



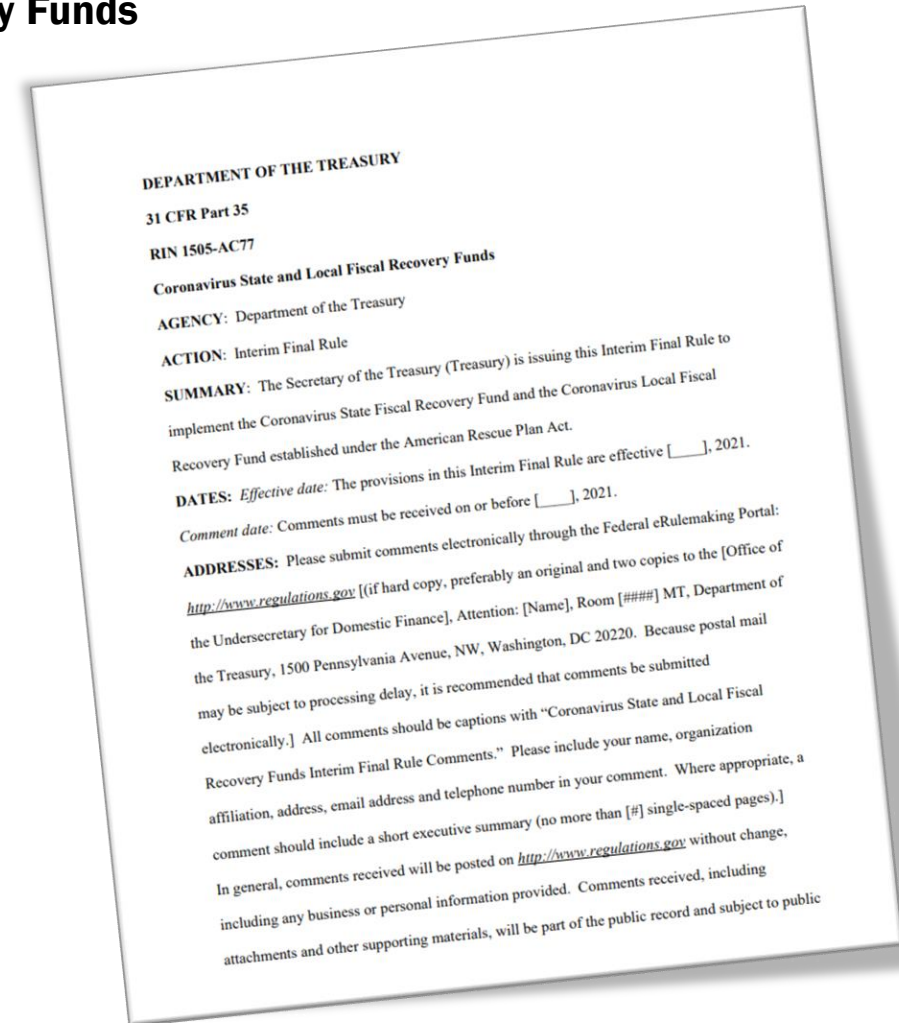
NACo NATIONAL MEMBERSHIP CALL:

PRELIMINARY REVIEW OF TREASURY'S FISCAL RECOVERY FUND GUIDANCE

MAY 11, 2021

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 - Support the public health response
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6. **Reporting requirements**



The screenshot shows the U.S. Department of the Treasury website. The header includes the Treasury logo and the text "U.S. DEPARTMENT OF THE TREASURY". Below the header is a navigation bar with links: ABOUT TREASURY, POLICY ISSUES (highlighted), DATA, SERVICES, and NEWS. A search bar is on the right. A breadcrumb trail reads: HOME > POLICY ISSUES > COVID19 ECONOMIC RELIEF > ASSISTANCE FOR STATE, LOCAL, AND TRIBAL GOVERNMENTS > STATE AND LOCAL FISCAL RECOVERY FUND.

The main content area is titled "POLICY ISSUES" and "Coronavirus State and Local Fiscal Recovery Fund". It includes a sidebar with links to various relief programs, a main text block describing the American Rescue Plan, and a list of funding objectives. On the right, there are two prominent buttons: "REQUEST FISCAL RECOVERY FUNDS" and "RECEIVE COVID-19 RELIEF UPDATES". Below these buttons is a list of links: Interim Final Rule, Fact Sheet, Quick Reference Guide, Tribal Government Information, and Non-Entitlement Unit Information.

