NACo LEGISLATIVE UPDATE:
PRELIMINARY REVIEW OF TREASURY’S FISCAL RECOVERY FUND GUIDANCE
MAY 2021
KEY HIGHLIGHTS OF THE GUIDANCE

1. The Fiscal Recovery fund was established to help turn the tide on the pandemic, address its economic fallout and lay the foundation for a strong and equitable recovery.

2. Funds may cover costs from March 3, 2021 through December 31, 2024.

3. There is no deadline for counties to certify for the Recovery Funds.

4. Broad flexibility to help those disproportionately impacted by the COVID-19 pandemic.

5. Recovery Funds can be distributed into interest-bearing accounts.

6. Understand the important differences between CARES act Coronavirus Relief Fund (CRF) and ARP fiscal recovery fund, especially for county employee payroll support.

7. Use of recouped “lost revenue” is more flexible than other Recovery Fund eligibility.

8. Recovery Funds may not be used as non-federal match, unless specifically authorized.

9. Re-hiring local government staff to pre-pandemic levels.

10. Counties may use Recovery Funds for routine pension costs of employees.
U.S. TREASURY: “MUST READ” RESOURCES

- Interim final rule
- Fact sheet
- FAQs
- Quick reference guide
- County Recovery Fund allocations
KEY DATES RELATED TO THE RECOVERY FUND

- January 27, 2020: Declaration of the public health crisis
- July 16, 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.

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.
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
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
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RECOVERY FUNDS USED TO REPLACE “REVENUE LOSS” ARE FLEXIBLE AND MAY BE USED FOR A BROAD RANGE OF GOVERNMENT SERVICES, PROGRAMS AND PROJECTS OUTSIDE OF TYPICAL ELIGIBLE USES OF RECOVERY FUNDS UNDER THE INTERIM RULE. HOWEVER, REVENUE RECOUPMENT CANNOT BE USED FOR RAINY DAY FUNDS OR DEBT 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, if the employee, or his/her operating unit or division, is primarily dedicated to responding to the COVID-19 public health emergency

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)
- Each recipient can review IFR and decide how to invest funds – No approval from Treasury/EPA is necessary

**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.**

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.

3. NET REDUCTION IN TAX REVENUE
   - **(LIMITED TO STATES & TERRITORIES)**
     - 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. **Treasury will release additional guidance and information on reporting requirements in the coming weeks.**

- **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.**
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 $195.3 billion in direct, flexible aid to every county in America, as well as other crucial investments in local communities.

State & Local Fiscal Recovery Funds
Find your county's estimated allocation, NACo's legislative analysis, and more.

American Rescue Plan Act Funding Breakdown
This interactive tool helps navigate the roughly $195.3 billion in county-related funding from the American Rescue Plan Act of 2021.

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

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:

- 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

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