



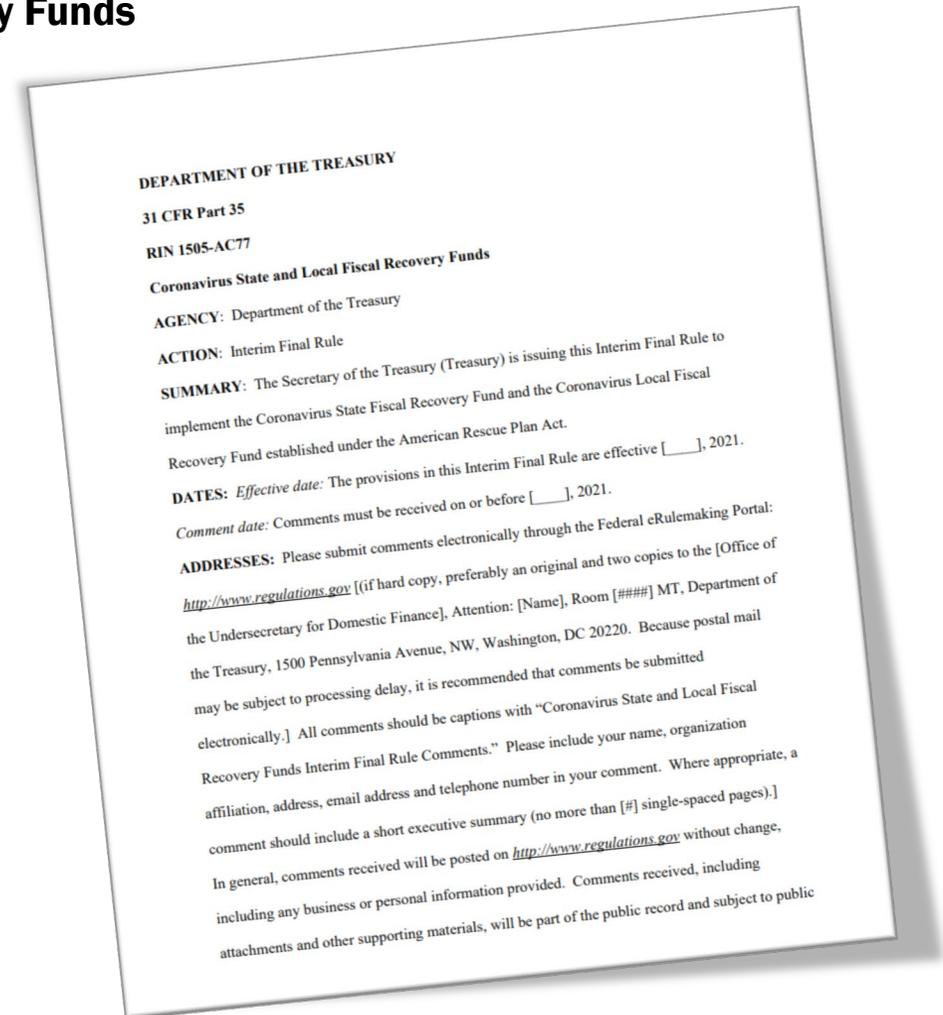
# **NACo LEGISLATIVE UPDATE:**

*PRELIMINARY REVIEW OF TREASURY'S FISCAL RECOVERY FUND GUIDANCE*

MAY 2021

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**U.S. DEPARTMENT OF THE TREASURY**

ABOUT TREASURY **POLICY ISSUES** DATA SERVICES NEWS SEARCH

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**POLICY ISSUES**

**COVID19 Economic Relief**

- Assistance for American Families and Workers
- Assistance for Small Businesses
- Assistance for State, Local, and Tribal Governments**
  - State and Local Fiscal Recovery Fund**
  - Request Funding
  - Tribal Governments
  - Non-Entitlement Units
  - Capital Projects Fund
  - Homeowner Assistance Fund
  - Emergency Rental Assistance Program
  - State Small Business Credit

## Coronavirus State and Local Fiscal Recovery Fund

The American Rescue Plan will deliver \$350 billion for eligible state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs.

