

ARPA Funds: Non-Entitlement Units

Just-in-Time Training



Government Finance Officers Association

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Training Agenda

1. Gain insight on the rules and requirements of current SLFRF guidance

2. Identify examples within the eligible expenditures specific to NEUs

3. Learn GFOA's guiding principles on developing a spending plan

4. Understand the current reporting guidance specific to NEUs

26786 Federal Register / Vol. 86, No. 93 / Monday, May 17, 2021 / Rules and Regulations

DEPARTMENT OF THE TREASURY
31 CFR Part 35
RIN 1505-AC77

Coronavirus State and Local Fiscal Recovery Funds

AGENCY: Department of the Treasury.
ACTION: Interim final rule.

SUMMARY: The Secretary of the Treasury (Treasury) is issuing this interim final rule to implement the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act.

DATES: Effective date: The provisions in this interim final rule are effective May 17, 2021.

Comment date: Comments must be received on or before July 16, 2021.

ADDRESSES: Please submit comments electronically through the Federal eRulemaking Portal: <http://www.regulations.gov>. Comments can be mailed to the Office of the Undersecretary for Domestic Finance, Department of the Treasury, 1500 Pennsylvania Avenue NW, Washington, DC 20520. Because postal mail may be subject to processing delay, it is recommended that comments be submitted electronically. All comments should be captioned with "Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule Comments." Please include your name, organization, affiliation, address, email address and telephone number in your comment. Where appropriate, a comment should include a short executive summary.

In general, comments received will be posted on <http://www.regulations.gov> without change, including any business or personal information provided. Comments received, including attachments and other supporting materials, will be part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

FOR FURTHER INFORMATION CONTACT:
Katherine Richards, Senior Advisor, Office of Recovery Programs, Department of the Treasury, (644) 329-9537.

over 32 million and killed over 375,000 Americans.¹ The disease has impacted every part of life. As social distancing became a necessity, businesses closed, schools transitioned to remote education, travel was sharply reduced, and millions of Americans lost their jobs. In April 2020, the national unemployment rate reached its highest level in over seventy years following the most severe month-over-month decline in employment on record.² As of April 2021, there were still 8.2 million fewer jobs than before the pandemic.³ During this time, a significant share of households have faced food and housing insecurity.⁴ Economic disruptions impaired the flow of credit to households, State and local governments, and businesses of all sizes.⁵ As businesses weathered closures and sharp declines in revenue, many were forced to shut down, especially small businesses.⁶

Amid this once-in-a-century crisis, State, territorial, Tribal, and local governments have been called on to respond at an immense scale. Governments have faced myriad needs to prevent and address the spread of COVID-19, including testing, contact tracing, isolation and quarantine, public communications, issuance and enforcement of health orders, expansions to health system capacity like alternative care facilities, and in recent months, a massive nationwide mobilization around vaccinations. Governments also have supported major efforts to prevent COVID-19 spread through safety measures in settings like nursing homes, schools, congregate living settings, dense workplaces, incarceration settings, and public facilities. The pandemic's impacts on behavioral health, including the toll of pandemic-related stress, have increased the need for behavioral health resources.

At the same time, State, local and Tribal governments launched major efforts to address the economic impacts of the pandemic. These efforts have been tailored to the needs of their communities and have included expanded assistance to unemployed workers, food assistance, rent, mortgage, and utility support; cash assistance; internet access programs; expanded services to support individuals experiencing homelessness; support for individuals with disabilities and older adults; and assistance to small businesses facing closures or revenue loss or implementing new safety measures.

In responding to the public health emergency and its negative economic impacts, State, local, and Tribal governments have seen substantial increases in costs to provide these services, often amid substantial declines in revenue due to the economic downturn and changing economic patterns during the pandemic.⁷ Facing these budget challenges, many State, local, and Tribal governments have been forced to make cuts to services or their workforces, or delay critical investments. From February to May of 2020, State, local, and Tribal governments reduced their workforces by more than 1.5 million jobs and, in April of 2021, State, local, and Tribal government employment remained nearly 1.3 million jobs below pre-pandemic levels.⁸ These cuts to State, local, and Tribal government workforces

¹ Michael Leachman, "Covid-19: The Pandemic's Impact on States, Localities, Tribal



FEDERAL UPDATE
Coronavirus State and Local Fiscal Recovery Funds: GFOA Guiding Principles
BY MEHEEN HABOON

A year and a half into the COVID-19 pandemic, the devastating public health and economic impact has been felt nationwide. While the CARES Act launched the Coronavirus Relief Fund (CRF) in early 2020 to provide immediate assistance for state and local governments in responding to the growing emergency, the American Rescue Plan Act of 2021 (the ARPA, passed in March 2021) contained the important Coronavirus State and Local Fiscal Recovery Fund (SLFRF), which shifted the focus of the federal funding and providing response and recovery efforts. GFOA has provided some guiding principles for recipients to consider in using the new SLFRF funds.

It's temporary
While the overall period for using the SLFRF funds goes far beyond the strict timeframe that had been set for the CRF, it's still a temporary measure. The funds are non-recurring and would be best used for expenditures that are also priority

non-recurring and for areas that require urgent assistance because of the pandemic. Examples include stabilizing households and businesses or providing immediate assistance to hard-hit industries such as travel, tourism, and hospitality.

Recipients that are considering creating new programs or adding to existing programs that require an ongoing financial commitment need to determine in advance how the program will be funded when the SLFRF expires. This doesn't mean, however, that governments should consider investments in long-term projects. Investments in critical infrastructure (as permitted within the eligible use) should be given high priority because they would provide on ongoing benefit, especially when aligned with long pre-existing objectives. Recipients just need to keep the ongoing operating costs in mind.

You might want to find a partner Commission of the state and local level is critical when applying

federal funds toward services shared by residents. The glaring disconnect across different levels of government stands as a crucial lesson to learn from as the public health emergency comes closer to the end, and partnership efforts can greatly assist in alleviating much of the existing burden.

