

U.S. DEPARTMENT OF THE TREASURY

AN INTRODUCTION TO THE

Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance

Non-entitlement Units of Local Government

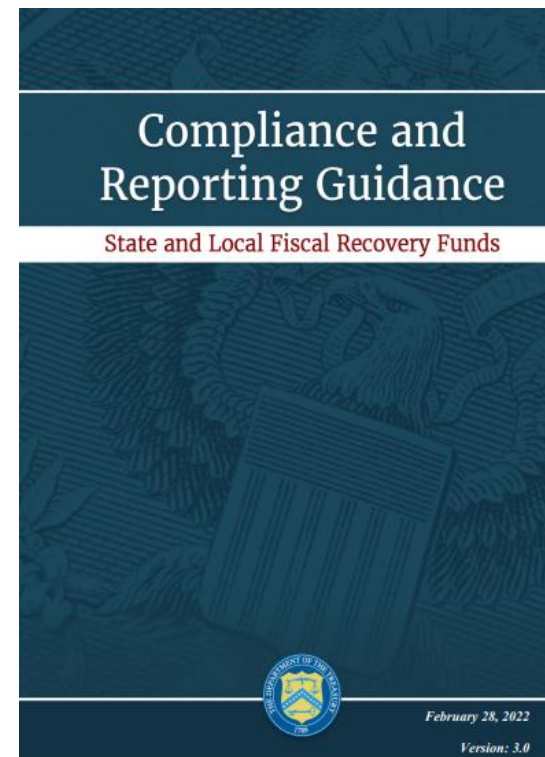
March 21, 2022



Agenda

This session provides an introduction to your compliance and reporting responsibilities as discussed in the SLFRP Compliance and Reporting Guidance. You can find this document at treasury.gov/SLFRPReporting.

- **Overview**
- **Part 1: General Guidance**
- **Part 2: Reporting Guidance**
- **Q&A**



SLFRF Resources (1 of 2)



For More SLFRF Information:

Please visit Treasury's State & Local website at www.treasury.gov/SLFRP to find information including the [Overview of the Final Rule](#), [FAQs](#), and the [Final Rule](#).

Please visit Treasury's website dedicated to [NEUs](#).

For Reporting Information:

Please visit Treasury's State & Local website at www.treasury.gov/SLFRPReporting

For General Inquiries:

Please email SLFRP@treasury.gov

SLFRF Resources (2 of 2)

- Compliance and Reporting Guidance

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities>

- Overview of the final rule

<https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf>

- Final rule

<https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>

- Statement regarding the IFR and final rule:

<https://home.treasury.gov/system/files/136/SLFRF-Compliance-Statement.pdf>

- NEU Page

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/non-entitlement-units>

Overview

The American Rescue Plan Act of 2021

The American Rescue Plan Act (ARPA) is providing fast and direct economic assistance for American workers, families, small businesses, and industries and it:

- Continues programs started by the CARES Act in 2020 and Consolidated Appropriations Act in 2021.
- Adds new phases, allocations, and guidance to address issues related to the continuation of the COVID-19 pandemic.
- Creates new programs to address continuing pandemic-related crises, and fund recovery efforts as the United States begins to emerge from the COVID-19 pandemic.
- Was passed by Congress on March 10, 2021, and signed into law on March 11, 2021.

Coronavirus State and Local Fiscal Recovery Funds Overview

ARPA created the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program to deliver \$350 billion for state, territories, municipalities, counties, and Tribal governments much needed aid.

The key objectives for SLFRF are to:

- Fight the pandemic and support families and businesses struggling with its public health and economic impacts
- Maintain vital public services, even amid declines in revenue resulting from the crisis
- Build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity

Final Rule

- Treasury released the final rule on January 6, 2022.
- The final rule takes effect on April 1, 2022.
- If a use of funds complies with the final rule, Treasury will not take action to enforce the interim final rule, regardless of when the funds were used (e.g., if the IFR would not permit that use of funds); recipients can take advantage of the expanded flexibilities in the final rule now.
- Treasury structured the Final Rule with the smallest recipients in mind

For more, please see the [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule](#)

Four Key Eligible Use Categories

ARPA provides four major categories of eligible uses to tackle the broad range of public health and economic challenges caused or exacerbated by the COVID-19 emergency.