The Coronavirus State and Local Fiscal Recovery Funds provide a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

**FUNDING OBJECTIVES**

Treasury is launching this much-needed relief to:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control
- Replace lost revenue for eligible state, local, territorial, and Tribal governments to strengthen support for vital public services and help retain jobs

**REQUEST FISCAL RECOVERY FUNDS**

**RECEIVE COVID-19 RELIEF UPDATES**

- Interim Final Rule
- Fact Sheet
- Quick Reference Guide
- Tribal Government Information
- Non-Entitlement Unit Information

- [Interim final rule](#)
- [Fact sheet](#)
- [FAQs](#)
- [Quick reference guide](#)
- [County Recovery Fund allocations](#)

# U.S. TREASURY: “MUST READ” RESOURCES

# KEY DATES RELATED TO THE RECOVERY FUND

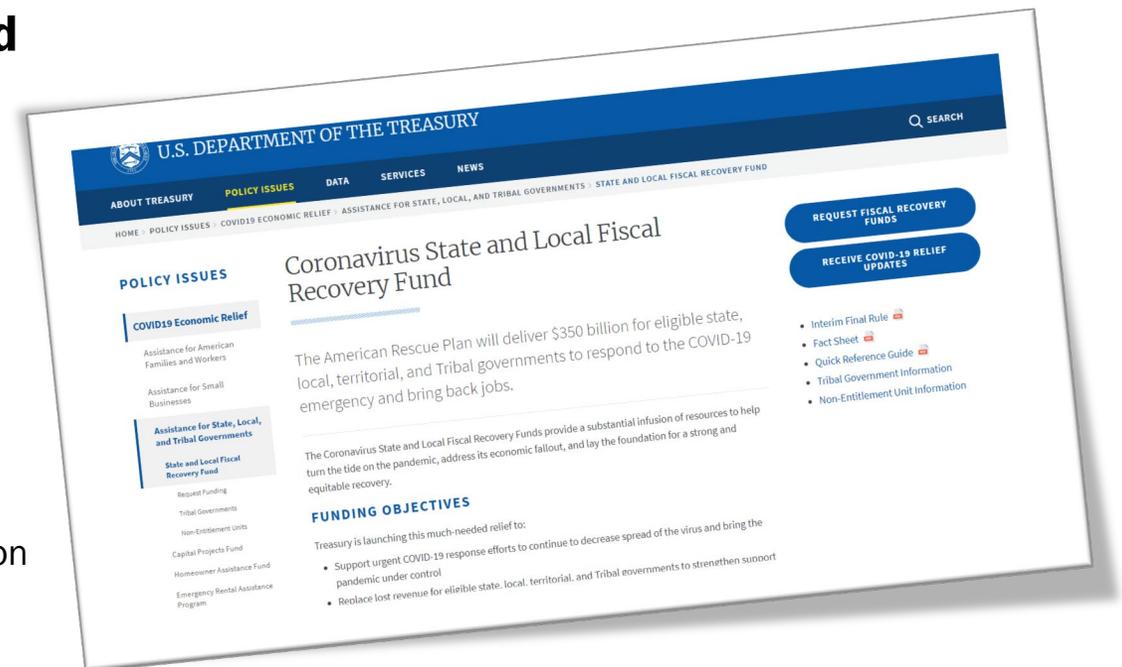
- **January 27, 2020:** Declaration of the public health crisis
- **March 3, 2021:** Beginning of the Recovery Fund “covered period”
- **July 9, 2021:** Deadline to comment on U.S. Treasury’s *Interim Final Rule* on Recovery Fund
- **August 31, 2021:** Deadline to submit first Interim Report to U.S. Treasury
- **August 31, 2021:** Deadline to submit first *Recovery Plan Performance Report* to U.S. Treasury  
- **Applies to COUNTIES ABOVE 250,000 POPULATION ONLY**
- **October 31, 2021:** Deadline to submit first *Quarterly Project and Expenditure Report*  
- Applies to ALL COUNTIES
- **December 31, 2024:** Recovery Funds must be obligated (**NOT incurred**)
- **December 31, 2026:** Recovery Funds must be spent & all work/performance must be completed

# HOW TO CERTIFY FOR RECOVERY FUNDS

U.S. Treasury released [certification guidance](#) and [opened the portal](#) for counties to request Recovery Funds

Prior to requesting Recovery Funds, **counties should complete the following steps immediately:**

