



NACo LEGISLATIVE UPDATE:

OVERVIEW OF TREASURY'S REPORTING & COMPLIANCE GUIDANCE FOR THE FISCAL RECOVERY FUND

UPDATED: JUNE 30, 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.**

U.S. DEPARTMENT OF THE TREASURY

ABOUT TREASURY | **POLICY ISSUES** | DATA | SERVICES | NEWS | SEARCH

HOME > POLICY ISSUES > COVID19 ECONOMIC RELIEF > ASSISTANCE FOR STATE, LOCAL, AND TRIBAL GOVERNMENTS > STATE AND LOCAL FISCAL RECOVERY FUND

POLICY ISSUES

COVID19 Economic Relief

- Assistance for American Families and Workers
- Assistance for Small Businesses
- Assistance for State, Local, and Tribal Governments**
- State and Local Fiscal Recovery Fund**
- Request Funding
- Tribal Governments
- Non-Entitlement Units
- Capital Projects Fund
- Homeowner Assistance Fund
- Emergency Rental Assistance Program
- State Small Business Credit

Coronavirus State and Local Fiscal Recovery Fund

The American Rescue Plan will deliver \$350 billion for eligible state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs.

The Coronavirus State and Local Fiscal Recovery Funds provide a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

FUNDING OBJECTIVES

Treasury is launching this much-needed relief to:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control
- Replace lost revenue for eligible state, local, territorial, and Tribal governments to strengthen support for vital public services and help restore jobs

REQUEST FISCAL RECOVERY FUNDS

RECEIVE COVID-19 RELIEF UPDATES

- Interim Final Rule
- Fact Sheet
- Quick Reference Guide
- Tribal Government Information
- Non-Entitlement Unit Information

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

DEADLINE TO SUBMIT COMMENTS TO TREASURY IS JULY 16, 2021

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

REPORTING & COMPLIANCE GUIDANCE

PART 1: GENERAL GUIDANCE

1. Key Principles
2. Statutory Eligible Uses
3. Treasury's Rulemaking
4. Uniform Guidance

PART 2: REPORTING REQUIREMENTS

1. Interim Report
2. Project and Expenditure Report
3. Recovery Plan Performance Report

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.

PART 1: GENERAL GUIDANCE

STATUTORY ELIGIBLE USES

1. Respond to the COVID-19 public health emergency and its negative economic impacts
2. Premium pay
3. Provision of government services, to the extent of the reduction in revenue
4. Investments in water, sewer and broadband infrastructure

EXPENDITURE CATEGORIES: Treasury outlines 7 categories with 66 subcategories

1. Public health (12)
2. Negative economic impacts (14)
3. Service to disproportionately impacted communities (16)
4. Premium pay (2)
5. Infrastructure (17)
6. Revenue replacement (1)
7. Administrative (4)

PART 1: GENERAL GUIDANCE

TREASURY'S RULE

- **Eligible and restricted uses of Recovery Funds**
- **Eligible costs and timeframe: March 3, 2021 – December 31, 2024**
 - Public health/negative economic impacts
 - Premium pay
 - Revenue loss
 - Investments in water, sewer and broadband
- **Reporting requirements**
 - Interim Report
 - Quarterly/Annual Project and Expenditure Reports
 - Annual Recovery Plan Reports

PART 1: GENERAL GUIDANCE

UNIFORM ADMINISTRATIVE REQUIREMENT

- Subject to Uniform Administrative Requirements, Cost Principles and Audit Requirements (Uniform Guidance)
- Counties should implement internal controls and effective monitoring to ensure compliance with Treasury reporting requirements
 - **Administrative costs:**
 - Recipients may use funds for administering Recovery Funds that support effective management and oversight of funds
 - Ensure compliance with Cost Principles
 - **Cash management:**
 - Recovery Funds can be placed into interest-bearing accounts
 - Interest **DOES NOT** need to be returned to Treasury
 - Interest **DOES NOT** need to be used on Recovery Fund eligible expenses

PART 1: GENERAL GUIDANCE

UNIFORM ADMINISTRATIVE REQUIREMENT

- **Eligibility:**
 - Counties are responsible for ensuring funds are used for eligible purposes (including subrecipients)
- **Equipment and real property management:**
 - Must follow Uniform Guidance and be used for the originally authorized purpose
- **Procurement:**
 - Any procurement of Recovery Funds must follow Uniform Guidance
- **Program income:**
 - The IFR does not prohibit program income, but additional guidance is needed on treatment of income
- **Reporting:**
 - Counties are required to complete financial, performance and compliance reporting as required in Part 2 of the compliance/reporting guidance
 - Expenditures may be reported on a cash or accrual basis, as long as the methodology is consistently applied
 - Counties need to establish controls to ensure completion and timely submission of reports

PART 1: GENERAL GUIDANCE

AWARD TERMS AND CONDITIONS

- **Recording keeping requirements:**
 - Counties must maintain records and financial documents for 5 years after funds have been expended
- **Single audit requirements:**
 - Counties that spend more than \$750,000 in federal award during a fiscal year are subject to Single Audit Act
- **Civil Rights Act compliance:**
 - Ensure no discrimination on basis of race, color, national origin, disability, age or sex
 - Signed assurance when requesting funds
 - Provide annual information on compliance
- **Subrecipient reporting and compliance:**
 - Manage and monitor subrecipients (I.e. nonprofit, small business, etc.) for compliance
 - Identify subrecipient (I.e. subaward, compliance, reporting)
 - Develop risk of noncompliance
 - Develop written process/procedures for monitoring and risk assessment

PART 1: GENERAL GUIDANCE

OTHER KEY ITEMS FOR REPORTING REQUIREMENTS

- **Projects:**
 - Use of funds for new versus existing projects, and eligible government services
 - Include only closely related activities directed toward a common purpose
 - Counties must assign a project to a single expenditure category (outlined in Treasury's reporting and compliance guidance)
- **Evidence-based intervention (pg. 33):**
 - Builds upon data focused within Treasury IFR
 - Interventions with strong, moderate or preliminary evidence
 - Treasury reporting and compliance document provides additional information on different levels of evidence-based intervention

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			
Metropolitan cities and counties with a population below 250,000 residents which received less than \$5 million in SLFRF funding		By October 31, 2021, and then annually thereafter	
NEUs	Not required		

NEW REPORTING UPDATES

- **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
 - Recovery Plan Performance Report is **due August 31, 2021**, followed by annual submission



THE TREASURY DEPARTMENT

NACo LEGISLATIVE UPDATE:

OVERVIEW OF TREASURY'S REPORTING & COMPLIANCE GUIDANCE FOR THE FISCAL RECOVERY FUND

UPDATED: JUNE 30, 2021