1

Public Sector Revenues

- Providing government services up to the amount of revenue loss due to the pandemic

2

Public Health & Economic Response

- Responding to COVID-19's public health impact, along with its economic harms

3

Premium Pay for Essential Workers

- Offering additional support to workers who bear the greatest health risks because of their service in critical sectors

4

Water, Sewer & Broadband Infrastructure

- Providing funding to critical water and sewer projects, along with high-speed broadband infrastructure

Recipients have requested greater flexibility, simplicity & clarity in the final rule to respond to new pandemic needs and make transformative investments

Approach to the Final Rule

Treasury's final rule provides greater flexibility and simplicity for recipients to turn the tide on the pandemic, maintain vital public services amid revenue shortfalls, and build a strong, resilient, and equitable recovery.

KEY NEW FEATURES IN THE FINAL RULE

1

Public Sector Revenues

- Major simplification for thousands of recipients through the **\$10 million revenue loss standard allowance**

2

Public Health & Economic Response

- Providing a **broader set of eligible uses** for impacted and disproportionately impacted populations
- Clarifying that reasonably proportional **capital expenditures** may be allowable (e.g., affordable housing, hospitals)

3

Premium Pay for Essential Workers

- **Streamlining options to provide premium pay** by broadening the share of essential workers who can receive premium pay without a written justification

4

Water, Sewer & Broadband Infrastructure

- **Expanding water and sewer projects** that are eligible
- **Broadening eligible broadband investments** to allow recipients to address access, affordability & reliability challenges

Replace Public Sector Revenue Loss

1

Public Sector
Revenues

Recipients may use these funds to provide government services, up to the amount of revenue loss experienced due to the COVID-19 public health emergency.

1

Determine revenue loss, using one of two available options:

A

Elect “standard allowance” of up to \$10 million to spend on government services through the life of the program, which greatly simplifies the program for small localities

NEW

B

Calculate actual revenue loss according to Treasury formula

» Calculate revenue loss either on a calendar or fiscal year basis

NEW

» Must adjust actual revenue totals for the effect of tax cuts and tax increases that are adopted after January 6, 2022, to more accurately reflect revenue loss due to the pandemic

NEW

2

Spend on government services up to the revenue loss amount

- Government services generally include **any service traditionally provided by a government** unless Treasury has stated otherwise, such as:
 - ✓ Construction of schools and hospitals
 - ✓ Road building and maintenance, and other infrastructure
 - ✓ Health and other services
 - ✓ Environmental remediation
 - ✓ Provision of police, fire, and other public safety services (including purchase of fire trucks and police vehicles)

Restrictions on Use

The final rule maintains the IFR's restrictions on use with additional clarifications.

1

**Net
Reduction in
Tax Revenue**

- Final rule maintains IFR's prohibition on states and localities for using SLFRF funds to directly or indirectly offset reduction in net tax revenue resulting from a change in state or territory law, with additional technical clarifications

2

**Deposits into
Pension Funds**

- Final Rule clarifies that the prohibition on “extraordinary contributions” to pension funds applies to all recipients except for Tribal governments

3

**Other
Restrictions
on Use**

- Final rule maintains that funds may not be used for debt service, replenishing rainy day funds/financial reserves, or satisfaction of a settlement or judgment
- Final rule clarifies additional restrictions that apply, including that:
 - Uses of funds may not undermine COVID-19 mitigation practices in line with CDC guidance and recommendations
 - Uses of funds may not violate Uniform Guidance conflict-of-interest requirements or other applicable laws

