

NACo INFORMATION SESSION: FISCAL RECOVERY FUND

**ELIGIBLE USES FOR
BROADBAND INFRASTRUCTURE**
AUGUST 3, 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	Not required
Metropolitan cities and counties with a population below 250,000 residents which received less than \$5 million in SLFRF funding			
NEUs	Not required		

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 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

UPDATED FAQ DOCUMENT

Treasury released updated FAQ documents on July 14:

1. Allows for Recovery Funds to be used to support nonprofit and private organizations
2. Provides clarification on revenue loss provision and exclusion of utilities revenue
3. Allows recipients pool funds for regional projects (I.e. county can transfer to a neighboring county and/or work with state and local partners to invest Recovery Funds)
4. Provides clarification on use of Recovery Funds to make loans or extensions of credit for small businesses and infrastructure projects
5. Clarification on whether recipients can fund projects with both Recovery Funds and other sources of funding (dependent on project eligibility)
6. Allows recipients to use Recovery Funds to build or upgrade broadband connections to schools and libraries
7. Clarification around Davis-Bacon Act – Requirements do not apply to projects funded solely with Recovery Funds except those undertaken by the District of Columbia

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)

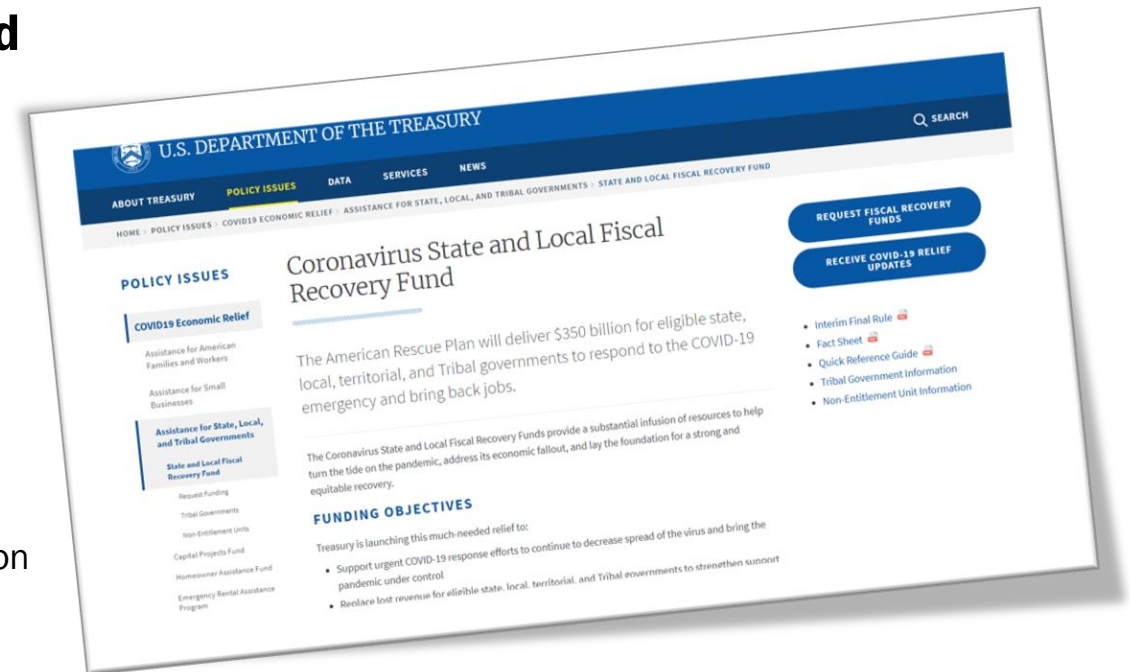


ILLUSTRATION ONLY OF *SAMPLE* ALLOWABLE USES OF RECOVERY FUNDS, PER U.S. TREASURY GUIDANCE



Support Public Health Response

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



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

- **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 | December 31, 2023
- **Definition of base year revenue:** Recipient's general revenue for the most recent full fiscal year prior to the COVID-19 public health emergency (January 27, 2020)
- **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