The rollout of the SLFRF is a new opportunity for finance officials to take advantage of the additional flexibility added to the program's eligible expenditures. Examples include a broad use of a flexible spending on government services in the context of revenue loss and planning for taking on larger infrastructure projects. Recipients have a range of areas with the potential to overlap in community efforts to recovery, governments should check for plans that include SLFRF funds at all levels within the state, especially infrastructure projects. The Treasury encourages each collaboration in certain contexts, as stated in the interim Final Rule on broadband infrastructure. Treasury also encourages recipients to prioritize

Compliance and Reporting Guidance

State and Local Fiscal Recovery Funds

Key Concepts

Coronavirus State & Local Fiscal Recovery Fund (\$350 billion)

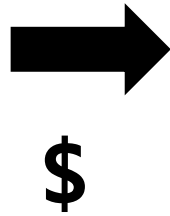
- **Non-Entitlement Unit (NEUs)**
 - Local governments typically serving populations of less than 50,000.
 - E.g. cities, villages, towns, townships, or other types of local governments.
- **Covered Period:**
 - Costs incurred:
March 3, 2021 – December 31, 2024
 - Costs expended:
by December 31, 2026
- **Funds disbursed in 2 tranches**
 - 50% each

Restrictions

- Pension deposits
- Reducing taxes or delaying a tax increase (**ONLY FOR STATE & TERRITORIES**)
- Non-Federal Match for other Federal Programs
- Generally may not use funds directly to service debt, satisfy a judgment or settlement, or contribute to a “rainy day” fund.

Allocation Distribution

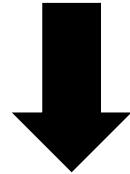
US TREASURY



STATE



NEU



$$\frac{\text{Total population of the NEU}}{\text{Total population of all eligible NEUs}} \times \text{Aggregate state NEU payment}$$

Distribution Process

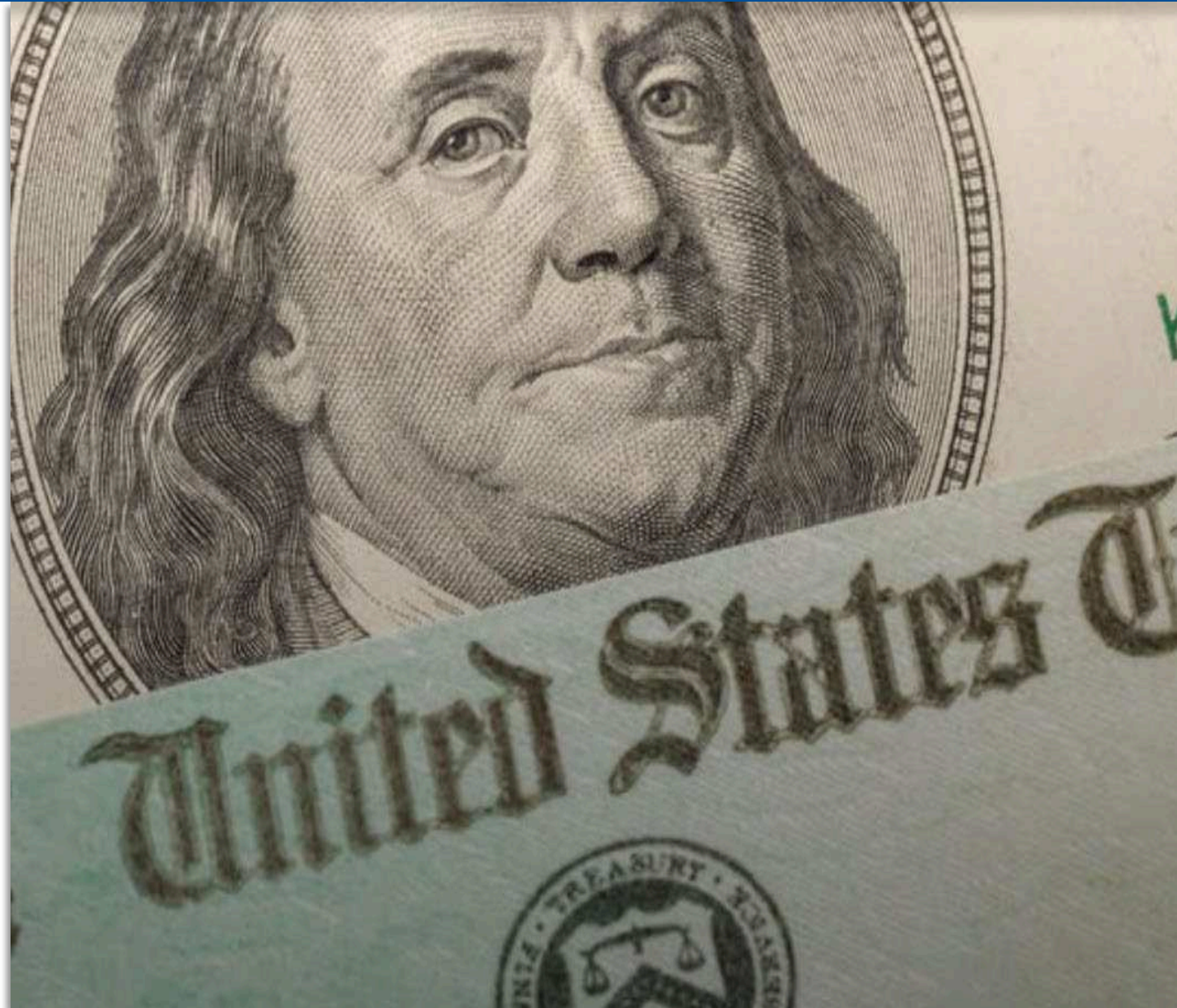


- Total amount to be distributed to an NEU is capped at 75% of its most recent budget as of January 27, 2020.
- “Most recent budget” = NEU’s total annual budget, including both operating and capital expenditure budgets, in effect as of January 27, 2020.
- **Reporting will be DIRECTLY to the Treasury**
- **Be mindful of any information requested by states**



FOUR ELIGIBLE USE CATEGORIES

- A. Public Health and negative economic impacts**
- B. Premium pay for eligible workers**
- C. Government services to the extent of revenue loss**
- D. Investments in water, sewer and broadband infrastructure**



Eligible Categories (EC)