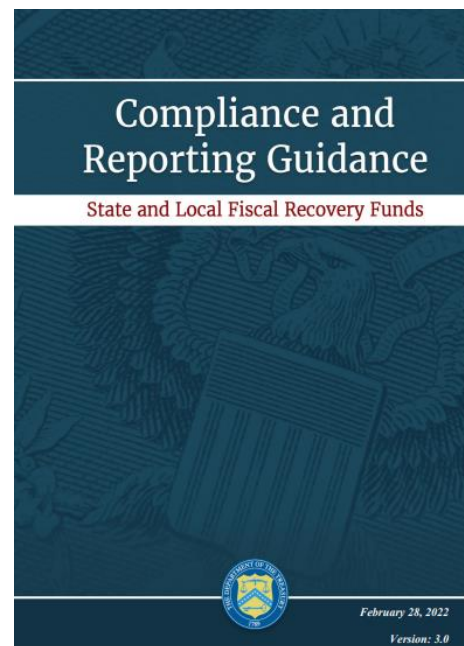
Compliance and Reporting Guidance Overview

On February 28th 2022, Treasury released the updated **Compliance and Reporting Guidance**, which builds on the final rule.

All SLFRF recipients are required to meet the compliance and reporting responsibilities noted in the final rule, including NEUs.

The Reporting Guidance is broken into two parts:

- (1) General Guidance
- (2) Reporting Requirements



Purpose of the Reporting Guidance

The SLFRF Reporting Guidance will ensure a speedy, equitable, transparent, and accountable recovery for all Americans



Accountable: Ensure recipients fulfill their compliance responsibilities and use funding as intended



Transparent: Provide the public data on how these funds were used and the outcomes achieved



User Friendly: Provide as easy and efficient user experience as possible

Focused on Recovery

The Reporting Guidance addresses priority areas to ensure a speedy and equitable recovery.



Equity Focused



**Community
Empowering**



Worker-Centered



**Results and evidence
focused**

Part 1: General Guidance

Recipient Compliance Overview



- Part 1A: Key Concepts
- Part 1B: Statutory Eligible Uses
- Part 1C: Treasury's Final Rule
- Part 1D: Uniform Guidance (2 CFR part 200) Requirements
- Part 1E: Award Terms & Conditions

Parts 1B and 1C: Statutory Eligible Uses and Treasury's Rulemaking

Part 1B: Statutory Eligible Uses

- SLFRF has four permitted statutory uses for award funds

Part 1.C.1: Eligible and Restricted Uses

- Identifies eligible and restricted uses for SLFRF funds

Part 1.C.2: Eligible Cost Timeframe

- Eligible costs incurred between March 3, 2021, and December 31, 2024
- Funds obligated by December 31, 2024, and expended by December 31, 2026

Part 1.C.3: Reporting Requirements

- An annual or quarterly Project and Expenditure Report, based on the aggregated allocation the NEUs received

Part 2: Reporting for NEUs

NEU Reporting Requirements: Agreements and Supporting Documents

Required Docs

- Copy of the signed award terms and conditions agreement
 - Copy of the signed assurances of compliance with Title VI of the Civil Rights Act of 1964
 - Copy of actual budget documents validating the top-line budget total provided to the State or U.S. territory as part of the request for funding
-


Frequency and Deadline

- One-time collection
 - Due by April 30, 2022
-

Online System Access and Submission of NEU Agreements/Documentation

- NEUs should access the Treasury Portal to:
 - Confirm your accounts
 - Designate the SLFRF reporting roles
 - Submit the required agreements and supporting documentation
- An NEU User Guide is posted at www.treasury.gov/SLFRPReporting

For Non-entitlement units of local government (NEU)

- [NEU and Non-UGLG Agreements and Supporting Documents User Guide](#)  – provides instructions to NEUs and Non-UGLG on setting accounts, assigning reporting roles, and providing required documentation to Treasury.
- A recording is also posted in this link to assist NEUs. This link is accessible from Treasury’s website: <https://www.youtube.com/watch?v=3qd8tYYl0pg>

WEBINARS

Reporting

- [NEU Intro to Reporting – Account Creation, Roles, and Agreements/Supporting Docs Submission](#)



The screenshot shows the Treasury Portal interface. On the left, there is a navigation menu with links for 'Introduction', 'Submissions', and 'Compliance Reports'. The main content area is titled 'Welcome to the Treasury Programs supporting State, Territory, Tribal, and Local Government as part of the 2021 American Rescue Plan.' Below this, there are four program descriptions: 'State and Local Fiscal Recovery Funds (SLFRF)', 'Emergency Rental Assistance (ERA)', 'Homeowner Assistance Fund (HAF)', and 'Capital Projects Fund (CPF)'. At the bottom, there is a 'Submission Process' section with a 'Go To Your Submissions' button.

