

NACo INFORMATION SESSION: FISCAL RECOVERY FUND

**ELIGIBLE USES FOR THE
PUBLIC HEALTH RESPONSE**
JUNE 29, 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.**
11. Counties may use Recovery Funds to invest in **certain critical infrastructure projects.**

NEW REPORTING UPDATES

Treasury released new guidance on June 17 for county reporting requirements:

- **Interim Report:** Due by August 31, 2021, the Interim Report requires **all counties** to report programmatic data for spending between March 3 and July 31, 2021
- **Project and Expenditure Report:** These reports require project and expenditure data for awards and sub-awards, demographic information for each project, and other programmatic data
 - Initial Project and Expenditure Report is **due October 31, 2021**
 - For counties with awards **above \$5 million**, project and expenditure reports are **due quarterly**
 - For counties with awards **under \$5 million**, project and expenditure reports are **due annually**
- **Recovery Plan Performance Report:**
 - Only required for counties with **populations over 250,000 residents**
 - **Required to be published annually** on the county website and provided to Treasury
 - **Contain detailed project performance data**, including information on efforts to improve equity and engage communities

REPORTING REQUIREMENTS BY RECIPIENT

Recipient	Interim Report	Project and Expenditure Report	Recovery & Performance Report
States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents	By August 31, 2021, with expenditures by category	By October 31, 2021, and then 30 days after the end of reach thereafter	By August 31, 2021, and annually thereafter by July 31
Metropolitan cities and counties with a population below 250,000 residents which received more than \$5 million in SLFRF funding			Not required
Tribal Governments		By October 31, 2021, and then annually thereafter	
Metropolitan cities and counties with a population below 250,000 residents which received less than \$5 million in SLFRF funding			
NEUs	Not required		

U.S. TREASURY: REPORTING PRINCIPLES

Treasury released new reporting guidance that focuses on:

- **Accountable:** Requires program and performance reporting to build public awareness, increase accountability, and monitor compliance of eligible uses. Counties are required to account for every dollar spent and provide detailed information on how funds are used.
- **Transparent:** Those recipients receiving the largest amount of funds will be required to publicly post a detailed Recovery Plan Performance Report each year so the public is aware of how funds are being used and outcomes are being achieved. In addition, Treasury will provide comprehensive public transparency reports using the project and expenditure reports that recipients are required to provide.
- **User friendly:** Reporting has improvements requested by recipients of CARES Act funding, including deadlines 30 days after the close of the reporting period (versus 10 days in CARES), streamlined requirements for smaller funding recipients, and increased availability of bulk upload capabilities.
- **Focused on Recovery:** Reporting guidance addresses the Biden administration's priority areas for an equitable economic recovery, including provisions that prioritize equity, focus on economically distressed areas, support community empowerment, encourage strong labor practices, and spotlight evidence-based interventions.

UPDATED FAQ DOCUMENT

Treasury released an updated FAQ document Tuesday, June 8

1. Recovery Funds can be used to **cover costs of consultants to assist with managing and administering the funds**
2. Recovery Funds can be used to **establish public jobs programs** (i.e. subsidized employment, combined education and on-the-job training, job training to accelerate rehiring or address negative economic impacts)
3. Clarification on revenue loss language (audited financial data, county data versus Census Bureau data)
4. Flexibility for costs incurred by March 3, 2021, for public health response/negative economic impacts, premium pay, revenue loss and water, sewer and broadband projects
5. New CFDA number – **21.027** – Counties should update systems and reporting to reflect final CFDA number for Recovery Fund
6. Counties **do not need approval from Treasury** to determine whether an investment in water, sewer or broadband project is eligible under the Recovery Fund IFR

UPDATED FAQ DOCUMENT

Treasury released updated FAQ documents on Thursday, June 17 for broadband investments:

JUNE 17 FAQ UPDATE – BROADBAND INVESTMENTS

1. **Provide service to unserved or underserved households or businesses means prioritizing deployment of infrastructure** that will bring service to households or businesses that are not currently serviced by a wireline connection that reliably delivers at least 25 MPS download speed and 3 MBS of upload speed
 - These unserved or underserved do NOT need to be the only ones in the service area funded by the project
2. Project may have a holistic approach that provides services to wider area in order, for example, to **make the ongoing service of unserved or underserved households or businesses more economical to sustain into the future**
3. **Clarifies definition of “reliably” meet or exceed broadband speed threshold**
4. **Allows “middle mile” projects** that help achieve last-mile connections by leveraging the middle-mile network

UPDATED FAQ DOCUMENT

[Treasury released updated FAQ documents on June 24:](#)