1: Public Health

1.1	COVID-19 Vaccination ^
1.2	COVID-19 Testing ^
1.3	COVID-19 Contact Tracing
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5	Personal Protective Equipment
1.6	Medical Expenses (including Alternative Care Facilities)
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10	Mental Health Services*
1.11	Substance Use Services*
1.12	Other Public Health Services

2: Negative Economic Impacts

2.1	Household Assistance: Food Programs* ^
2.2	Household Assistance: Rent, Mortgage, and Utility Aid* ^
2.3	Household Assistance: Cash Transfers* ^
2.4	Household Assistance: Internet Access Programs* ^
2.5	Household Assistance: Eviction Prevention* ^
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers*
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)* ^
2.8	Contributions to UI Trust Funds
2.9	Small Business Economic Assistance (General)* ^
2.10	Aid to Nonprofit Organizations*
2.11	Aid to Tourism, Travel, or Hospitality
2.12	Aid to Other Impacted Industries
2.13	Other Economic Support* ^
2.14	Rehiring Public Sector Staff

3: Services to Disproportionately Impacted Communities

3.1	Education Assistance: Early Learning* ^
3.2	Education Assistance: Aid to High-Poverty Districts ^
3.3	Education Assistance: Academic Services* ^
3.4	Education Assistance: Social, Emotional, and Mental Health Services* ^
3.5	Education Assistance: Other* ^
3.6	Healthy Childhood Environments: Child Care* ^
3.7	Healthy Childhood Environments: Home Visiting* ^
3.8	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System* ^

3.9	Healthy Childhood Environments: Other* ^
3.10	Housing Support: Affordable Housing* ^
3.11	Housing Support: Services for Unhoused Persons* ^
3.12	Housing Support: Other Housing Assistance* ^
3.13	Social Determinants of Health: Other* ^
3.14	Social Determinants of Health: Community Health Workers or Benefits Navigators* ^
3.15	Social Determinants of Health: Lead Remediation ^
3.16	Social Determinants of Health: Community Violence Interventions* ^

4: Premium Pay

4.1	Public Sector Employees
4.2	Private Sector: Grants to Other Employers

5: Infrastructure²⁴

5.1	Clean Water: Centralized Wastewater Treatment
5.2	Clean Water: Centralized Wastewater Collection and Conveyance
5.3	Clean Water: Decentralized Wastewater
5.4	Clean Water: Combined Sewer Overflows
5.5	Clean Water: Other Sewer Infrastructure
5.6	Clean Water: Stormwater
5.7	Clean Water: Energy Conservation
5.8	Clean Water: Water Conservation
5.9	Clean Water: Nonpoint Source
5.10	Drinking water: Treatment
5.11	Drinking water: Transmission & Distribution
5.12	Drinking water: Transmission & Distribution: Lead Remediation
5.13	Drinking water: Source
5.14	Drinking water: Storage
5.15	Drinking water: Other water infrastructure
5.16	Broadband: "Last Mile" projects
5.17	Broadband: Other projects

6: Revenue Replacement

6.1	Provision of Government Services
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7: Administrative

7.1	Administrative Expenses
7.2	Evaluation and Data Analysis
7.3	Transfers to Other Units of Government
7.4	Transfers to Non-entitlement Units (States and territories only)



A. Public Health & Negative Economic Impacts



A. Public Health & Negative Economic Impacts

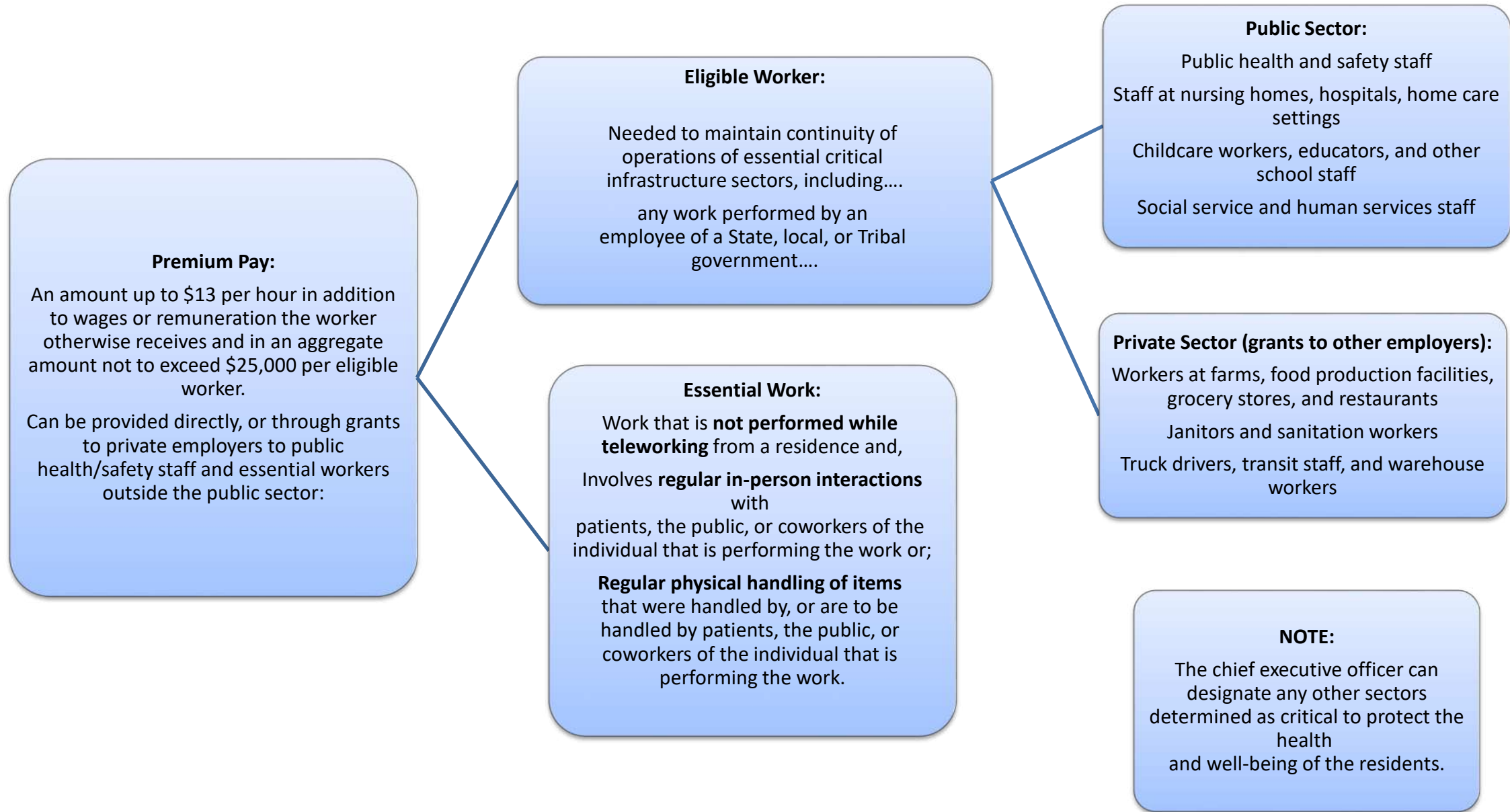
Public Health	Negative Economic Impacts	Services to Disproportionately Impacted Communities
COVID-19 Vaccination	Household Assistance: Food Programs	Education Assistance: Early Learning
COVID-19 Testing	Household Assistance: Rent, Mortgage, and Utility Aid	Education Assistance: Aid to High-Poverty Districts
COVID-19 Contact Tracing	Household Assistance: Cash Transfers	Education Assistance: Academic Services
Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)	Household Assistance: Internet Access Programs	Education Assistance: Social, Emotional, and Mental Health Services
Personal Protective Equipment	Household Assistance: Eviction Prevention	Education Assistance: Other
Medical Expenses (including Alternative Care Facilities)	Unemployment Benefits or Cash Assistance to Unemployed Workers	Healthy Childhood Environments: Child Care
Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)	Healthy Childhood Environments: Home Visiting
Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)	Contributions to UI Trust Funds	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System
Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19	Small Business Economic Assistance (General)	Healthy Childhood Environments: Other
Mental Health Services	Aid to Nonprofit Organizations	Housing Support: Affordable Housing
Substance Use Services	Aid to Tourism, Travel, or Hospitality	Housing Support: Services for Unhoused Persons
Other Public Health Services	Aid to Other Impacted Industries	Housing Support: Other Housing Assistance
	Other Economic Support	
	Rehiring Public Sector Staff	



