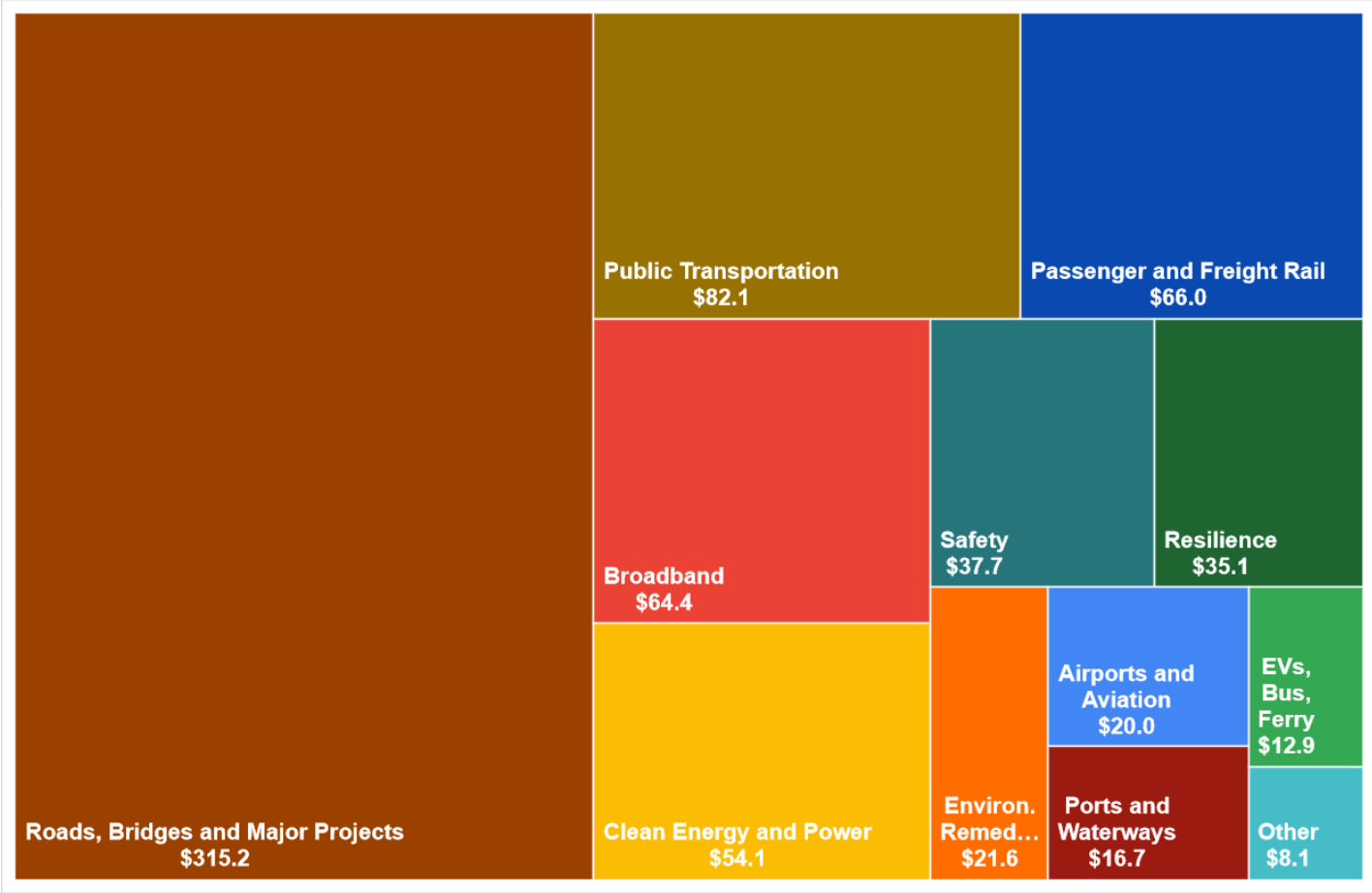
The \$1.2 trillion IIJA includes new programs, altered programs, reauthorized programs, and regulatory changes designed to rebuild the nation's infrastructure

- Funding available over the next five years, or until expended by the federal government
- Numerous bureaus across 17 federal agencies will administer funding, including the Departments of Transportation, Commerce, and Energy, as well as the Environmental Protection Agency
- Most funding will pass through federal agencies to state/local governments
- Funding mechanisms vary and include formula-based allocations, competitive grants and block grants
- Some grant programs have already completed the first application cycle, while some have not even completed initial rulemaking

Source: Bipartisan Infrastructure Law Guidebook and Guidebook Data

IIJA Funding Stream Breakdown

(\$ billions)



\$725+ B	\$470+ B
available to governments*	available to governments for new or modified programs
240+	100+
unique programs accessible to governments	unique new or modified programs accessible to governments

Source: Bipartisan Infrastructure Law Guidebook Data; Hagerty Consulting Internal Analysis
 *Government is defined as state (including higher education), local, tribal, and territorial governments

IIJA Funding Streams

\$700+ B	\$460+ B	210+	90+
available to state governments	available to state governments for new or modified programs	unique programs accessible to state governments	unique new or modified programs accessible to state governments

\$220+ B	\$100+ B	140+	60+
available to local governments	available to local governments for new or modified programs	unique programs accessible to local governments	unique new or modified programs accessible to local governments

Source: Bipartisan Infrastructure Law Guidebook Data; Hagerty Consulting Internal Analysis
 *Government is defined as state (including higher education), local, tribal, and territorial governments

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Fund Matching Exercise

- Develop universe of needs
- Develop universe of applicable funding streams
- Identify the matches and prioritize the resulting list based on factors including importance of need, potential for success, and availability of resources (such as local match).
- Do not fail to consider political considerations and prepositioning.
- The output from this exercise then drives a discussion about the sort of capacity that is needed to obtain and administer funding.

