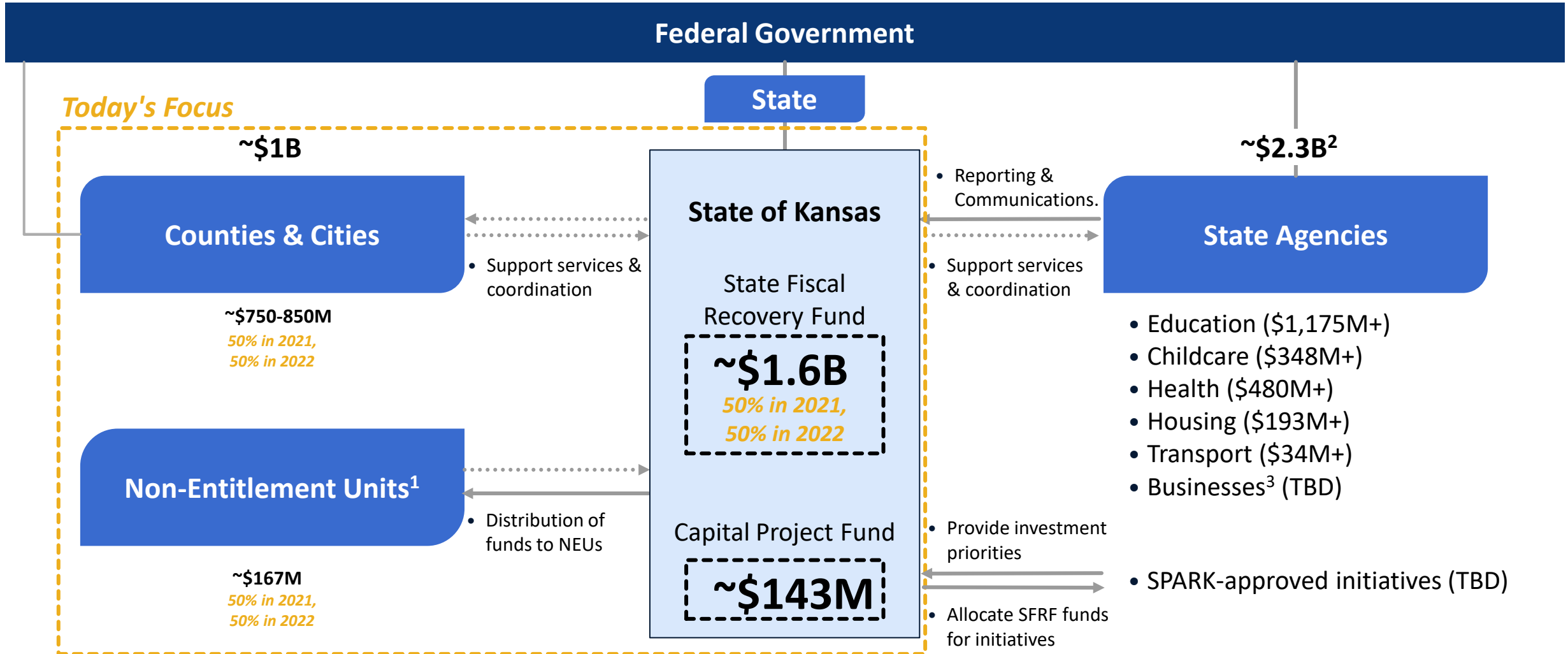# Today's objectives

Review background on the State and Local Fiscal Recovery Fund (S&LFRF)