B. Premium Pay



B. PREMIUM PAY



PREMIUM PAY - What to prepare:

- List of sectors designated as critical to the health and well-being of residents by the chief executive of the jurisdiction, if beyond those included in the IFR.
- Number of workers to be served.
- Employer sector for all subawards to third-party employers (i.e., employers other than the State, local, or Tribal government).
- For workers for whom premium pay would increase total pay above 150% of their residing State's average annual wage, or their residing county's average annual wage, whichever is higher, on an annual basis, provide:
 - A brief **written narrative justification of how the premium pay or grant is responsive to workers performing essential work during the public health emergency.**
 - This could include a description of the essential workers' duties, health or financial risks faced due to COVID-19, and why the recipient government determined that the premium pay was responsive to workers performing essential work during the pandemic.
 - **This description should not include personally identifiable information; when addressing individual workers, recipients should be careful not to include this information. Recipients may consider describing the workers' occupations and duties in a general manner as necessary to protect privacy.**

EXAMPLE: King City, Oregon (Pop: 4,408)

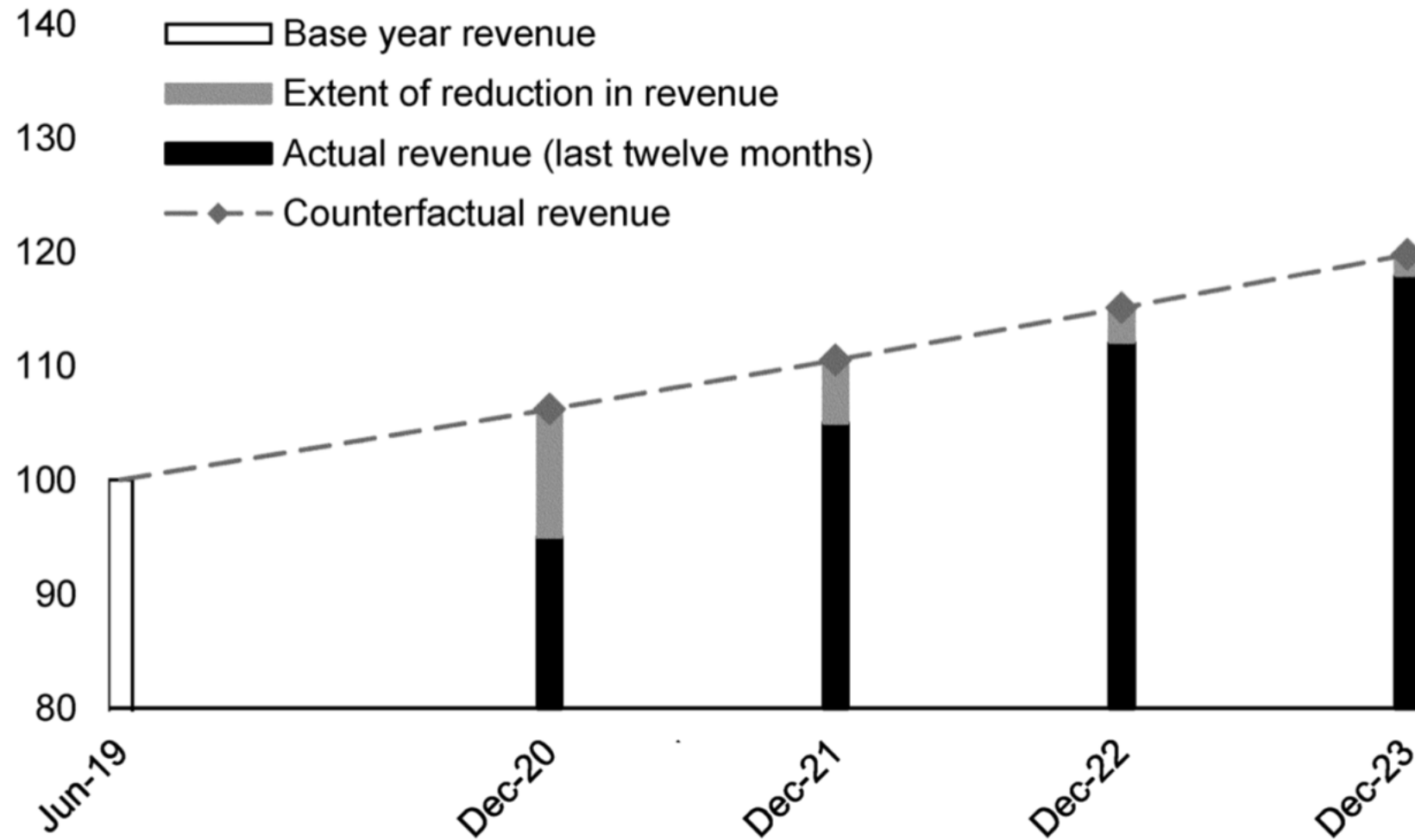
- State of Oregon Annual Average wage for all occupations = \$55,349
- **Washington County Annual Average wage for all occupations = \$73,226**
 - $\$73,226 \times 150\% = \$109,839$
 - In the case of King City there are only 2 employees that would exceed that figure with the addition of the Premium Pay.
- **Brief Narrative:** As a small City with a limited tax base we are limited on what we can pay in salary. Most of our salaries are 1-2 thousand dollars a month lower than our neighboring City's. We lack the ability to offer higher wages due to budgetary constraints and restrictions on tax adjustments. The City spends significant resources constantly hiring and retraining employees who leave for higher paying jobs that require less of the time and dedication. Retention is a significant problem for a small city. Regardless of the employee's pay or position within our organization, every employee has worked the front line throughout this pandemic.
- Staff is proposing to limit the Premium Pay from \$13 p/hr worked to \$10 p/hr worked either directly or in support of the City's Covid related response from April 1, 2020 when the emergency was first declared through the end of September 2021 in the **following sectors:**
 - **public service, public health, public safety, public welfare, public infrastructure, parks, maintenance, positions that support the continuity of the City's essential operations.**