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**

NACo-GFOA LOST REVENUE CALCULATOR

ARPA Revenue Replacement Calculator

Background Information

.) Fiscal Year End	<input type="text" value="June"/>	<u>Notes:</u>
Base Year Revenue Period	<input type="text" value="6/30/2019"/>	FY used for base year calculation
!) Calculation Date	<input type="text" value="12/31/2020"/>	
Number of Months	<input type="text" value="18"/>	Months between Base Year and Calculation Date

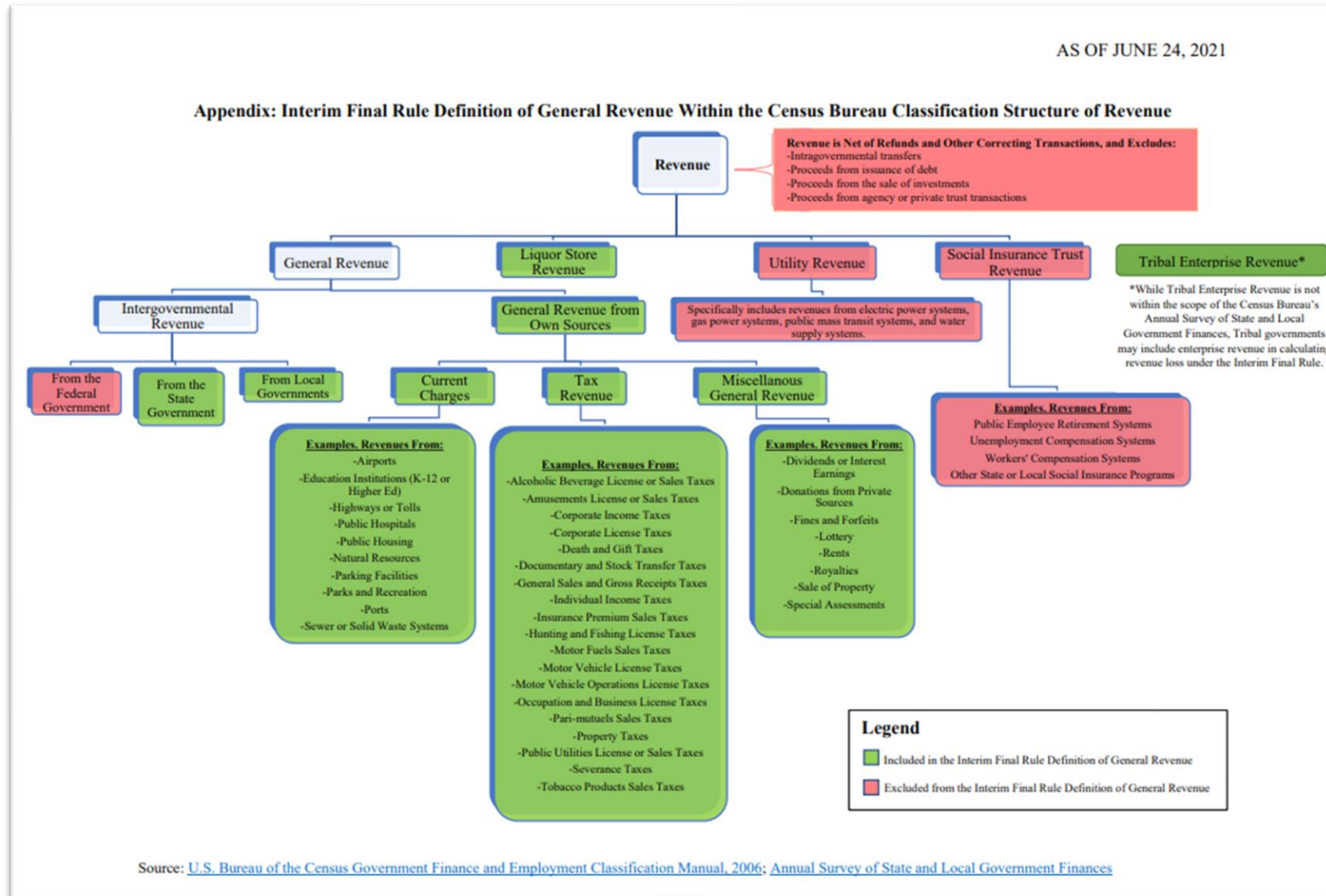
Estimate Revenue

i) Base Year Revenue	<input type="text" value="\$ 1"/>	Use Worksheet to Calculate
ii) Growth Rate	<input type="text" value="4.1%"/>	Use Worksheet to Calculate
Counterfactual Revenue	<input type="text" value="\$ 1"/>	Estimated Revenue Without Pandemic
iii) Actual Revenue	<input type="text" value="\$ 1"/>	Use Worksheet to Calculate

Reduction in Revenue

	<i>Fiscal Year Ended</i>	<i>12/31/2020</i>
Revenue Reduction	<input type="text" value="\$ 0"/>	
Revenue Reduction %	<input type="text" value="-5.8%"/>	

REPLACE LOST REVENUE



FEDERAL FUNDING: BROADBAND INFRASTRUCTURE

Beyond the Fiscal Recovery Fund, there are other significant federal funding streams to support broadband infrastructure investments. Counties should work with intergovernmental partners to make the most efficient and effective use of the following funding streams::

- **Bipartisan infrastructure framework:** \$65 billion investment to ensure every American has access to reliable high-speed internet.
 - The bill would also help lower prices for internet service by requiring funding recipients to offer a low-cost affordable plan
- **American Rescue Plan Act, FCC:** \$7.17 allocated to the Federal Communications Commission, which launched a new Emergency Connectivity Fund to ensure students have access to broadband and necessary devices
- **American Rescue Plan Act, Capital Projects Funds:** \$10 billion in additional funding to used to retool the continuing need for connectivity in response to the COVID-19 pandemic, including for broadband infrastructure

BROADBAND INFRASTRUCTURE

Counties may invest Recovery Funds in broadband projects:

- Projects are designed to provide services meeting adequate speeds and are provided to unserved and underserved households and businesses
- 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*
- Compliment broadband investments made by states through the ARPA Capital Projects Funds

BROADBAND INFRASTRUCTURE

Treasury released updated FAQs on June 17 focused on broadband infrastructure 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

WATER, SEWER & BROADBAND INFRASTRUCTURE

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

- 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)
- Recovery Funds can be used towards cybersecurity needs to protect water or sewer infrastructure, such as developing effective cybersecurity practices and measures at drinking water systems and publicly owned treatment works
- Each recipient can review IFR and decide how to invest funds – No approval from Treasury/EPA is necessary

NEW HANOVER COUNTY, N.C.