Complete deep-dive on eligible use categories for State and Local Fiscal Recovery Fund dollars
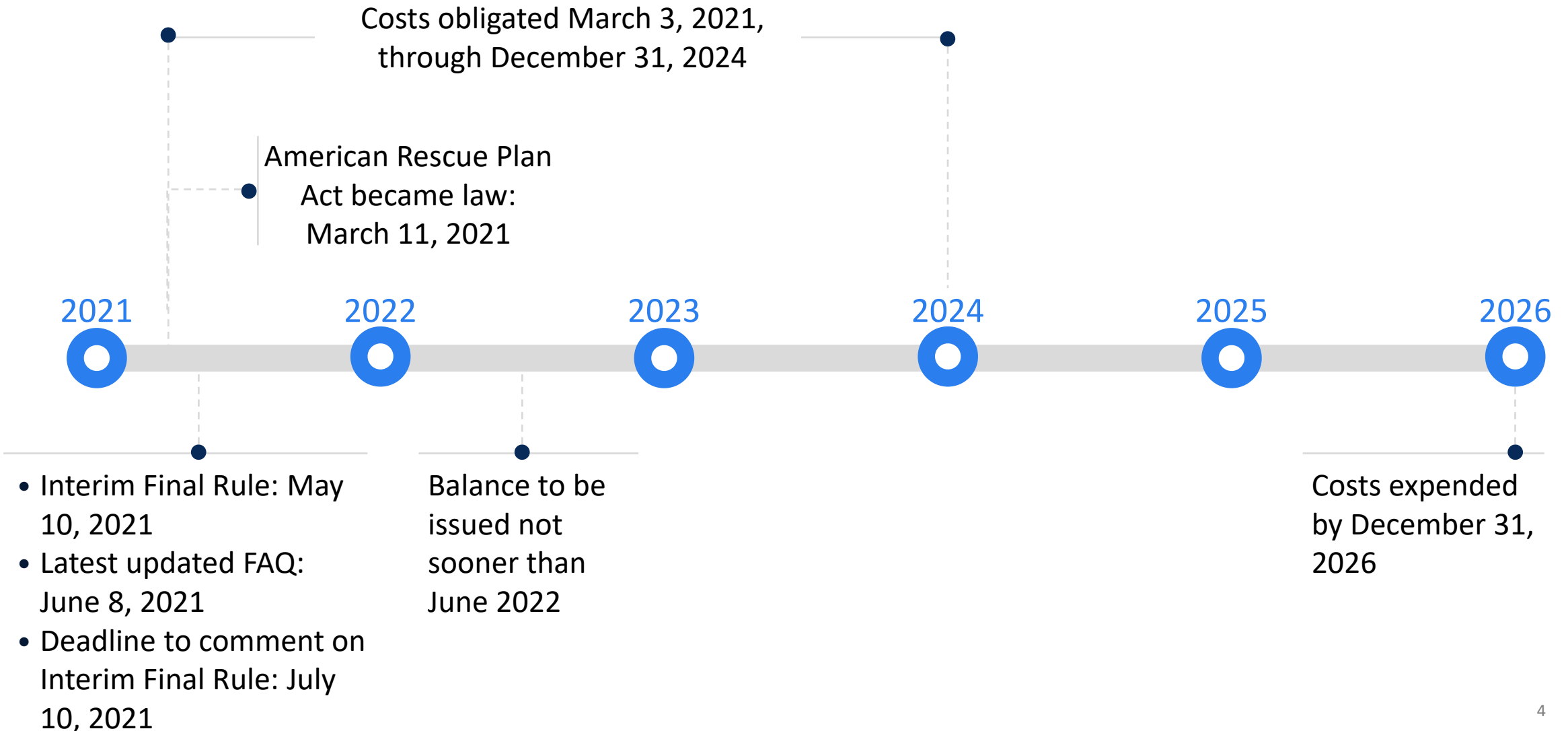
Review federal requirements and next steps

State & Local Fiscal Recovery Fund dollars will flow to state, local governments, and state agencies

Federal Government

State

Today's Focus

~$1B

~$2.3B[2]

Counties & Cities

- Support services & coordination

~$750-850M
50% in 2021, 50% in 2022

State of Kansas

State Fiscal Recovery Fund

~$1.6B
50% in 2021, 50% in 2022

- Reporting & Communications.

- Support services & coordination

State Agencies

- Education ($1,175M+)
- Childcare ($348M+)
- Health ($480M+)
- Housing ($193M+)
- Transport ($34M+)
- Businesses[3] (TBD)

Non-Entitlement Units[1]

- Distribution of funds to NEUs

~$167M
50% in 2021, 50% in 2022

Capital Project Fund

~$143M

- Provide investment priorities

- Allocate SFRF funds for initiatives

- SPARK-approved initiatives (TBD)

1. A Non-Entitlement Unit (NEU) is a city with a population of less than 50,000. Under federal law, generally, a "metropolitan city" is defined as a city with a population greater than or equal to 50,000. Under the provisions of ARPA, NEUs are Non-entitlement Units of Local Government, or a city that is not a metropolitan city. 2. Final value dependent on final funding formulas, application-based awards, etc. 3. Funds awarded directly to applicants (e.g., airports, farmers, restaurants); opportunity for agency to facilitate/support

Timeline for State & Local Fiscal Recovery Fund

Costs obligated March 3, 2021, through December 31, 2024

American Rescue Plan Act became law: March 11, 2021

2021   2022   2023   2024   2025   2026

- Interim Final Rule: May 10, 2021
- Latest updated FAQ: June 8, 2021
- Deadline to comment on Interim Final Rule: July 10, 2021