1. **Assistance to households or businesses:** Negative impact at the “population or group level”
2. **Investments in outdoor spaces:**
 - Qualified Census Tracts (QCT) and other populations, households and **areas disproportionately impacted**
 - Services for stronger neighborhoods & communities, **esp. health disparities & social determinants of health**
 - **Enhance outdoor spaces** (e.g. restaurant patios) and the **built environment** (e.g. façade improvements)
 - Counties may also use funds for **parks and recreation**
3. **Expedite court case backlog cleanup** including COVID safety measures, hiring court staff/attorneys & other costs
4. **Assistance for small business startups**
5. **Definition of revenue *excludes all federal funds*** *including state transfers of federal funds to counties*
6. **Respond to increased violence and crime during to the pandemic**
7. **Pre-project development of water, sewer and broadband projects**, including broadband mapping

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 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)

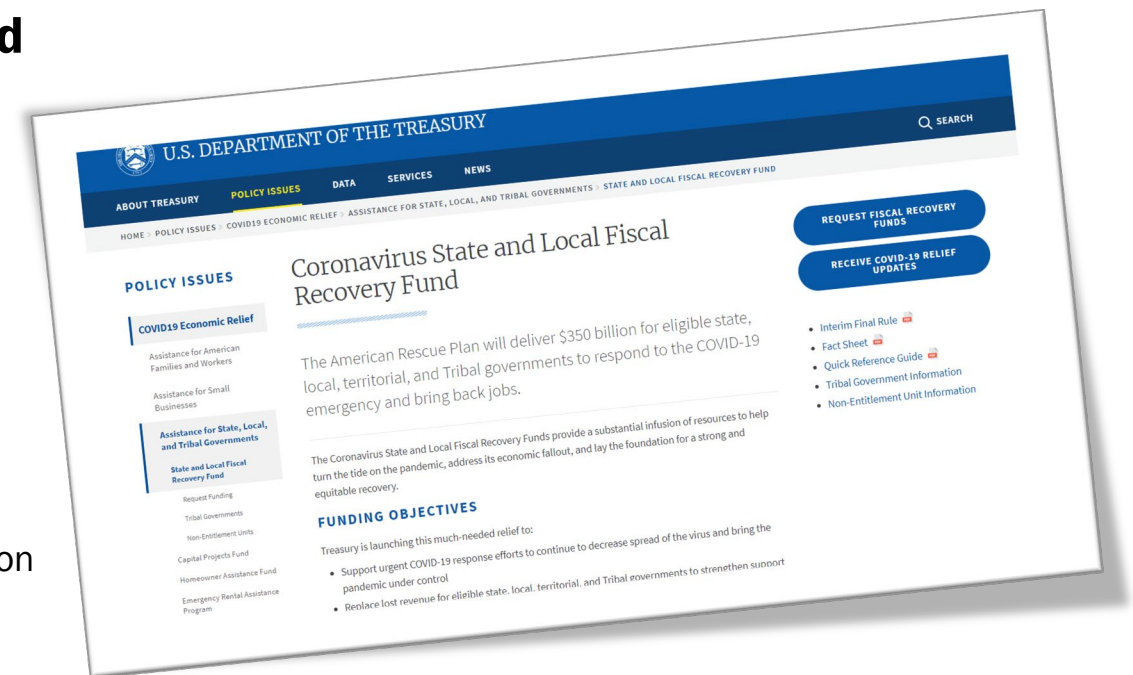


ILLUSTRATION ONLY OF *SAMPLE* ALLOWABLE USES OF RECOVERY FUNDS,
PER U.S. TREASURY GUIDANCE



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

REPLACE LOST REVENUE

Recovery Funds may be used to provide **government services** to the **extent 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, rather than source-by-source basis**
- Recipients **cannot** use pre-pandemic projections as a basis to estimate the reduction in revenue
- **Definition of base year revenue:** Recipient's general revenue for the most recent full fiscal year prior to the COVID-19 public health emergency
- 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.**

