

AMERICAN RESCUE PLAN CSLFRF Guidance



Government Finance Officers Association



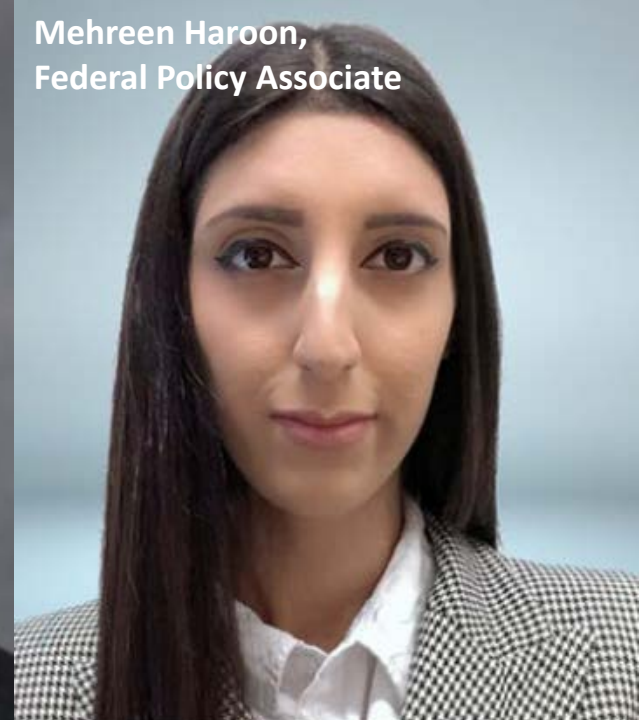
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GFOA is YOUR Advocate in Washington DC





The American Rescue Plan Act of 2021

American Rescue Plan Act of 2021

○ Eligible uses include ([section 602 and 603](#))

- “(A) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- “(B) to respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the State, territory, or Tribal / local government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
- “(C) for the provision of government services to the extent of the reduction in revenue of such State, territory, or Tribal / local government due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the State, territory, or Tribal government prior to the emergency; or
- “(D) to make necessary investments in water, sewer, or broadband infrastructure.



GUIDANCE UPDATE

Guidance and Next Steps

- Law enacted **March 10**
- Preview of Interim Final Rule (IFR) dropped on **May 10**
- “[Interim Final Rule](#)” because of expedited rulemaking
 - Feedback is solicited, **due 60 days from May 17**
 - Questions sprinkled throughout, 130+ pages
 - GFOA will comment!
- US Treasury: [FAQs](#)
- US Treasury: [Fact Sheet](#)

Non-Entitlement Units (NEUs)

- Funds flow through the State – final values to be calculated by the State
- Distributed 30 days after State certification
 - 75% of their most recent budget (IFR p. 29)
- Relationship between States and NEU
 - No additional restrictions on the funds from the states
 - NEU are **Prime Recipients** NOT subrecipients of the states
- NEUs that decline their allocation are then redistributed to NEUs up to 75% qualifier



Process and Certifications

Process and Certifications

- Certification for Metro and Counties:
 - Where/how to certify and who needs to certify
 - Funds can be invested and interest earnings are not ARPA restricted (FAQ 10.3)
 - Is ID.me the only choice?
- Process:
 - No set timeline for jurisdictions to complete certification
 - Second tranche released 1 year after first

The screenshot shows the ID.me sign-in page for the U.S. Treasury. At the top, the ID.me logo is followed by a plus sign and the U.S. Treasury seal and the word "TREASURY". The main heading is "Sign in to ID.me". Below this, there is a light blue banner with the text "New to ID.me?" and a link "Create an ID.me account". The sign-in form consists of two input fields: "Email" with the placeholder "Enter your email" and "Password" with the placeholder "Enter your password". Below the password field is a blue button labeled "Sign in to ID.me". Underneath the button is a link "Forgot password". Below that is the text "Or sign in with" followed by three social media icons: Facebook, Google, and LinkedIn. At the bottom of the form is a link "View more options >".