Balance to be issued not sooner than June 2022

Costs expended by December 31, 2026

Updated guidance for State & Local Fiscal Recovery Fund

Eligible uses

1   Respond to the **public health emergency** with respect to COVID-19 or its negative **economic impacts**

2   **Provide premium pay[1]** for public employees doing essential work or provide grants to eligible employers

3   **Provide government services** to the extent of reduction in revenue due to COVID-19 relative to revenues collected in most recent full fiscal year

4   Make **necessary investments** in water, sewer, or broadband infrastructure

1. Up to $13 per hour—premium amount may not exceed $25,000 with respect to any single eligible worker

Eligible Use: Responding to Public Health Emergency and Negative Economic Impacts

Eligible expenses include and are not limited to:

- Medical and behavioral health care

- Public health and safety staff

- Assistance for COVID-19 negative economic impacts to households, businesses, nonprofits, and industries

- Disparities in public health outcome including a Qualified Census Tract (QCT) and exacerbation of existing disparities

Eligible Use: Responding to Public Health Emergency and Negative Economic Impacts

- There is a presumption of eligibility for services when the **population served is in a Qualified Census Tract** (QCT)

    - The most recent information pertaining to QCTs can be found at: https://www.huduser.gov/portal/sadda/sadda_qct.html

    - QCTs are those in which **50% or more of the households are income eligible** and the population of all census tracts that satisfy this criterion **does not exceed 20% of the total population** of the respective area

- If using funds for other populations disproportionately impacted by the pandemic, you must provide:

    - Justification to fully support the determination that the pandemic resulted in **disproportionate public health or economic outcomes to the specific populations**

Eligible Use: Premium Pay

- ARPA funds can be used to provide premium pay or grants to workers performing **essential work during the pandemic**

  - Premium pay can be additional compensation (incentive or hazard pay), **up to $13 per hour** in wages, to not exceed $25,000 with respect to any single eligible worker

  - **Grants for premium pay** can be provided to eligible employers with eligible workers who perform essential work

- Funds can be used retroactively back to **January 27, 2020**

Refer to Treasury FAQs 5.1, 5.2, and 5.3 for the most up to date guidance

Eligible Use: Revenue Loss

Process for calculating revenue loss:

1 Compute extent of revenue reduction by **comparing actual revenue to a counterfactual trend** representing what could have been expected to occur in the absence of the pandemic

2 Use most recent pre-pandemic fiscal year as the starting point for **estimates of revenue growth** absent the pandemic

3 Presume any **diminution in actual revenues** relative to the counterfactual pre-pandemic trend is due to the COVID-19 public health emergency

4 For purposes of measuring revenue growth in the counterfactual trend, a growth adjustment of either **4.1% per year or the average annual revenue growth** over the three full fiscal years prior to the COVID-19 public health emergency, whichever is higher may be used

Revenue loss may be calculated as of: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023

Sample revenue loss calculation

Confirm revenue assumptions

- **Base year revenue**: $100

- **Growth adjustment**: 4.1%[1]

- **Fiscal year end**: 6/30/19

Calculate counterfactual revenue

As of	Months Elapsed	Revenue
12/31/20	18	$106.21
12/31/21	30	$110.57
12/31/22	42	$115.10
12/31/23	54	$119.82

Compare to actual revenue

Year	Actual Revenue	Revenue Loss
2020	$5.00	$101.21
2021	$6.00	$104.57
2022	$7.00	$108.10
2023	$8.00	$111.82

1) For purposes of measuring revenue growth in the counterfactual trend, a growth adjustment of either **4.1% per year or the average annual revenue growth** over the three full fiscal years prior to the COVID-19 public health emergency, whichever is higher may be used

Revenue loss calculator

Calculate revenue loss using the revenue loss calculator available though the National League of Cities

Confirm revenue assumptions

Calculate counterfactual revenue

Compare to actual revenue

Eligible Use: Investment in Infrastructure

Investments can be made in **water, sewer, or broadband infrastructure**:

- To make necessary investments to improve access to clean drinking water, :

  - Invest in wastewater and stormwater infrastructure

  - Provide unserved or underserved locations with new or expanded broadband access

- Eligible uses of funding include a wide range of types or categories of projects eligible to receive financial assistance through the Environmental Protection Agency's **Clean Water State Revolving Fund** (CWSRF) or **Drinking Water State Revolving Fund** (DWSRF)

There are two categories of ineligible use in the State & Local Fiscal Recovery Fund

- **States and Territories** - Under 602(c)(2)(B), the following are specifically ineligible:

  - Depositing funds into **any pension fund**

  - Directly or indirectly **offsetting a reduction in the net tax revenue** of the State or territory resulting from a change in law, regulation, or administrative interpretation