1. Ensure your county has a [DUNS number](#)
2. Ensure your county has an [active SAM registration](#)
3. Gather payment information:
  - Entity Identification Number (EIN), name and contact information
  - Name and title of an authorized representative of the county (i.e. chief elected official)
  - Financial institution information (e.g., routing and account number, financial institution name and contact information)



# HOW TO CERTIFY FOR RECOVERY FUNDS

U.S. Treasury [opened the portal](#) for counties to request Recovery Funds. To receive Recovery Funds, **a county must request funds through this portal.**



**CLICK HERE**

**To access the portal and request Recovery Funds from the U.S. Treasury, [click here.](#)**

**If you are having issues with the new U.S. Treasury portal, email [covidrelieffitsupport@treasury.gov](mailto:covidrelieffitsupport@treasury.gov).**

# HOW TO CERTIFY FOR RECOVERY FUNDS

U.S. Treasury is using the **ID.me platform** for counties to request Recovery Funds

- **ID.me is a trusted technology partner** to multiple government agencies – **your information is secure**
- **Site provides secure digital identity verification to government agencies** to ensure you are the correct individual requesting Recovery Funds
- **You are required to provide the following information** to receive Recovery Funds:
  - Social Security Number
  - Driver's license/passport number
  - Facial recognition

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## ILLUSTRATION ONLY OF *SAMPLE* ALLOWABLE USES OF RECOVERY FUNDS, PER NEW U.S. TREASURY GUIDANCE



### Support Public Health Response

Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff



### Address Negative Economic Impacts

Respond to economic harms to workers, families, small businesses, impacted industries, and the public sector



### Replace Public Sector Revenue Loss

Use funds to provide government services to the extent of the reduction in revenue experienced due to the pandemic



### Premium Pay for Essential Workers

Offer additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors



### Water and Sewer Infrastructure

Make necessary investments to improve access to clean drinking water and invest in wastewater and stormwater infrastructure



### Broadband Infrastructure

Make necessary investments to provide unserved or underserved locations with new or expanded broadband access

# REPLACE LOST REVENUE

Recovery Funds may be used to provide **government services to the extend of reduction in revenue** experienced due to COVID-19:

- **Definition of general revenue:** Based on Census Bureau’s definition and includes revenue from taxes, current charges, miscellaneous general revenue, intergovernmental transfers between state and local governments
  - **Excludes** refunds and other correction transactions proceeds from issuance of debt or the sale of investments, agency or private trust transactions and revenue generated by utilities, intergovernmental transfers from the federal government (federal transfers made to a state/locality)
- Recipients should calculate revenue on an **entity-wide basis**
- Recipients **cannot** use pre-pandemic projections as a basis to estimate the reduction in revenue
- Recipients can use funds to support governments services, which include, **but are not limited to:**
  - Maintenance of **infrastructure or pay-go spending for building new infrastructure, including roads**
  - Modernization of **cybersecurity**, including hardware, software and protection of critical infrastructure
  - Health services
  - Environment remediation
  - School or educational services
  - Police, first responders and other public safety services

# PREMIUM PAY FOR ESSENTIAL EMPLOYEES

Fiscal Recovery Funds payments may be used by recipients to provide premium pay (\$13/per hour) to **eligible workers** performing essential work during the COVID-19 public health emergency or to provide grants to third-party employers with eligible workers performing essential work.

## Essential employees are defined as:

- **Any work performed by an employee of the state, local or tribal government**
- Staff at nursing homes, hospitals, and home care settings
- Workers at farms, food production facilities, grocery stores, and restaurants
- Janitors and sanitation workers
- Truck drivers, transit staff, and warehouse workers
- Public health and safety staff
- Childcare workers, educators, and other school staff
- Social service and human services staff

## Essential work is defined as:

- Work involving regular in-person interactions or regular physical handling of items that were also handled by others
- A worker would **NOT** be engaged in essential work and, accordingly may not receive premium pay, for telework performed from a residence

## Other provisions related to premium pay:

- Premium pay **can be retroactive**
- Recipients have discretion to designate additional sectors
- Additional reporting requirements in certain cases (*grants to third-party employers*)