NEU Reporting Requirements: Project and Expenditure Report

Contents

- Types of projects funded
 - Programmatic data
 - Financial data
 - Information on subrecipients, subawards, and expenditures,
-

Frequency & Submission Date

NEUs allocated more than \$10 million
(Tier 2)

- By April 30, 2022, and then 30 days after the end of each quarter thereafter
-

NEUs allocated less than \$10 million
(Tier 5)

- By April 30, 2022, and then annually thereafter
-

Two Paths to Submitting a P&E Report

As an NEU, there are two ways to available to complete your Project and Expenditure Report.

FAST AND SIMPLE

OPTION 1

Submitting **ONLY** Project(s)
under Expenditure Category
6: Revenue Replacement

Requirements (For April 2022):

- Limited Project level reporting
- No Subrecipient level reporting (for April)
- No Subaward/Expenditure reporting (for April)
- **Must still complete Recipient Specific module**

STANDARD

OPTION 2

Submitting a Project(s)
under other Expenditure
Categories

Requirements:

- Detailed Project level reporting
- Subrecipient level reporting may be required
- Subaward/Expenditure reporting may be required
- Must complete Recipient Specific module

Note: *If your SLFRF allocation is over \$10M you will need to pursue a mix of Option 1 and 2.*

Submitting a P&E Report under Revenue Replacement

All recipients will have the option to make a one-time decision to elect a “Standard Allowance” of up to **\$10 million**, not to exceed the award allocation.

STEP 1: Create a Project(s) aligned to EC 6.1 “Provision of Government Services”

- Ensure the Cumulative Obligations and Expenditures you are reporting are under your allowed maximum.

STEP 2: Complete the Revenue Replacement fields in the “Recipient Specific” module.

- Choose whether to Elect the Standard Allowance or calculate your Estimated Revenue Loss.
- Complete the required fields.

STEP 3: Certify and Submit!

Key Concept: Expenditure Category

Expenditure Categories (EC) categorize how funding is used and identifies where additional programmatic data is required.

Appendix 1 of the Reporting Guidance includes a list of 83 Expenditure Categories.

