

STATE AND LOCAL FISCAL RECOVERY FUNDS



KEY DATES

- NOW: Treasury portal is now open for counties to register and request Recovery Funds
- JULY 16, 2021: Deadline to submit comments on U.S. Treasury's Interim Final Rule
- AUGUST 31, 2021: Deadline for counties to submit first Interim Report to U.S. Treasury
- OCTOBER 31, 2021: Deadline for counties to submit first Quarterly Project and Expenditure Report
- DECEMBER 31, 2024: Funds must be incurred and obligated
- DECEMBER 31, 2026: Funds must be expended to cover obligations and all work must be completed

When will counties get the Coronavirus Funds?

Counties can now apply for the first tranche of funds. Many counties in Nebraska have already received the funds.

Is there a deadline to apply for funds?

No. The Interim Final Rule requires that costs be incurred by December 31, 2024. Eligible recipients are encouraged to apply as soon as possible.

Are counties required to remit interest earned on Recovery Fund payments made by Treasury?

No. Recovery Fund payments made by Treasury to local governments and Tribes are not subject to the requirement of maintaining balances in an interest-bearing account and remit payments to Treasury.

Reporting Requirements for the Fiscal Recovery Fund

What are the reporting requirements for the Fiscal Recovery Fund?

- **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.

Planning Recommendations

- Create a plan on how to best use the funds for your county
- Receive feedback from the community, officials, and directors
- Collaborate with the state, cities and villages
- Wait for final ruling from the U.S. Treasury after July 19, 2021
- Assign a point person to administer the expense reports, grants, etc.

Counties can use Recovery Funds to cover the portion of employee payroll and benefit costs corresponding to time spent on administrative work due to COVID-19 and its economic impacts. Eligible uses include, but are not limited to, costs related to distributing Recovery Funds and managing new grant programs established with the funds.

- Review proposed plan with County Attorney to determine eligible expenses.

Eligible Expenses

What are the areas that recipients can spend Recovery Funds?

There are five primary ways that Recovery Funds can be spent:

1. Support public health response: Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare and certain public health and safety staff
2. Address negative economic impacts: Respond to economic harms to workers, families, small businesses, and nonprofits, or impacted industries and re-hiring of public sector workers
3. Replace public sector revenue loss: Use funds to provide government services to the extent of the reduction in revenue experienced due to the pandemic
4. Premium pay for essential workers: Offer additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure. Funds can be used retroactively back to January 27, 2020.
5. Water, sewer and broadband infrastructure: Make necessary investments to improve access to clean drinking water, invest in wastewater and stormwater infrastructure and provide unserved or underserved locations with new or expanded broadband access

How do I know if a specific use is eligible?

Fiscal Recovery Funds must be used in one of the four eligible use categories specified in the American Rescue Plan Act:

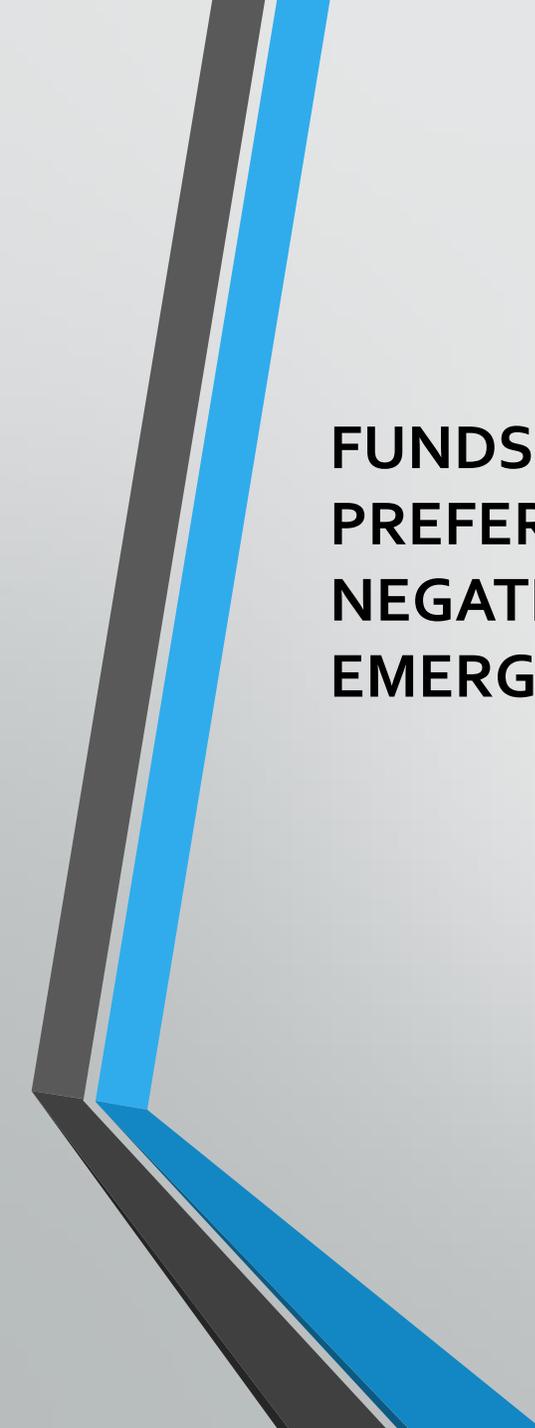
1. To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
2. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
3. For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
4. To make necessary investments in water, sewer, or broadband infrastructure

Support Public Health

- Under the sections related to responding to the **public health emergency or its negative economic impacts**, it is important to:
- Identify a need or a negative impact of the COVID-19 public health emergency
- Identify how the county investment would address the identified need or impact
- Explain how the investment would help the county respond to the disease itself or the harmful economic consequences of the economic disruptions