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

U.S. TREASURY: “MUST READ” RESOURCES

DECODING *THE LANGUAGE* OF THE GUIDANCE

Throughout the Interim Final Rule, along with FAQs and fact sheets, U.S. Treasury uses various **key words** that are important to understand in determining the eligible use of funds.

Please be sure to read pages 130-150 of the Interim Final Rule.

INTERIM FINAL RULE VS. FAQs

- **Shall = Mandatory** reporting, use and compliance
- **May =** Allows local/county discretion
- **Encourage / Should =** Treasury preference only
(**NOT REQUIRED**)
- **Proportional & Consistent**

DEFINITIONS (PG. 130)

- Covered benefits
- Covered period
- Eligible workers
- General revenue
- Pension fund

COMMON QUESTIONS ON RECOVERY FUNDS

HOW CAN COUNTIES USE RECOVERY FUNDS?

- | | |
|---|---|
| <ul style="list-style-type: none"> • Capital improvements <ul style="list-style-type: none"> — Public health — Jail upgrades/replacement — Stormwater improvements • Roads and bridges • Property tax relief • Non-federal match • Special purpose districts • Compliance and audit costs | <ul style="list-style-type: none"> • Interest bearing accounts (<i>unclear</i>) • Pension funds • Rainy day funds • Revenue loss <ul style="list-style-type: none"> — Entity-wide vs. per revenue stream • Payroll support • Debt service payments • State Maintenance of Effort with County Funding |
|---|---|

KEY DATES RELATED TO THE RECOVERY FUND

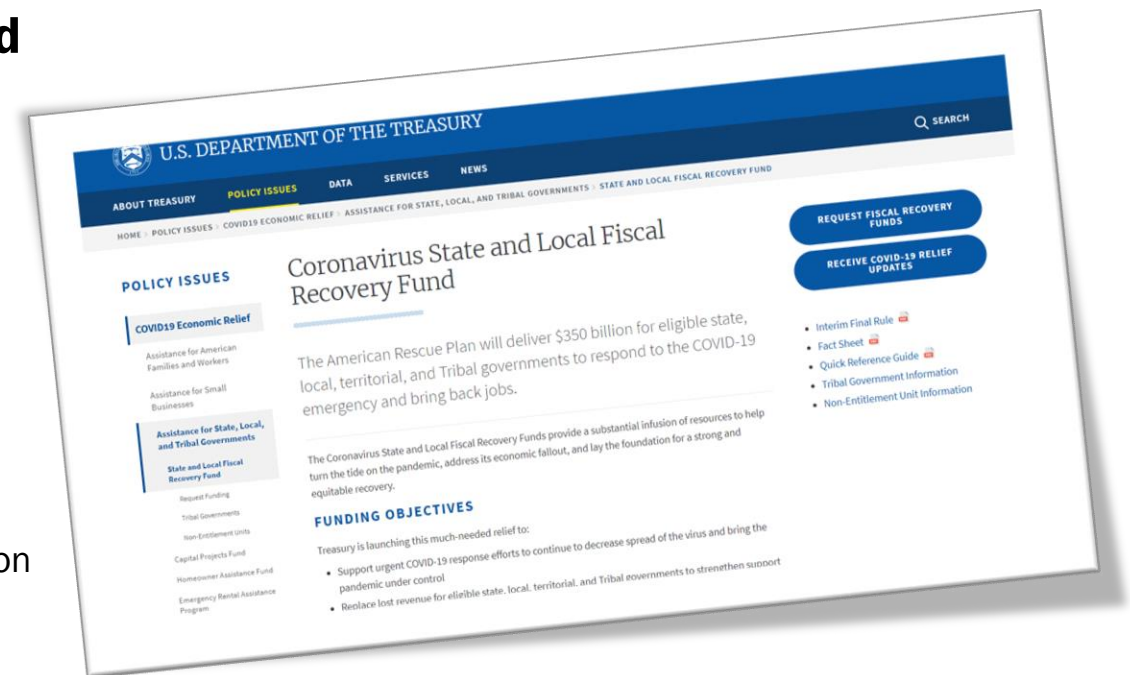
- **January 27, 2020:** Declaration of the public health crisis
- **March 3, 2021:** Beginning of the Recovery Fund “covered period”
- **July 9, 2021:** Deadline to comment on U.S. Treasury’s *Interim Final Rule* on Recovery Fund
- **August 31, 2021:** Deadline to submit first Interim Report to U.S. 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.