REPLACE LOST REVENUE

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

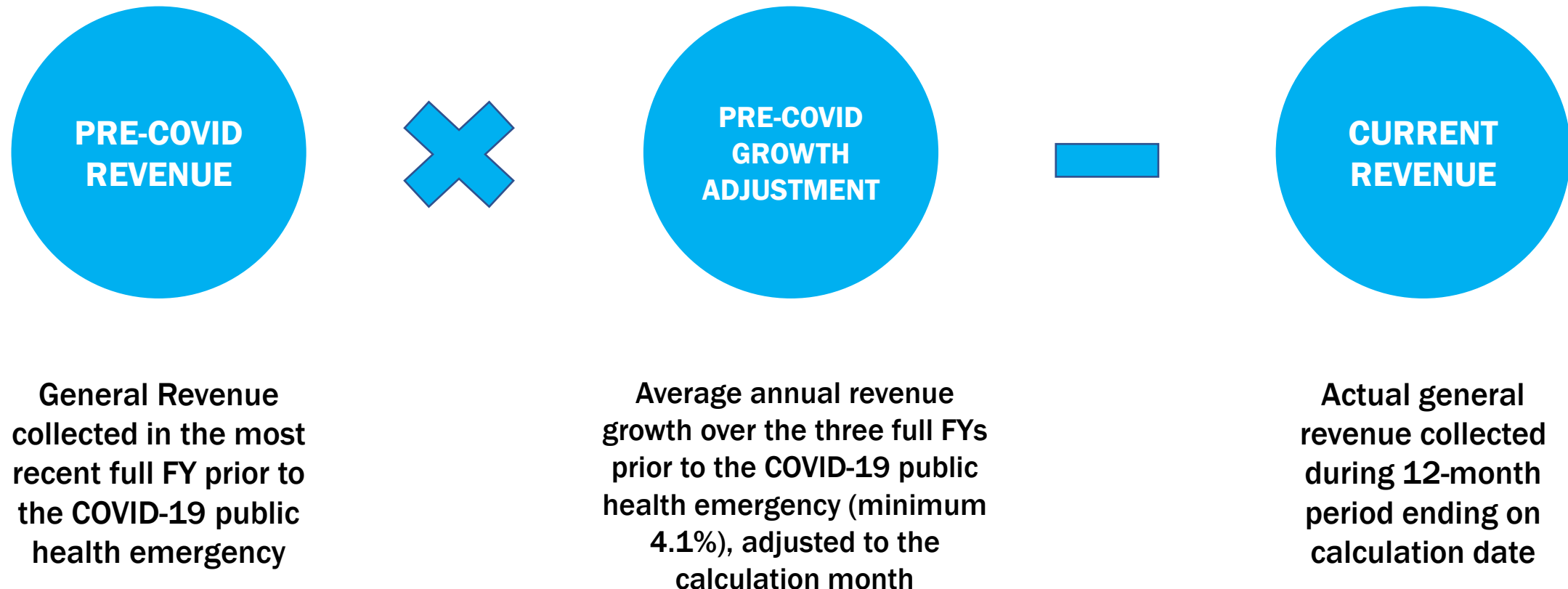
Recipients have two options to calculate lost revenue:

- 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 COVID-19 pandemic
- For purposes of measuring revenue growth in the counterfactual trend, recipients may use a **growth adjustment of either**:
 1. 4.1% per year (based on the national average of state and local revenue growth 2015-18); **OR**
 2. The recipients average annual revenue growth over the last three full fiscal years prior to the COVID-19 pandemic

Recipients should **choose the higher of the two options** when determining their **growth adjustment figure.**

REPLACE LOST REVENUE

The below calculation specifies how counties can calculate lost revenue, with a minimum of \$0:



REPLACE LOST REVENUE

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

- 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

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*)

SUPPORT PUBLIC HEALTH RESPONSE

1

COVID-19 MITIGATION & CONTAINMENT

- A broad range of services and programming that are needed to contain COVID-19, **including using funds for vaccine incentive programs**

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

CONTAIN & MITIGATE SPREAD OF COVID-19

Under Treasury's IFR, **counties can use Recovery Funds to support the public health response.** Eligible services, programs and projects include:

ELIGIBLE EXPENSES FOR PUBLIC HEALTH RESPONSE	
<ul style="list-style-type: none"> • Vaccination programs • Medical expenses • Testing/contact tracing • Isolation or quarantine • PPE purchases • Public health surveillance (I.e. monitoring for variants) • Enforcement of public health orders • Public communication efforts 	<ul style="list-style-type: none"> • Enhancement of healthcare capacity (I.e. alternative care facilities) • Support for prevention, mitigation, or other services in congregate living facilities and schools • Enhancement of public health data systems • Capital investments in public facilities to meet pandemic operational needs • Ventilation improvements in key settings like healthcare facilities

ADDRESS BEHAVIORAL HEALTHCARE NEEDS

Recovery Funds can be for services to address behavioral healthcare needs exacerbated by the pandemic, including:

- Mental health treatment
- Substance misuse treatment
- Other behavioral health services
- Hotlines or warmlines
- Crisis intervention
- Services or outreach to promote access

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

ADDRESS DISPARITIES IN PUBLIC HEALTH OUTCOMES

Given the exacerbation of health disparities during the pandemic and the role of pre-existing social vulnerabilities in driving these disparate outcomes, **counties can use Recovery Funds towards services to address health disparities**, including:

- Funding community health workers to help community members access health services and services to address the social determinants of health
- Funding public benefits navigators to assist community members with navigating and applying for available Federal, State, and local public benefits or services
- New or expanded high quality childcare, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth

TREASURY FAQs: PUBLIC HEALTH RESPONSE

- **May recipients use funds to pay for vaccine incentive programs (e.g., cash or in-kind transfers, lottery programs, or other incentives for individuals who get vaccinated)?**

Yes. Under the Interim Final Rule, recipients may use Recovery Funds towards expenses related to COVID-19 vaccination programs that provide incentives reasonably expected to increase the number of people who choose to get vaccinated, or that motivate people to get vaccinated sooner than they otherwise would have, are an allowable use of funds.