C. Revenue Loss



C. Revenue Loss



Revenue Calculation – CENSUS and US Treasury

- What is OUT of the revenue calculation:
 - Federal transfers (even those flowing through the State) (IFR)
 - Intergovernmental transfers from your entity to your entity ([Census p. 45](#))
 - Revenues from utilities (water supply, electric power, gas supply, and public mass transit systems) [Census p. 65](#)
 - Refunds and other correcting transactions (IFR)
 - Proceeds from the issuance of debt (IFR)
- What is IN?
 - Everything not listed above
 - taxes, fees and other revenues to support public services
 - Including Fees generated by the underlying economy
 - Component units and enterprise funds
 - civic center, zoo, parking, ports, sports stadiums etc. etc. etc.

C. Revenue Loss

GFOA Revenue Loss Calculator

Background Information		Notes:
1) Fiscal Year End	<input type="text" value="June"/>	
Base Year Revenue Period	<input type="text" value="6/30/2019"/>	FY used for base year calculation
2) 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	
3) Base Year Revenue	<input type="text" value="\$ 1"/> Use Worksheet to Calculate
4) Growth Rate	<input type="text" value="4.1%"/> Use Worksheet to Calculate
Counterfactual Revenue	<input type="text" value="\$ 1"/> Estimated Revenue Without Pandemic
5) Actual Revenue	<input type="text" value="\$ 1"/> Use Worksheet to Calculate

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

Key Information Needed

- Revenue from last full fiscal year prior to January 27, 2020.
- Growth in revenue from FY2016-FY2019
- Revenue as of December 31, 2020, 2021, 2022

C. Revenue Loss

- Base year calculation includes:
 - Taxes
 - Intergovernmental revenue
 - Other revenues
- Growth rate:
 - Compares years 2016-2019 in eligible revenue categories
- Actual revenues calculated on December 31 each year

Base Year Revenue Worksheet



Fiscal Year Ended 6/30/2019

Revenue Source	Base Revenue (Y/N)	Amount
Taxes		
Amount of tax collections for all taxes imposed by the government.		
Property Tax		
Property Tax	Y	\$ 1
Sales and Gross Receipts Tax		
General Sales and Use Tax	Y	\$ -
Selective Sales Tax		
Alcoholic Beverage	Y	\$ -
Amusements Sales Tax	Y	\$ -
Motor Fuels Sales Tax	Y	\$ -
Parimutuels Tax	Y	\$ -
Public Utilities Sales Tax	Y	\$ -
Tobacco Products Tax	Y	\$ -
Other Sales Tax	Y	\$ -
Licensing and Permit Taxes		
Alcoholic Beverage Licensing and Permits	Y	\$ -
Building/Construction Permits	Y	\$ -
Amusements Licensing and Permits	Y	\$ -
Motor Vehicles Licensing and Permits	Y	\$ -
Public Utilities Licensing and Permits	Y	\$ -
Occupation and Business Licensing and Permits	Y	\$ -
Other Licensing and Permits	Y	\$ -
Income Tax		
Individual Income Tax	Y	\$ -
Corporate Income Tax	Y	\$ -
License and Permit Tax		
Alcoholic Beverage	Y	\$ -
Amusements	Y	\$ -
Motor Vehicles	Y	\$ -
Public Utilities	Y	\$ -
Occupational and Business Licenses	Y	\$ -
Other Selective Sales	Y	\$ -
Other Taxes		
Death and Gift Tax	Y	\$ -
Documentary and Stock Transfer Tax	Y	\$ -
Severance Tax	Y	\$ -
Other	Y	\$ -

Process for Revenue Replacement

- Look at the past 2019 base year revenue
- Recipients average annual growth of the past three fiscal years
 - Apply 4.1% growth rate or greater to annual revenues collected
- Multiplier applies to the revenue collected in each calendar year
 - Checkpoint each December 31 for actual revenues
 - Not the fiscal year!
- Compare projected growth revenue to actuals collected
 - If actual exceeds projected, collection is zero for that year

C. Revenue Loss

Provision of Government Services (can include, but are not limited to):

Maintenance or pay-go funded building of infrastructure/roads

Modernization of cybersecurity, including hardware, software, and protection of critical infrastructure.