- **Local Governments** - Under Section 603(c)(2), ineligible expenses include:

  - Depositing funds into **any pension fund**

Note: Built into the eligible use categories is a wide amount of discretion provided to State, local and Tribal governments for determining best use of ARPA funds

State & Local Fiscal Recovery Fund is subject to most aspects of Code of Federal Regulations (2 CFR)

2 CFR	CRF	S&LFRF
Part 25: Universal Identifier and System for Award Management (SAM)	Optional	**Required**
Part 170: Reporting Subaward and Executive Compensation Information;	Excluded	**Required**
Part 180: OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non-procurement) and Treasury's implementing regulation at 31 CFR Part 19	Excluded	**Required**
Part 200: Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)	Mostly Excluded	Required, limited exclusions

State and Local Fiscal Recovery Funds is subject to additional federal requirements

Specific Treasury terms and conditions not in CFR:

- Record retention for 5 years after all funds have been expended or returned to Treasury, whichever is later

- Administrative Costs: Direct and Indirect

- Governmentwide Requirements for Drug-Free Workplace, 31 C.F.R. Part 20

- New Lobbying restriction 31 CFR Part 21

- Seat belts Executive Order 13043, 62 FR 19217 (Apr. 18, 1997)

- Texting while driving Executive Order 13513, 74 FR 51225 (Oct. 6, 2009)

- Publications: Any publications produced with funds from this award must display the following language: "This project [is being] [was] supported, in whole or in part, by federal award number [enter project FAIN] awarded to [Recipient] by the U.S. Department of the Treasury."

Next Steps

Receiving funds:

- Review **Treasury Guidance**
- Submit **Treasury funding request** once ready

Managing funds:

- Calculate **revenue loss** (if applicable)
- Conduct **needs assessments** – identify programmatic needs
  - Crosswalk programmatic needs with Treasury guidance
- Identify or establish **organizational structure to administer funds**
  - Including items such as internal controls, file retention, and process/policy documentation

Engaging with Recovery Office:

- Visit inquiry form for **any questions**, updating **contact info**, and signing up for the **RO newsletter**
- Monitor RO newsletter for summary of **new website content**
  - Master services contract information expected early July
- Attend **Upcoming Webinars**
  - Utilize additional resources from the Office of Recovery

Questions

Appendix

Treasury Reporting Schedule

Report type	Applies to:	Dates included in report	Initial report due to Treasury	Subsequent reports due to Treasury	Included in Report
Interim Report	States, Territories, Metropolitan Cities, Counties, Tribal Governments	Date of Award - July 31, 2021	August 31, 2021	N/A	Expenditures by category at the summary level
Quarterly Project and Expenditure Report	States, Territories, Metropolitan Cities, Counties, Tribal Governments	Calendar Quarter	October 31, 2021	30 days after end of each quarter through project period	Financial data, information on contracts and subawards over $50,000, types of projects funded, other information regarding recipient's utilization of funds
Annual Project and Expenditure Report	NEUs	Annually	October 31, 2021	October 31 each year through project period	Financial data, information on contracts and subawards over $50,000, types of projects funded, other information regarding utilization of funds
Recovery Plan Performance Report	States, Territories, Metropolitan Cities, Counties >250K residents	Annually	August 31, 2021	30 days after each 12-month period	Funded projects, plans for project outcomes to be achieved, key performance indicators, programmatic data

Treasury Resources

- Interim Final Rule - https://public-inspection.federalregister.gov/2021-10283.pdf
- Fact Sheet - https://home.treasury.gov/system/files/136/SLFRP-Fact-Sheet-FINAL1-508A.pdf
- Frequent Asked Questions - https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf
- Quick Reference Guide - https://home.treasury.gov/system/files/136/SLFRP-Quick-Reference-Guide-FINAL-508a.pdf
- Allocation for Counties - https://home.treasury.gov/system/files/136/fiscalrecoveryfunds_countyfunding_2021.05.10-1a-508A.pdf
- Allocation for Metropolitan Cities - https://home.treasury.gov/system/files/136/fiscalrecoveryfunds-metrocitiesfunding1-508A.pdf

Federal requirement resources

Useful Websites for Federal requirements

- eCFR.gov and new beta site
  https://ecfr.federalregister.gov/
  - Federal regulation text in searchable platform
- SAM.gov
  - Assistance Listing Federal requirements and waivers
  - Exclusion Search
- OFAC "Sanctions List Search":
  https://sanctionssearch.ofac.treas.gov/
- USASpending.gov
  https://www.usaspending.gov/search/
  - Federal Assistance Identification Number (FAIN) lookup