AMERICAN RESCUE PLAN ACT

CORONAVIRUS STATE & LOCAL FISCAL RECOVERY FUND FAQs

On March 11, President Biden signed the $1.9 trillion American Rescue Plan Act of 2021 (P.L. 11-2), which established the $362 billion Coronavirus State and Local Fiscal Recovery Fund. Of this total, $65.1 billion is provided in direct aid to counties and additional $1.5 billion for public lands counties.

Since the bill was signed into law, NACo has been working closely with the U.S. Department of Treasury to provide comprehensive guidance on the successful implementation and execution of the Recovery Fund. The U.S. Treasury recently released guidance on pre-award requirements, outlining immediate steps counties need to take to receive direct payments from the U.S. Treasury. While the U.S. Treasury has not yet released official guidance on eligible uses of funds, NACo has created the below FAQs to help answer some common questions about the Recovery Fund.

NACo will continue to monitor any developments on additional guidance from the U.S. Treasury.

1. What actions does a county need to take to receive funds?

On April 15, the U.S. Treasury released the U.S. Treasury released its guidance on pre-award requirements, outlining **immediate steps counties need to take** to receive direct payments from the U.S. Treasury. **This information may be especially important to smaller governments or government that have not received federal funding.**

The guidance outlined three steps that county recipients should complete as soon as possible:

- **Ensure the entity has a valid DUNS number.** A DUNS number is a unique nine-character number used to identify an organization and is issued by Dun & Bradstreet. The federal government uses the DUNS number to track how federal money is allocated. A DUNS number is required prior to registering with the SAM database, which is outlined below. Registering for a DUNS number is free of charge. **If your county does not have a valid DUNS number, please click here or call 1-866-705-5711 to begin the registration process.**

- **Ensure the entity has an active SAM registration.** SAM is the official government-wide database to register with in order to do business with the U.S. government. All Federal financial assistance recipients must register on SAM.gov and renew their SAM registration annually to maintain an active status to be eligible to receive Federal financial assistance. There is no charge to register or maintain your entity SAM registration. If an entity does not have an active SAM registration, please visit, SAM.gov to begin the entity registration or renewal process. Please note that SAM registration can take up to three weeks; delay in registering in SAM could impact timely payment of funds. Click here for a quick overview for SAM registration

- **Gather the entity's payment information,** including:
  - Entity Identification Number (EIN), name, and contact information
  - Name and title of an authorized representative of the entity

- Financial institution information (e.g., routing and account number, financial institution name and contact information)

The U.S. Treasury has not yet released submission instructions. NACo suggest that your county's executive or authorized officer have this information on hand and is prepared to certify the submission once additional guidance is released.

2. What are the specific allowable uses of funds? Are there any restrictions?

The bill allocates $65.1 billion in direct federal aid to all counties based on their share of the U.S. population. Allowable uses outlined in the bill include (**but are not limited to**):

- Responding to or mitigate the public health emergency with respect to the COVID-19 emergency or its negative economic impacts.
- Providing government services to the extent of the reduction in revenue;
- Make necessary investments in water, sewer, or broadband infrastructure; and
- Responding to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work.

3. How will funds be administered and audited?

Listed below are the general guidelines for the U.S. Department of Treasury's program administration of the State and Local Coronavirus Fiscal Recovery Fund.

- The deadline to spend funds is December 31, 2024.
- The U.S. Treasury is required to pay the first tranche to counties not later than 60-days after enactment, and second payment no earlier than 12 months after the first payment.
- The law provides an additional $77 million for the Government Accountability Office and $40 million for the Pandemic Response and Accountability Committee for oversight and to promote transparency and accountability.

4. Will counties have to report what they intend to do with funds, in order to receive approval?

Below are the key takeaways for the U.S. Treasury's reporting requirements of the State and Local Coronavirus Fiscal Recovery Fund.

Reporting requirements for state and local governments:

- Local governments, including **counties**, are required to provide "periodic reports" providing a detailed accounting of the use of funds.
- If a state, **county** or municipality does not comply with any provision of this bill, they are required to repay the U.S. Treasury an equal amount to the funds used in violation.
- **States** are required to report how funds are used and how their tax revenue was modified during the time that funds were spent during the covered period (covered period begins on March 3,

2021 and ends on the last day of the fiscal year a state or local government has expended or returned all funds to the U.S. Treasury).

5. **Across what time frame will using funds for the reduction in revenue be eligible (most recent fiscal year etc.)?**

   The bill currently indicates that funds can be applied to any reductions in revenue **based on the most recent full fiscal year** and the deadline to spend these funds is December 31, 2024. NACo has informed the U.S. Treasury of variance in how counties make their annual budgets, and it is NACo's hope that the U.S. Treasury will accommodate county budgets that don't follow the calendar or traditional fiscal year.

6. **What types of lost revenue will be covered by the Recovery Fund? Can we expect additional regulations from the U.S. Treasury to come out regarding how to report and verify lost revenue?**

   Below are the provisions regarding the use of State and Local Coronavirus Fiscal Recovery Funds for reductions in revenue during the COVID-19 pandemic.

   Restrictions on the Use of Funds by Local Governments for Reductions in Revenue:

   - No funds shall be deposited into any pension fund.
   - Any local government, including counties, that fail to comply with the federal law and related guidelines shall be required to repay the federal Treasury.
   - **States** are not allowed to use the funds to either directly or indirectly offset a reduction in the net tax revenue that results from a change in law, regulation or administrative interpretation during the covered period.
     - If a **state** violates this provision, it will be required to repay the amount of the applicable reduction to net tax revenue.

7. **What are the current rules or allowances regarding the transfer of funds to other entities?**

   The bill states that a metropolitan city, non-entitlement unit of local government, or **county** receiving a payment from funds **may transfer these funds** to a private nonprofit organization, a public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of state or local government.

8. **What is the definition of essential or eligible workers, as outlined in the allowable use of funds section?**

   The bill classifies 'eligible workers' as those workers needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as each chief executive officer of a metropolitan city, non-entitlement unit of local government, or county may designate as critical to protect the health and well-being of the residents of their metropolitan city, non-entitlement unit of local government, or county.