# PUBLIC HEALTH & SAFETY EMPLOYEE PAYROLL

## ARPA FISCAL RECOVERY FUND (PG. 20)

- Recovery Funds can be used for payroll/benefits for public, safety, public health, health care, human services and similar employees
- Recovery Funds can be used to support the payroll/benefits **for the portion of the employee's time that is dedicated to responding to COVID-19**
- Counties may consider public health/safety employees to be entirely devoted to mitigating/responding to COVID-19 and are fully recovered

## CARES ACT CRF (PG. 4187)

- As a matter of administrative convenience in light of the emergency nature of this program, **a State, territorial, local, or Tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency,** unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise
- **All costs of such employees may be covered** using payments from the Fund for services

# WATER, SEWER & BROADBAND INFRASTRUCTURE

To assist in meeting the critical need for investments and improvements to existing infrastructure in **water, sewer and broadband**, counties can invest Fiscal Recovery Funds into these sectors:

## WATER & SEWER INFRASTRUCTURE

- Improvements to infrastructure, such as building or upgrading facilities and transmission, distribution and storage systems (*additional guidance to be released at later date*)
- Eligible uses aligned to Environmental Protection Agency (EPA) project categories in the:
  - Clean Water State Revolving Fund (CWSRF)
  - Drinking Water State Revolving Fund (DWSRF)

## BROADBAND INFRASTRUCTURE

- Targets to support households and businesses that *do not* deliver 25 Mbps download/3 Mbps upload
- Fund projects that deliver reliable services – **minimum 100 Mbps download/100 Mbps upload speed** unless impracticable due to geography, topography, or excessive costs
- Complement broadband investments made through the Capital Projects Funds authorized under ARPA

# DEFINING **INELIGIBLE** EXPENSES

1

## PENSION FUNDS

- Funding cannot be used for deposits into defined benefit pension funds...However, Treasury defines a “deposit” as an extraordinary contribution to a pension fund for the purpose of reducing an accrued, unfunded liability
- **Recipients may use funds for routine payroll contributions to pensions of employees whose wages and salaries are an eligible use**

Treasury's Interim Final Rule identifies several other ineligible uses, including funding debt service, legal settlements or judgments, and deposits to rainy day funds or financial reserves. Further, general infrastructure spending is not covered as an eligible use outside of water, sewer, and broadband investments or above the amount allocated under the revenue loss provision. While the program offers broad flexibility to recipients to address local conditions, these restrictions will help ensure that funds are used to augment existing activities and address pressing needs.

2

## OTHER RESTRICTIONS

- Funding debt service, legal settlements or judgements
- Deposits to rainy day funds or financial reserves
- **Non-federal match requirement (i.e. EDA & Medicaid) & be sure to reach the latest FEMA guidance**
  - The President's directive allows FEMA to pay 100% federal funding for the costs of activities that have previously been determined eligible, from the beginning of the pandemic in January 2020 to Sept. 30, 2021.

## NET REDUCTION IN TAX REVENUE

### (LIMITED TO STATES & TERRITORIES)

3

- If a state or territory has a reduction in net tax revenue, they must demonstrate how they paid for the tax cuts from source other than the Recovery Fund

# REPORTING REQUIREMENTS

Recovery Fund recipients will be required to submit an interim report, quarterly report, quarterly project and expenditure reports and annual recovery plan:

- **Interim reports:** Counties will be required to submit one interim report, which will include the county's expenditures by category at the summary level. The interim report will cover spending from the date the county receives Recovery Funds to July 31, 2021. **Interim reports are due by August 31, 2021.**
- **Quarterly project and expenditure reports:** Counties will be required to submit quarterly project and expenditure reports, which will include financial data, information on contracts and subawards over \$50,000 and other information regarding utilization of funds. These reports will be similar to CARES Act Coronavirus Relief Fund. The first report will cover spending from the date the county receives Recovery Funds to September 30, 2021. **First report is due by October 31, 2021.**
- **Recovery plan performance reports:** Counties will be required to submit an annual recovery plan performance report, which will include descriptions of projects funded and information on performance indicators and objectives of each award. Initial recovery plan will cover activity from the date the county receives Recovery Funds to July 31, 2021. **Local governments with less than 250,000 residents are not required to develop Recovery Plan Performance Report. Recovery plan is due by August 31, 2021.**

