



NACo NATIONAL MEMBERSHIP CONFERENCE CALL

MAY 13, 2021



PORTAL FOR FISCAL RECOVERY FUNDS

What does it mean if a county does not see their entity on ID.me in the dropdown? What immediate instructions can we give these counties?

- During the original launch of Treasury's portal, an administrative error resulted in some eligible entities not being included in the drop-down selection list.
- Overnight, **the drop-down selection lists were updated and should now include all eligible entities.**
- **Entities that completed their submission previously under the "Other" entity type DO NOT need to resubmit their information.**
- If you believe your county is not included on the list as of 6:00AM EST 5/13/21, email SLFRP@treasury.gov for assistance

ID.me: HOW TO CERTIFY FOR RECOVERY FUNDS

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

- **Site provides secure digital identity verification to government agencies** to ensure you are the correct individual requesting Recovery Funds
- You **must complete ALL steps in the ID.me portal to receive your Recovery Fund allocation**
- **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

COUNTIES OF ALL SIZES RECEIVE DIRECT ALLOCATIONS

- As part of the \$362 billion in federal fiscal recovery aid for state and local governments, **\$65.1 billion is provided in direct aid to counties of all sizes, including those with populations below 50,000 residents**
- Under the ARPA, **counties with populations below 50,000 residents ARE NOT considered non-entitlement jurisdictions.**
- Counties **DO NOT** need to go through their state to receive funding.
- Treasury is coming out with additional communication to reiterate that ALL counties receive direct allocations.

CONSOLIDATED CITY-COUNTY ALLOCATIONS CERTIFICATION

What if I am certifying for a consolidated city-county? How do I register?

- Consolidated city-counties **should register twice** in the U.S. Treasury portal
 - once as a city and again as a county.

REPLACE LOST REVENUE

How do I calculate my county's 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

How do I calculate my county's lost revenue?

- **Step 1:** Identify revenues collected in the most recent full fiscal year prior to the public health emergency, called the base year revenue.
- **Step 2:** Estimated counterfactual revenue, which is equal to base year revenue: $[(1 + \text{growth adjustment})^{(n/12)}]$, where n is the number of months elapsed since the end of the base year to the calculation date, and *growth adjustment* is the greater of 4.1 percent and the recipient's average annual revenue growth in the three full fiscal years prior to the COVID-19 public health emergency.
- **Step 3:** Identify *actual revenue*, which equals revenues collected over the past 12 months of the calculation date.
- **Step 4:** The extent of the reduction in revenue is equal to *counterfactual revenue* less than *actual revenue*. **If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.**

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

INTEREST-BEARING ACCOUNTS

Can funds be placed in an interest-bearing account?

- Like the guidance under the CARES Act Coronavirus Relief Fund, funds can be put into an interest-bearing account.
- Additional information forthcoming on how counties will be able to invest that interest earned.

ADMINISTRATIVE COSTS & THIRD-PARTY CONSULTANTS

Can funds be put towards hiring an administrator and/or third-party consultant to handle/manage the funds for the county?

- Like the guidance under the CARES Act Coronavirus Relief Fund, funds can be used towards payroll expenses and other costs associated with hiring an administrator and/or third-party consultant to handle/manage the funds.

JOINT FUNDING STREAMS

Can S&L ARP funds be used in conjunction with a financing tool, such as a bond, to invest in infrastructure projects?

- Yes, recipients are allowed to use multiple funding sources to invest in programs, services and projects.

DEFINING **INELIGIBLE** EXPENSES

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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.

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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)

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- 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

Treasury has clarified that additional clarification around reporting requirements will be released in the next several weeks. These report will include elements similar to the CRF reporting structure, but will be more user-friendly.

- **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.**

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



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