Health services

Environmental remediation

School/educational services

Provision of police, fire, and other public safety services



Restrictions:

Paying interest or principal on outstanding debt

Replenishing rainy day or other reserve funds

Paying settlements or judgments would not be considered provision of a government service, since these uses of funds do not entail direct provision of services to citizens



D. Water/Sewer & Broadband Infrastructure

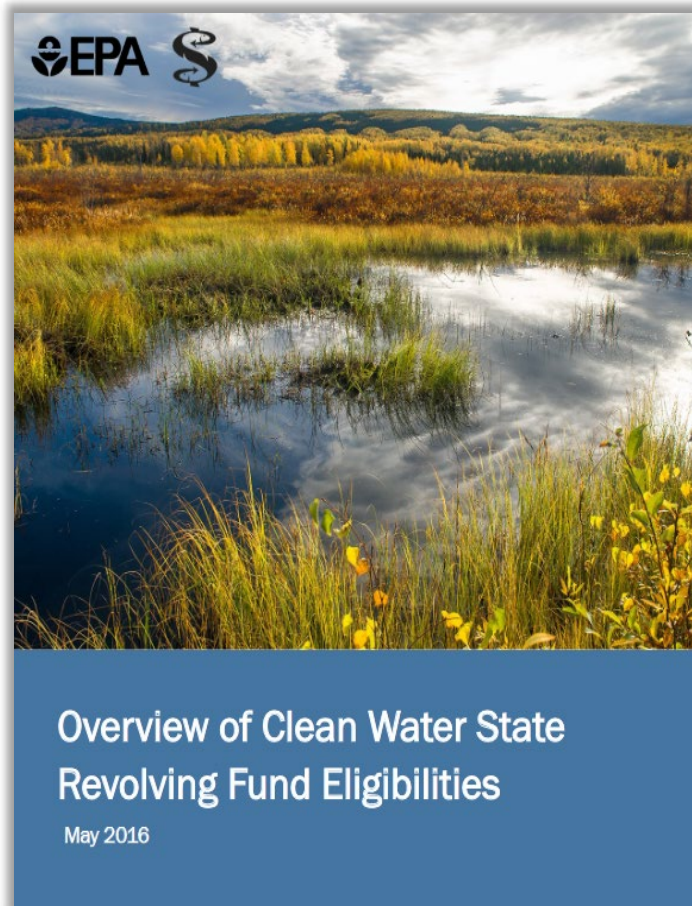


D. Water/Sewer

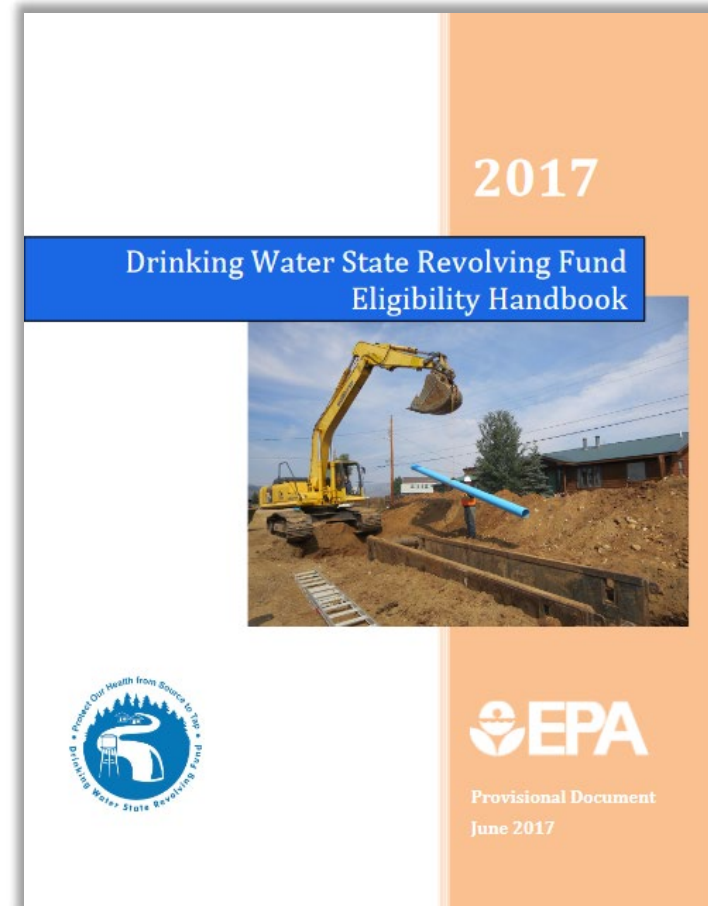
- Necessary investments in projects that:
 - Improve access to clean drinking water.
 - Improve wastewater and stormwater infrastructure systems.
 - Provide access to high-quality broadband service.
- Necessary Investment:
 - Designed to provide an adequate minimum level of service and are unlikely to be made using private sources of funds.
- Give priority to those most in need



D. Water/Sewer



[CWSRF List of State Contacts](#)



[DWSRF List of State Contacts](#)

D. Water/Sewer

<u>CWSRF</u>	<u>DWSRF</u>
Clean Water: Centralized Wastewater Treatment	Drinking water: Treatment
Clean Water: Centralized Wastewater Collection and Conveyance	Drinking water: Transmission & Distribution
Clean Water: Decentralized Wastewater	Drinking water: Transmission & Distribution: Lead Remediation
Clean Water: Combined Sewer Overflows	Drinking water: Source
Clean Water: Other Sewer Infrastructure	Drinking water: Storage
Clean Water: Stormwater	Drinking water: Other water infrastructure
Clean Water: Energy Conservation	
Clean Water: Water Conservation	
Clean Water: Nonpoint Source	