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 Your information will not be shared

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



Replace Public Sector Revenue Loss

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



Water and Sewer Infrastructure

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



Address Negative Economic Impacts

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



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



Broadband Infrastructure

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

SUPPORT PUBLIC HEALTH RESPONSE

1

COVID-19 MITIGATION & CONTAINMENT

- A broad range of services and programming that are needed to contain COVID-19

2

MEDICAL EXPENSES

- Provide care and services to address COVID-19 public health needs, risks presented by new variants and long-term effects of the virus

3

BEHAVIORAL HEALTHCARE

- New or enhanced state and local government services that may be needed to meet mental health, substance use and other behavioral health needs

4

PUBLIC HEALTH & SAFETY STAFF

- Responding to the public health and negative economic impacts COVID-19 and requires additional human resources

ADDRESS NEGATIVE ECONOMIC IMPACTS

1

WORKERS & FAMILIES

- Assistance to unemployed workers and job training
- Food, housing, cash and other assistance to households (proportionate)
- Survivor's benefits for family members of COVID-19 victims

2

SMALL BUSINESS

- Loans and grants to mitigate financial hardship
- Loans, grants and in-kind assistance to implement COVID-19 prevention or mitigation tactics
- Technical assistance

3

PUBLIC SECTOR

- Rehire staff
- Replenish state unemployment insurance funds
- Administer economic relief programs

4

IMPACTED INDUSTRIES

- Tourism, travel and hospitality
- Other similarly affected sectors

PROVIDE EQUITY-FOCUSED SERVICES

1

ADDRESSING HEALTH DISPARITIES

- Community health workers and public benefits navigators
- Remediation of lead paint and other lead hazards
- Community violence intervention programs

2

HOUSING & NEIGHBORHOODS

- Services to support individuals experiencing homelessness
- Affordable housing development
- Housing vouchers, residential counseling, navigation assistance

3

EDUCATIONAL DISPARITIES

- New or expanded early learning services
- Expanded resources for high-poverty school districts
- Educational services like tutoring and afterschool programs

4

PROMOTING HEALTHY CHILDHOOD ENVIRONMENTS

- New and expanded high quality childcare
- Home visiting programs for families with young children
- Services for child welfare-involved families and foster youth

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



REPLACE LOST REVENUE

U.S. Treasury's guidance **establishes new methodology to calculate lost revenue.**

Recipients have two options to calculate lost revenue:

- Recipients will compute the extent of reduction in revenue by comparing actual revenue to a counterfactual trend representing what could have plausibly been expected to occur in the absence of the pandemic
- Analysis of this expected trend begins with the last full fiscal year prior to the public health emergency (i.e. prior to January 27, 2020) and projects forward at either:
 - a) Recipient's average **annual revenue growth over the three full fiscal years prior to the public health emergency**, or
 - b) **4.1%, the national average** state and local revenue growth rate from 2015-18 (the latest available data).

REPLACE LOST REVENUE

Additional guidance related to calculating “lost revenue”:

- Recipients should calculate the extent of the reduction in revenue as of four points in time:
December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023.
- **To calculate the extent of the reduction in revenue at each of these dates, recipients should follow a four-step process:**
 1. Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue
 2. Estimate counterfactual revenue
 3. Identify actual revenue, which equals revenues collected over the past
 4. The extent of the reduction in revenue is equal to counterfactual revenue less actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date

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*)

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 judgments
- 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 STATE & 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.**

Local governments with less than 250,000 residents are not required to develop Recovery Plan Performance Report.

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 passed by the U.S. Senate on March 6. The bill, which now heads back to the U.S. House of Representatives for final consideration, includes \$65.1 billion in direct, flexible aid to every county in America, as well as other crucial investments in local communities.



[COVID-19 Recovery Clearinghouse \(naco.org\)](https://naco.org)

How Can We Help?

Please use the form below to ask a question, and NACo staff will respond via email.

Please ask your question here.

SUBMIT

Share Your Story

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

Please share your county's story here.

SUBMIT



2021 NACo ANNUAL HYBRID CONFERENCE

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