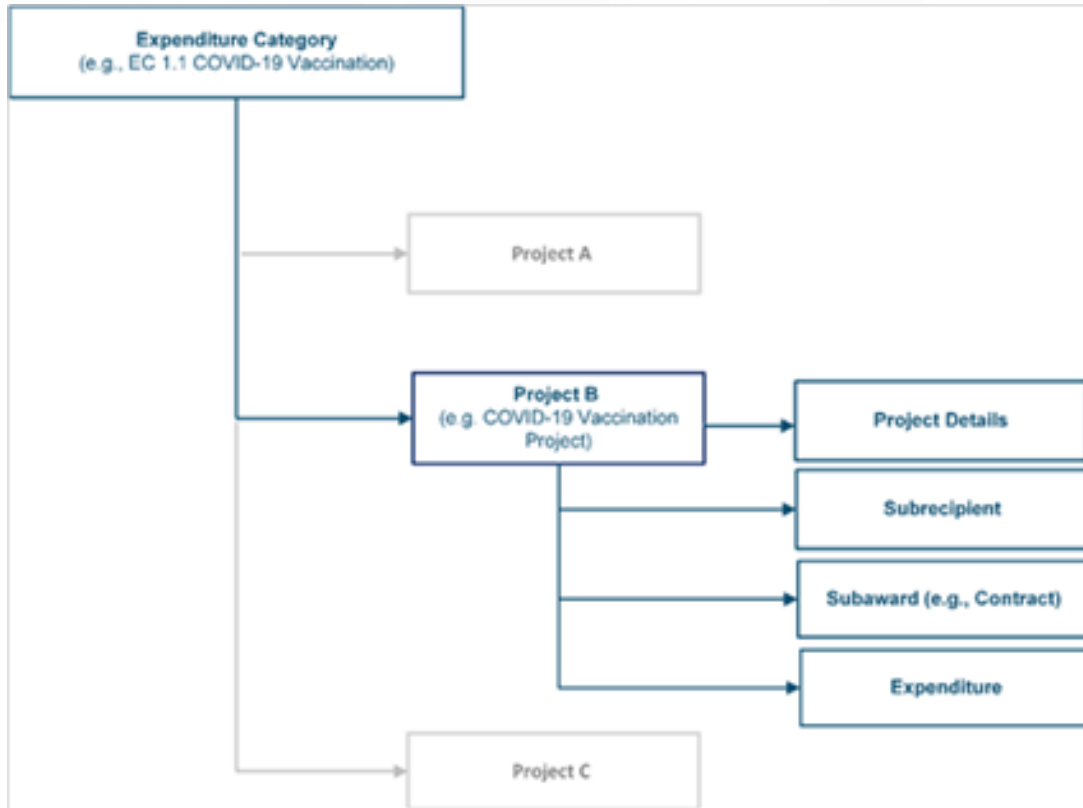
Expenditure Category	EC
1: Public Health	
COVID-19 Mitigation & Prevention	
COVID-19 Vaccination [^]	1.1
COVID-19 Testing [^]	1.2
COVID-19 Contact Tracing [^]	1.3
Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, Childcare facilities, etc.) ^{*^}	1.4
Personal Protective Equipment [^]	1.5
Medical Expenses (including Alternative Care Facilities) [^]	1.6
Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine) [^]	1.7
COVID-19 Assistance to Small Businesses [^]	1.8
COVID 19 Assistance to Non-Profits [^]	1.9
COVID-19 Aid to Impacted Industries [^]	1.10
6: Revenue Replacement	
Provision of Government Services	6.1
Non-federal Match for Other Federal Programs	6.2

Key Concept: Projects

Projects:

- Closely related activities toward a common purpose/goal
- New or existing services or investments
- Funded in whole or in part by SLFRF funding
- Align to one Expenditure Category only.
- Recipients have flexibility to define their projects – but must provide a sufficient level of detail to be able to report on specific activities for each project, including any required program reporting.
- Additional programmatic data may be required by project, depending on the Expenditure Category selected

Key Concept: Relationships



Note: If you are only reporting projects under EC 6.1, these data points are not required for April 2022 reporting.

Project and Expenditure Report

Project and Expenditure Reports include projects and contracts, grants, and subawards over \$50,000.

Projects and Expenditures

- Projects
- Obligations and Expenditures
- Project Status
- Project Demographic Distribution
- Civil Rights Compliance

Subawards

- Subawards
- Expenditures related to Subawards

Program data

- Required Programmatic Data across multiple ECs
- Required Programmatic Data for infrastructure projects

Required Project Information

The following information will be required in Project and Expenditure Reports for both quarterly and annual reporting.

- Project expenditure category and project specific information
- Obligations and expenditures
- Project status
- Any earned or expended program income, if applicable
- Any project capital expenditures (for non-infrastructure projects)
- Project Demographic Distribution (for certain ECs)
- Subawards, contracts, grants, loans, transfers, direct payments, and expenditures
- Required programmatic data

P&E Treasury Submission Portal and Training

- Information will be submitted via Treasury's Portal.
- Detailed updated user guide and reference materials, including recorded webinars, will be provided with the release of the Project and Expenditure Report functionality.
- Further communications will be posted on www.treasury.gov/SLFRPReporting

Q&A

SLFRF Resources



For More SLFRF Information:

Please visit Treasury's State & Local website at www.treasury.gov/SLFRP

Please visit Treasury's website dedicated for [NEUs](#).

Also view recorded webinars on the SLFRF [Youtube](#) page

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