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Common Challenges for Rural Communities

1. Limited Capacity for Application Development

- Application development requires significant resources, particularly when design, detailed cost estimates and/or a Benefit Cost Analysis is required
- While pre-award cost are often allowed to be included in a project budget, they must be funded upfront and there is no guarantee that an application will be successful
- Many rural communities (and, quite honestly, communities of all size) lack internal expertise for these activities and require consulting support

2. Lack of Available Non-Federal Match

- Local match is required for nearly all federal grant programs, ranging from 10% to 50% of the award.

3. Inexperience Managing Federal Awards

- Many rural communities lack experience managing federal awards, including adequate compliance infrastructure to support procurement, contracting, monitoring and closeout.

Strategies to Overcome Common Challenges

- **Seek Out Regional Cooperation.** Many IIJA and IRA programs give preference to applications with a regional focus. COGs and other regional organizations can serve as coordinators for application development and often have experience applying for and administering federal funding.
- **Utilize Planning Grants.** Many of these programs have both project grants and planning grants available, and some have pathways by which planning grant recipients have preference for future project grants.
- **Leverage ARPA Funds.** SLFRF funds can be used to build capacity and as non-federal match.
- **Use Membership Organizations.** Organizations like NACo, and ICMA host (and archive) regular webinars on these topics. Bloomberg Philanthropies sponsors programs such as the e311 program and the Local Infrastructure Hub, which assist local governments with pandemic relief and infrastructure funding.
- **Request State Assistance.** Realizing the unprecedented nature of this opportunity to secure federal funding, many states (e.g., Maryland, New Jersey) have begun to invest in technical assistance programs. These programs fund consulting support for local governments in order to maximize the state's competitiveness for federal funding. States have successfully funded these programs using American Rescue Plan Act money.

ARPA May Be Part of the Solution – Revenue Loss Eligibility

- Most rural communities were classified as NEUs, or Non-Entitlement Units of Government, for purposes of SLFRF allocations. NEUs have significantly reduced SLFRF reporting requirements.
- SLFRF recipients were allowed a one time election of a “standard allowance” of lost revenue to cover the entire SLFRF period of performance.
- If choosing this option, there was no need to actually calculate revenue loss
- For most NEUs, this means that their entire allocation could be classified as revenue loss, making the funds extremely flexible and free from most eligibility requirements, because revenue loss funds can be used to fund any project that constitutes “provision of government services” and does not meet one of the very few enumerated exclusions in the ARPA statute/SLFRF Final Rule.

Updated Eligibility: Revenue Loss (cont'd)

- Recipients can use revenue replacement funds “for any service traditionally provided by a government, unless Treasury has stated otherwise”
- Recipients are only required to provide a written explanation of “how revenue replacement funds are allocated to government services”, and are not required to report information on individual projects or programmatic data
- **Recipients may use funds for the non-federal share for most federal programs****
- Maintaining a robust compliance framework throughout the program remains critical, but these revenue loss funds can be used to help build that capacity

***Certain restrictions apply, and these funds cannot be used for match on Medicaid or CHIP programs*

Development of a Robust Compliance Infrastructure

- As local governments design and implement federal projects, establishing a robust compliance infrastructure is critical to ensuring that federal funds are administered in a manner consistent with the Final Rule and Uniform Guidance (2 CFR 200).
 - Creating this infrastructure could be a particular challenge for local governments that lack experience with federal funds management
- The need for a robust compliance infrastructure should not deter a rural community from seeking funding, but the community must be aware of the responsibilities that come with accepting federal assistance.

Items that may be particularly challenging to recipients include:

- Internal controls and management practices
- Procurement and contracting
- Risk-based assessment for subawards and monitoring of subrecipients
- Civil rights and promoting equal opportunity
- Programmatic and financial reporting
- Closeout and audit

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Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) Discretionary Grant Program

- NOFO is expected this spring
- Projects that advance resilience of transportation infrastructure
- This is the direct application portion of the PROTECT program; formula grants are also distributed to each state.
- USDOT

Upcoming Funding Opportunities

Safe Streets and Roads for All (SS4A)

- NOFO is currently open
 - Projects that advance safe transportation with a strong weight given to innovation, equity and resilience
 - USDOT
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Upcoming Funding Opportunities

State Revolving Funds (CWSRF and DWSRF)

- Application timelines will be set by state agencies who administer revolving funds.
 - Both revolving funds were significantly capitalized by the IJA with funds set aside for addressing contaminants of emerging concern (PFOA/PFAS) and lead pipes.
 - CWSRF eligibility continues to grow with regard to integrated stormwater management projects.
 - A portion of funding is dedicated to ensure that funds distributed to disadvantaged communities are given as forgivable loans or grants.
 - Oklahoma DEQ and OWRB
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Upcoming Funding Opportunities

Rebuilding American Infrastructure with Sustainability and Equity (RAISE)

- NOFO just closed, will come around again in early 2024.
- Transportation projects that promote resiliency.
- BCA is required, but alternative methodology is permitted.
- Stormwater projects are eligible per the guidance if related to transportation infrastructure.
- USDOT

Upcoming Funding Opportunities

Public Works and Economic Adjustment Assistance (PWEAA) Grant Program

- NOFO is currently open
- Projects that advance general economic development and incorporate specific priorities related to equity, workforce development and resilience
- Department of Commerce – Economic Development Administration

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Questions?

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