- **What staff are included in “public health employees”?**

Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel.

- **Can Recovery Funds be used towards capital infrastructure projects if they assist in mitigating and containing the spread of COVID-19?**

Yes. Counties can use Recover Funds towards capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics. Additionally, funds can be used to improve ventilation or HVAC systems.

SKAGIT COUNTY, WASH.

- The county approved a \$2.6 million spending plan for ARP funds that make significant investments in public health and ongoing pandemic response, to include
 - Launch of Skagit County Medical Reserve Corps
 - Purchase of equipment of Public Health Department
 - Hiring community health worker
 - Mental health services for the homeless
 - School based mental health services
 - Outreach and education
 - COVID-19 Family Resource Center & Senior Services



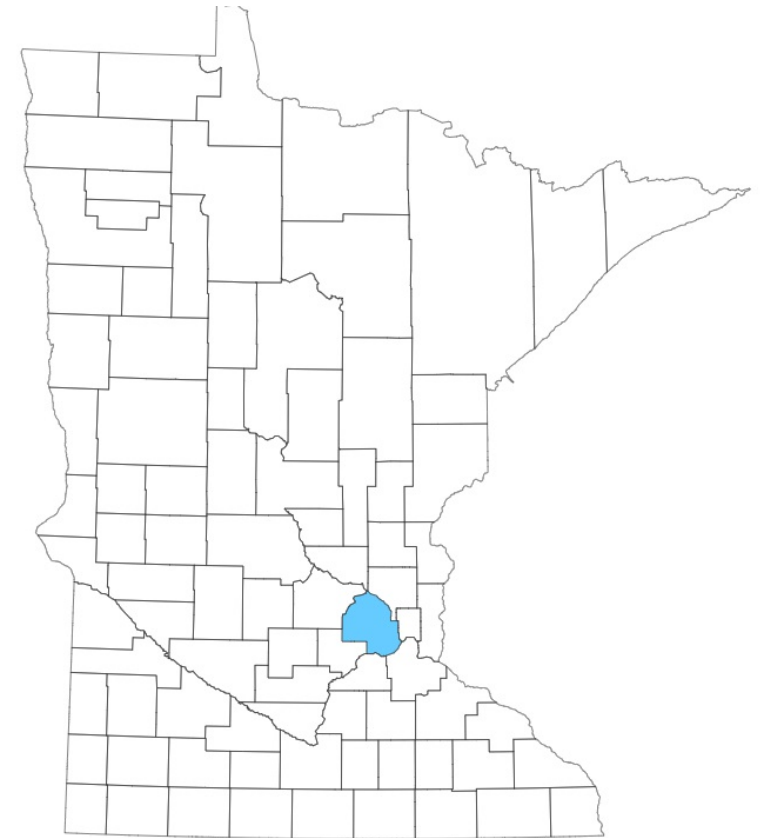
NEW HANOVER COUNTY, N.C.

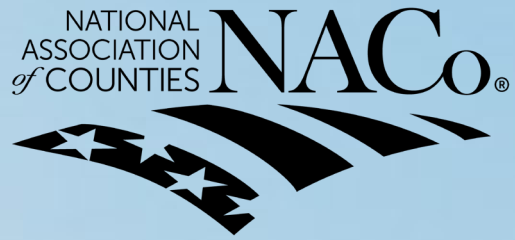
- The county allocated \$6.2 million in funding to support direct frontline workers and those assisting with vaccine response
- The county will also use \$4.1 million to:
 - Make mental health counselors available at every public school
 - Establish mobile health outreach and mental health counselors in the Senior Resource Center
 - Provide two years of recovery-related mental health services for families with infants and toddlers through their health and human service department



HENNEPIN COUNTY, MINN.

- The county Board of Commissioners approved a resolution to use \$100,000 in ARPA funds for vaccine incentives, which will include:
- Vaccine events featuring free meals, groceries, and entertainment
- “Thank You” packets for residents receiving vaccine that include gift cards
- The program aims to increase vaccine distribution and also reduce racial disparities in vaccinations





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