Support Public Health

- **PREVENT AND MITIGATE COVID-19**
- **COVID-19 TREATMENT AND MEDICAL SERVICES**
- **ENHANCE BEHAVIORAL AND MENTAL HEALTH SERVICES**
- **SUPPORT LOCAL HEALTH AND SAFETY WORKFORCE**
- **IMPROVING THE DESIGN AND EXECUTION OF HEALTH AND PUBLIC HEALTH PROGRAMS**
- **ADDRESS DISPARITIES IN PUBLIC HEALTH OUTCOMES**



Address Negative Economic Impacts

FUNDS MAY BE USED TO ASSIST HOUSEHOLDS OR POPULATIONS, PREFERABLY THOSE MOST DISPROPORTIONATELY IMPACTED, BY THE NEGATIVE ECONOMIC IMPACTS OF THE COVID-19 PUBLIC HEALTH EMERGENCY

Address Negative Economic Impacts

- **ASSISTANCE TO HOUSEHOLDS**
- **SMALL BUSINESS AND NON-PROFIT SUPPORT**
- **AID TO IMPACTED INDUSTRIES**
- **REHIRING STATE AND LOCAL GOVERNMENT STAFF, INCLUDING COUNTY EMPLOYEES**
- **ASSISTANCE TO UNEMPLOYED WORKERS**
- **EXPENSES TO IMPROVE EFFICACY OF ECONOMIC RELIEF PROGRAMS**
- **SERVICES FOR QUALIFIED CENSUS TRACT AND OTHER DISPROPORTIONATELY IMPACTED COMMUNITIES**

Premium Pay for Essential Workers

- **Payments may be used by counties to provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency or to provide grants to third-party employers within the county to compensate eligible workers for performing essential work.**
- **DEFINING THE CONCEPT OF PREMIUM PAY AND ESSENTIAL WORKERS:** the Interim Final Rule defines essential work *as work involving regular in-person interactions or regular physical handling of items that were also handled by others. An individual who teleworked from a residence may not receive premium pay.*

Premium Pay for Essential Workers

PREMIUM PAY MAY BE PROVIDED RETROACTIVELY FOR WORK PERFORMED AT ANY TIME SINCE THE START OF THE COVID-19 public health emergency (January 27, 2020), where those workers have yet to be compensated adequately for work previously performed

WORKERS THAT ARE ELIGIBLE FOR PREMIUM PAY include:

- **Any work performed by an employee of the state, local or tribal government**
- Staff at nursing homes, hospitals, and home care settings
- Workers at farms, food production facilities, grocery stores, and restaurants
- Janitors and sanitation workers
- Truck drivers, transit staff and warehouse workers
- Public health and safety staff
- Childcare workers, educators and other school staff
- Social service and human services staff

PREMIUM PAY DEFINITION: Premium pay means an amount up to \$13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed \$25,000 per eligible worker.

Payroll Expenses for Public Health and Public Safety Employees

Covering payroll and benefits for public safety and public health employees is more restrictive than what was allowed under the CARES Act's Coronavirus Relief Fund.

- Funds may be used for payroll/benefits for public safety, public health, health care, human services and similar employees
- 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, **if the employee, or his/her operating unit or division, is primarily dedicated to responding** to the COVID-19 public health emergency.

Replace Public Sector Revenue Loss

Counties may use Fiscal Recovery Funds for the provision of “government services” to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency.

RECOVERY FUNDS USED TO REPLACE “REVENUE LOSS” ARE FLEXIBLE AND MAY BE USED FOR A BROAD RANGE OF GOVERNMENT SERVICES, PROGRAMS AND PROJECTS OUTSIDE OF TYPICAL ELIGIBLE USES OF RECOVERY FUNDS UNDER THE INTERIM RULE. HOWEVER, REVENUE RECOUPMENT CANNOT BE USED FOR RAINY DAY FUNDS OR DEBT SERVICES

Replace Public Sector Revenue Loss

REQUIREMENTS WHEN CALCULATING REVENUE LOSS

- When calculating revenue loss, a county must adhere to the following guidelines:
- Recipients should calculate revenue on an **entity-wide basis** (*i.e. county government-wide basis*)
- Recipients **cannot use pre-pandemic projections** as a basis to estimate the reduction in revenue
- Recipients should (*i.e. may*) calculate the extent of the reduction in revenue as of four points in time:
 - December 31, 2020
 - December 31, 2021
 - December 31, 2022, and
 - December 31, 2023

Broadband Infrastructure

THE INTERIM FINAL RULE PROVIDES THAT ELIGIBLE INVESTMENTS IN BROADBAND ARE THOSE THAT ARE DESIGNED TO PROVIDE SERVICES MEETING ADEQUATE SPEEDS AND ARE PROVIDED TO UNSERVED AND UNDERSERVED HOUSEHOLDS AND BUSINESSES.

- **Co-Investing with state, cities and villages is allowable and recommended.**
- **Eligible projects are expected to meet or exceed symmetrical upload and download speeds of 100 Mbps.**

Ineligible Expenses

- **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**
- **Using funds for non-federal match** when barred by another federal regulation or statute, including EPA’s Clean Water SRF, Drinking Water SRF, Economic Development Administration or Medicaid
- **Funding debt service**, including costs associated with tax anticipation notes (TANs) or issuing short-term revenue
- **Legal settlement** or judgements
- **Deposits to rainy day funds** or financial reserves
- **General infrastructure** spending outside of water, sewer and broadband investments or above the amount allocated under revenue loss provision
- **General economic development or workforce development activities**, unless they directly address negative economic impacts of the public health emergency

Resources

- NACo www.naco.org
- NACo Subscribe to County News
- U.S Treasury: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments>
- NACO www.nacone.org
- NACO Subscribe to NACO E-Line