# U.S. DEPARTMENT OF AGRICULTURE

- Emergency Grants for Rural Health Care = \$500 million
- SNAP State Administration = \$1.135 billion, extends 15% monthly benefit increase through September
- Extends emergency SNAP benefits for children missing meals at school through the summer
- Special Nutrition Program for Women, Infants and Children (WIC) = \$880 million
- Commodity Supplemental Food Program - \$37 million

# U.S. DEPARTMENT OF COMMERCE

- Economic Development Administration = \$3 billion
  - Economic adjustment assistance competitive grants for planning and projects
  - 25% reserved for states and communities to address losses in the travel, tourism and outdoor recreation sectors

## U.S. DEPARTMENT OF HOMELAND SECURITY

- FEMA Disaster Relief Fund = \$50 billion (Reimbursement for COVID-related public assistance reimbursement)
- FEMA Emergency Food and Shelter Program = \$400 million
- FEMA Emergency Food and Shelter Program – Humanitarian Relief = \$110 million
- FEMA Assistance to Firefighter Grants = \$100 million
- FEMA Staffing for Adequate Fire and Emergency Response (SAFER) Grants = \$200 million
- FEMA Emergency Management Performance Grants - \$100 million

# U.S. DEPARTMENT OF EDUCATION

- Education Stabilization Fund = \$165.95 billion
  - \$123 billion – K-12 schools
    - \$800 million – Homeless students
    - \$2.5 billion – After school programming and summer enrichment
  - \$2.75 billion – K-12 private schools
  - \$3.03 billion – Individuals with Disabilities in Education Act (IDEA)
  - \$39.6 billion – Higher education

# U.S. DEPARTMENT OF EDUCATION

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## **U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

- CDC Grants to states, localities and tribes for testing = \$47.8 billion
- CDC Grants to states, localities and tribes for vaccines = \$7.5 billion
- CMS Medicaid Community-Based Mobile Crisis Intervention (Planning Grants) = \$15 million
- CMS State Nursing Home Strike Teams = \$500 million
- HHS Provider Relief Fund = \$8.5 billion

# U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

- Administration for Children and Families (ACF)
  - Child Care and Development Block Grant = \$14.99 billion
  - Child Care Entitlements to States = \$663 million (permanent annual increase)
  - Child Care Stabilization Fund = \$23.97 billion
  - Low Income Home Energy Assistance Program = \$4.5 billion
  - Head Start = \$1 billion
  - Low-Income Household Drinking Water and Wastewater Energy Assistance = \$500 million
  - Funding for domestic violence prevention = \$446 million
  - Community-Based Child Abuse Prevention = \$100 million
  - Emergency Assistance through TANF = \$1 billion

## **U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

- Administration for Community Living (including for local Area Agencies on Aging)
  - Congregate Meals and Home Deliver Meals = \$750 million
  - Elder Justice Program = \$276 million
  - Home and Community-based Supportive Services = \$460 million
  - Family Caregivers = \$145 million
  - Protection of Vulnerable Older Americans = \$10 million
  - Preventive Services = \$44 million

# NACo RESOURCES & MEMBER SUPPORT

## COVID-19 RECOVERY CLEARINGHOUSE

In a major victory for America's counties, the State and Local Coronavirus Fiscal Recovery Funds legislation, part of the American Rescue Plan Act, was signed into law by President Biden on March 11. The legislation includes \$65.1 billion in direct, flexible aid to every county in America, as well as other crucial investments in local communities.



## How Can We Help?

Use the form below to ask a question, and NACo staff will respond via email. Please also explore our curated resources, including guidance, FAQs and more:

- Latest Resources
- NACo Recovery Fund FAQs
- Your County's ARP Allocation
- NACo ARPA Analysis

ASK A QUESTION

## Share Your Story

How is your county responding to the coronavirus pandemic and driving the recovery in your community. Use the form below to share how your county is using federal relief funds with NACo.

For resources to share your story with local media [click here](#).

SHARE YOUR STORY

## State & Local Fiscal Recovery Funds

Find your county's estimated allocation, NACo's legislative analysis and more

LEARN MORE

## American Rescue Plan Act Funding Breakdown

This interactive tool helps navigate the roughly \$1.5 trillion in county related funding from the American Rescue Plan Act of 2021

LEARN MORE

## COVID-19 Vaccine Distribution

Explore key considerations for counties in COVID-19 vaccine distribution plans

LEARN MORE



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