D. Water/Sewer

- Recipients **do not need approval** from Treasury to determine whether an investment in a water, sewer, or broadband project is eligible under the SLFRF.
 - Each recipient should review the IFR in order to make its own assessment of whether its intended project meets the eligibility criteria in the IFR.
- Recipients should look at the relevant federal statutes, regulations, and guidance issued by the EPA on SLFRF to determine whether a water or sewer project is eligible.
 - **Of note, the IFR does not incorporate any other requirements contained in the federal statutes governing the SRFs or any conditions or requirements that individual states may place on their use of SRFs.**

D. Broadband

Broadband

Broadband: “Last Mile” projects

Broadband: Other projects

- Build broadband infrastructure with modern technologies in mind, specifically projects that deliver services offering:
 - Reliable 100 Mbps download and 100 Mbps upload speeds, unless impracticable due to topography, geography, or financial cost.
- Assisting underserved households and businesses:
 - Meet household/business needs, such as:
 - Ability to work from home, receive education online, use health applications online etc.
- Treasury interprets “businesses” in the context of Broadband Infrastructure broadly to include:
 - Non-residential users of broadband, including private businesses and institutions that serve the public, such as schools, libraries, healthcare facilities, and public safety organizations.



Compliance & Reporting: Project & Expenditures Report (NEUs)



WHEN WILL WE SEE THE FINAL RULE?

Nov 5 Update



U.S. DEPARTMENT OF THE TREASURY

Revision Log

Version	Date Published	Summary of changes
1.0	June 17, 2021	Initial publication
1.1	June 24, 2021	<ul style="list-style-type: none">Pg. 12, removed references to “summary” level with respect to reporting by Expenditure Categories in the Interim Report to avoid confusion.Pg. 13, revised the coverage period end date for the Interim Report from June 30, 2021 to July 31, 2021 to align with the IFR.Pg. 13, removed references to “summary” level with respect to reporting by Expenditure Categories in the Interim Report to avoid confusion.Pg. 31, removed references to “summary level” with respect to Expenditure Categories in Appendix 1 to avoid confusion.
1.1	September 30, 2021	<ul style="list-style-type: none">Announced the extension in the Project and Expenditure Report submission date, originally due on October 31, 2021.
2.0	November 5, 2021	<ul style="list-style-type: none">Updated Subrecipient Monitoring section to clarify beneficiaries and recipients.Updated references to Interim Final Rule comment period as comment period is closed.Updated reporting tiers, thresholds and timelines in Part 2 Table 2, Reporting Requirements by recipient type, as well as Part 2 A and Part 2 B.Updated reporting periods for Interim Report and Project and Expenditure reports.Added concept of Adopted Budget to Project and Expenditure Report data fields.Noted phase in of Required Programmatic Data in the Project and Expenditure Report.Removed certain data fields from the Ineligible Activities: Tax Offset Provision under the Recovery Plan.Separated reporting of NEU Distributions (for States and territories) from the Interim Report and Project and Expenditure Reports as information will be provided on an ongoing basis.

- Minor updates made in the [Compliance and Reporting Guidance](#) for the January 2022 reporting cycle.
- Treasury stated, “NEUs are not required to report in January 2022. Prior to the April 2022 reporting cycle, **Treasury will provide updated Reporting Guidance, a detailed user guide, and a webinar to assist recipients.**”
- For now, NEUs should continue working with their State or territory to take action on their allocated distribution and provide the necessary contact information to set your account in Treasury’s Portal.
- In the event they decide to decline and request the transfer of funds, they will need to submit the Treasury form provided by their State or territory.

Compliance and Reporting Guidance

Compliance and Reporting Guidance

State and Local Fiscal Recovery Funds

Tier	Recipient	Interim Report	Project and Expenditure Report	Recovery Plan Performance Report
1	States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents	By August 31, 2021 or 60 days after receiving funding if funding was received by October 15, with expenditures by category	By January 31, 2022, and then 30 days after the end of each quarter thereafter ⁹	By August 31, 2021 or 60 days after receiving funding, and annually thereafter by July 31 ¹⁰
2	Metropolitan cities and counties with a population below 250,000 residents which received more than \$10 million in SLFRF funding			Not required
3	Tribal Governments which received more than \$30 million in SLFRF funding			
4	Tribal Governments which received less than \$30 million in SLFRF funding		By April 30, 2022, and then annually thereafter ¹¹	
5	Metropolitan cities and counties with a population below 250,000 residents which received less than \$10 million in SLFRF funding			
6	NEUs	Not required		

Compliance and Reporting Guidance

Project and Expenditures Report (DUE April 30, 2022)

- **NEU Recipient Number (required to facilitate reporting)**
 - A unique identification code for each NEU assigned by the State or territory to the NEU as part of its request for funding.
- **First report will cover March 3, 2021 - March 31, 2022**
 - Subsequent annual reports will cover 1 calendar year:

Report	Period Covered	Due Date
1	March 3, 2021 – March 31, 2022	April 30, 2022
2	April 1, 2022 – March 31, 2023	April 30, 2023
3	April 1, 2023 – March 31, 2024	April 30, 2024
4	April 1, 2024 – March 31, 2025	April 30, 2025
5	April 1, 2025 – March 31, 2026	April 30, 2026
6	April 1, 2026 – December 31, 2026	April 30, 2027

Required Reporting Information

- **NEU accounts will be established in Treasury's Portal based on information provided by the States or territories.**
- **Each NEU will also be asked to provide the following information once their accounts are established in Treasury's Reporting Portal and prior to the due date for their first report:**
 1. Copy of the signed award terms and conditions agreement (which was signed and submitted to the State as part of the request for funding)
 2. Copy of the signed assurances of compliance with Title VI of the Civil Rights Act of 1964 (which was signed and submitted to the State as part of the request for funding)
 3. Copy of actual budget documents validating the top-line budget total provided to the State as part of the request for funding

Authorized Representative for Reporting

- Treasury will accept reports or other official communications only when submitted by the Authorized Representative for Reporting. Responsible for communications with Treasury on such matters as extension requests and amendments of previously submitted reports.
- **Authorized Representative:**
 - An individual with legal authority to bind the government entity (e.g., the Chief Executive Officer of the government entity).
 - Must sign the Acceptance of Award terms for it to be valid.
 - Responsible for certifying and submitting official reports on behalf of the SLFRF award recipient.