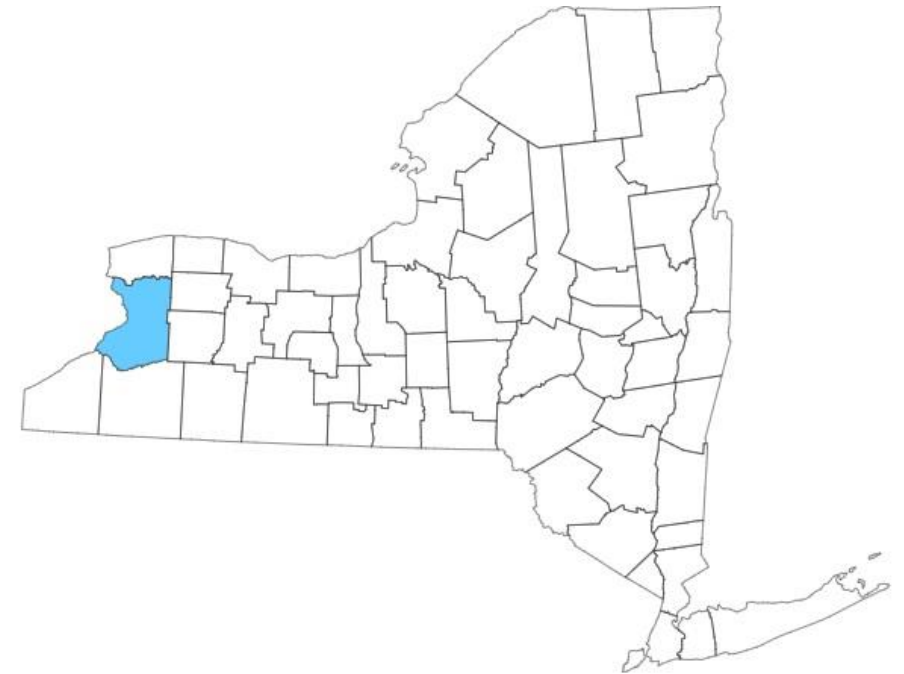
BROADBAND

- \$5.7 million in ARP funds to expand broadband connectivity within the county
- The program will focus on connecting 8,000 homes – targeting households with children who qualify for Medicaid or other public health
- WiFi access will be provided for two-years



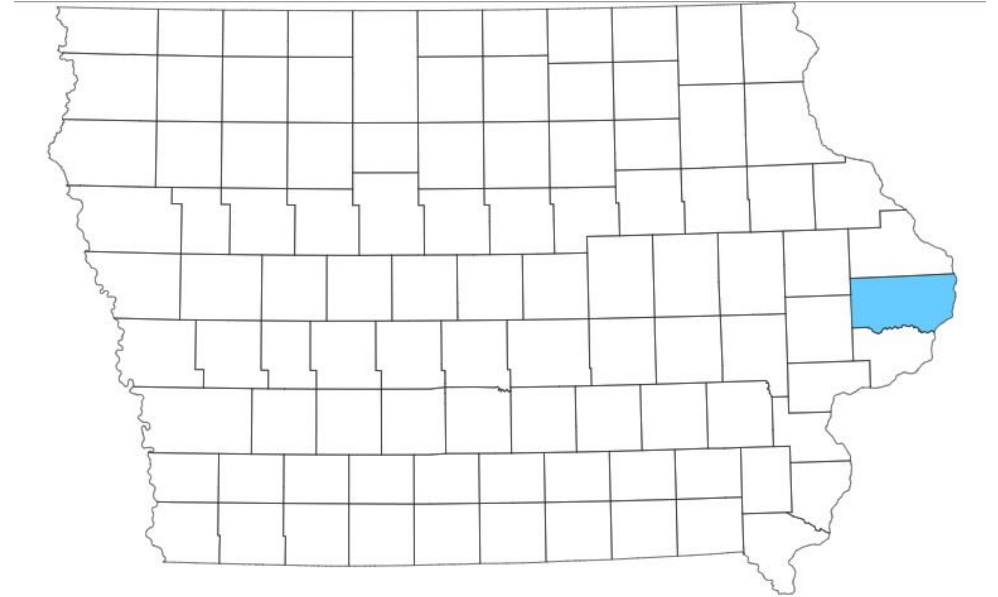
ERIE COUNTY, N.Y.

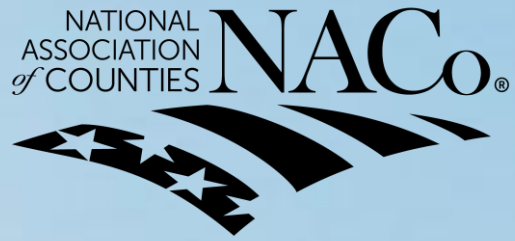
- Erie County devoted funding to expand broadband access to every municipality in the county by installing 360 miles of fiber lines.
 - Establishes an open network connecting schools, libraries, healthcare, business and government service providers
 - Serve as new backbone for internet service providers to expand access



CLINTON COUNTY, IOWA

- Allocated \$150,000 of ARP funds to conduct a study on county's current broadband service and access
- Contracting with consulting firm to determine current access and need, and future plan





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