Required Reporting Information

Projects	Provide information on all SLFRF funded projects. Projects are new or existing eligible government services or investments funded in whole or in part by SLFRF funding. For each project, the recipient will be required to enter the project name, identification number (created by the recipient), project expenditure category (see Appendix 1), description, and status of completion.
Expenditures	<input type="checkbox"/> Current period obligation <input type="checkbox"/> Cumulative obligation <input type="checkbox"/> Current period expenditure <input type="checkbox"/> Cumulative expenditure
Project Status	<input type="checkbox"/> Not Started <input type="checkbox"/> Completed less than 50 percent <input type="checkbox"/> Completed 50 percent or more <input type="checkbox"/> Completed
Project Demographic Distribution	Recipients are encouraged to design projects that prioritize economic and racial equity and promote equitable outcomes. Treasury is committed to supporting recipients in executing and reporting on projects that promote equity.
Subawards	Each recipient shall also provide detailed obligation and expenditure information for any contracts and grants awarded, loans issued, transfers made to other government entities, and direct payments made by the recipient that are greater than \$50,000.
Civil Rights Compliance	Treasury will request information on recipients' compliance with Title VI of the Civil Rights Act of 1964, as applicable, on an annual basis.
Required Programmatic Data	Payroll, Household Assistance, Small Business Economic Assistance, Aid to impacted industries, Rehiring public sector staff, Education assistance, Premium pay (both Public Sector and Private Sector), Revenue Replacement, Required programmatic data for infrastructure projects, NEU Documentation



Key Responsibilities

Key Responsibilities #1:

Know your resources and bookmark them!

Treasury Resources

- [Treasury's Main SLFRF Page](#)
- [NEU Homepage](#)
- [Interim Final Rule](#)
- [FAQs \(Main\)](#)
- [FAQs \(on Distribution of Funds to NEUs\)](#)
- [Non-entitlement Unit of Local Government Checklist for Requesting Initial Payment](#)
- [Award Terms and Conditions for Non-entitlement Units of Local Government](#)
- [Assurances of Compliance with Title VI of the Civil Rights Act of 1964](#)
- [Status of Payments to States for Distribution to Non-entitlement Units of Local Government](#)
- [Compliance and Reporting](#)



GFOA Resources

- [Coronavirus Response Resource Center](#)
- [Analysis of the American Rescue Plan](#)
- [ARPA Revenue Replacement Calculator](#)
- [GFOA Guiding Principles](#)

Key Responsibilities #2:

Know your Uniform Guidance, including 2CFR200 and compliance supplements

- Properly documented policies
- Understand key waiver thresholds including sole source and micro purchases
- Otherwise purchases must conform, including competitive requirements

Key Responsibilities #3:

Know your Single Audit Eligibility and monitor SEFA activity

- The Uniform Guidance requires non-Federal entities that expend \$750,000 or more a year in Federal awards to have an audit conducted in accordance with the Uniform Guidance.
- Talk with your auditor early about SEFA reporting requirements and how to report those expenditures
- GFOA Advanced Accounting Academy

Key Responsibilities #4:

Sub-recipient Monitoring

- **Recipients:** Eligible entities identified in sections 602 and 603 that received a CSLFRF award:
 - States and the District of Columbia, Territories, Tribal governments, Counties, Metropolitan cities, Non-entitlement units, or smaller local governments.
- **Sub-recipients:** Entities that receive a sub-award from a recipient to carry out the purposes (program/project) of the award on behalf of the recipient.
- **Recipients are responsible for sub-recipient monitoring:**
 - Clearly identify to the sub-recipient that the award is CSLFRF.
 - Identify all compliance requirements and any reporting requirements.
 - Initial and ongoing evaluation of each sub-recipients risk of noncompliance.
 - Develop written policies and procedures for sub-recipient monitoring and risk evaluation as well as sufficient document retention policies.

Key Responsibilities #4: Sub-recipient Monitoring

Sub-recipient Monitoring

- **Subawards**

- Specific information required for each subaward (Contract, Grant, Loan, Transfer, or Direct Payment) **greater than or equal to \$50,000**

Aggregate reporting is required for contracts, grants, transfers made to other government entities, loans, direct payments, and payments to individuals that are **below \$50,000**.

This information will be accounted for by expenditure category at the project level.

Key Responsibilities #5: Use of Expenditure Categories (EC)

- EC must be used to categorize each project.
- * **symbol** denotes areas where recipients must identify the amount of the total funds that are allocated to evidence-based interventions.
- ^ **symbol** denotes areas where recipients must report on whether projects are primarily serving disadvantaged communities.
 - **Project demographic distribution**

1: Public Health	
1.1	COVID-19 Vaccination ^
1.2	COVID-19 Testing ^
1.3	COVID-19 Contact Tracing
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5	Personal Protective Equipment
1.6	Medical Expenses (including Alternative Care Facilities)
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10	Mental Health Services*
1.11	Substance Use Services*
1.12	Other Public Health Services
2: Negative Economic Impacts	
2.1	Household Assistance: Food Programs* ^
2.2	Household Assistance: Rent, Mortgage, and Utility Aid* ^
2.3	Household Assistance: Cash Transfers* ^
2.4	Household Assistance: Internet Access Programs* ^
2.5	Household Assistance: Eviction Prevention* ^
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers*
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)* ^
2.8	Contributions to UI Trust Funds
2.9	Small Business Economic Assistance (General)* ^
2.10	Aid to Nonprofit Organizations*
2.11	Aid to Tourism, Travel, or Hospitality
2.12	Aid to Other Impacted Industries
2.13	Other Economic Support* ^
2.14	Rehiring Public Sector Staff

Key Responsibilities #5:

If the “project should be scoped to align to a single Expenditure Category” (EC), what about cases where there are multiple expenditure categories associated with the project?

- Recipients should align the project to the best fit with a single Expenditure Category (e.g. 1.1) and use the project description to further describe the project as needed.
- Recipients may also define the scope of their projects as needed so that they align to a single Expenditure Category; as the reporting guidance notes, “projects should be defined to include only closely related activities directed toward a common purpose.”



Thank you!