Guidance Central Statements

Eligible Expenditures: Central Statements

- Unless otherwise noted, covered period is March 3, 2021-December 31, 2024 (IFR p. 26)
 - Costs can be incurred by December 31, 2024 but must be expended by December 31, 2026 (IFR p. 26)
 - *(c) Return of funds. A recipient must return any funds not obligated by December 31, 2024, and any funds not expended to cover such obligations by December 31, 2026 (IFR p. 122)*
- Cannot spend funds on pension deposits (IFR p. 21)
- States and territories cannot spend the funds to reduce taxes or delay a tax increase (IFR p. 22)
 - In this sub-section, “recipient governments” refers only to States and territories. In other sections, “recipient governments” refers more broadly to eligible governments receiving funding from the Fiscal Recovery Funds(IFR p. 22)
- May not be used as non-Federal Match for other Federal Programs (IFR p. 26)



Eligible Expenditures

Eligible Expenditures: Four Main Categories

- A. COVID-19 or a negative economic impact
- B. Premium pay for eligible workers
- C. For government services to the extent of the loss of revenue
- D. Investments in water, sewer and broadband infrastructure

Process for Revenue Replacement

- Look at the past 2019 base year revenue (IFR p. 15)
 - Recipients average annual growth of the past three fiscal years
 - Apply 4.1% growth rate or greater to annual revenues collected
- Multiplier applies to the revenue collected in each calendar year
 - Checkpoint each December 31 for actual revenues
 - Not the fiscal year!
- Compare projected growth revenue to actuals collected
 - If actual exceeds projected, collection is zero for that year

GFOA Revenue calculator



GFOA Revenue Loss Calculator

Background Information

1) Fiscal Year End	<input type="text" value="June"/>	<u>Notes:</u>
Base Year Revenue Period	<input type="text" value="6/30/2019"/>	FY used for base year calculation
2) Calculation Date	<input type="text" value="12/31/2020"/>	
Number of Months	<input type="text" value="18"/>	Months between Base Year and Calculation Date

Estimate Revenue

3) Base Year Revenue	<input type="text" value="\$ 1"/>	Use Worksheet to Calculate
4) Growth Rate	<input type="text" value="4.1%"/>	Use Worksheet to Calculate
Counterfactual Revenue	<input type="text" value="\$ 1"/>	Estimated Revenue Without Pandemic
5) Actual Revenue	<input type="text" value="\$ 1"/>	Use Worksheet to Calculate

Reduction in Revenue

		<i>Fiscal Year Ended</i>	<i>12/31/2020</i>
Revenue Reduction	<input type="text" value="\$ 0"/>		
Revenue Reduction %	<input type="text" value="-5.8%"/>		

Base Year Revenue Worksheet



Fiscal Year Ended **6/30/2019**

- Base year calculation includes:
 - Taxes
 - Intergovernmental revenue
 - Other revenues
- Growth rate:
 - Compares years 2016-2019 in eligible revenue categories
- Actual revenues calculated on December 31 each year

Revenue Source	Base Revenue (Y/N)	Amount
Taxes Amount of tax collections for all taxes imposed by the government.		
Property Tax		
Property Tax	Y	\$ 1
Sales and Gross Receipts Tax		
General Sales and Use Tax	Y	\$ -
Selective Sales Tax		
Alcoholic Beverage	Y	\$ -
Amusements Sales Tax	Y	\$ -
Motor Fuels Sales Tax	Y	\$ -
Parimutuels Tax	Y	\$ -
Public Utilities Sales Tax	Y	\$ -
Tobacco Products Tax	Y	\$ -
Other Sales Tax	Y	\$ -
Licensing and Permit Taxes		
Alcoholic Beverage Licensing and Permits	Y	\$ -
Building/Construction Permits	Y	\$ -
Amusements Licensing and Permits	Y	\$ -
Motor Vehicles Licensing and Permits	Y	\$ -
Public Utilities Licensing and Permits	Y	\$ -
Occupation and Business Licensing and Permits	Y	\$ -
Other Licensing and Permits	Y	\$ -
Income Tax		
Individual Income Tax	Y	\$ -
Corporate Income Tax	Y	\$ -
License and Permit Tax		
Alcoholic Beverage	Y	\$ -
Amusements	Y	\$ -
Motor Vehicles	Y	\$ -
Public Utilities	Y	\$ -
Occupational and Business Licenses	Y	\$ -
Other Selective Sales	Y	\$ -
Other Taxes		
Death and Gift Tax	Y	\$ -
Documentary and Stock Transfer Tax	Y	\$ -
Severance Tax	Y	\$ -
Other	Y	\$ -



Audit and Reporting Requirements

Audit/Reporting

- Audit/Reconciliation:
 - Single Audit Act applicability and definitions (IFR p. 26)
 - Yellowbook Guidance and instruction (if any) from the [GAO](#)
 - Audit periods and reporting instructions (IFR pp. 29-30)
 - Audit relationships between direct recipients and nonprofits, etc. (IFR p. 28)

- ARPA CFDA: 21.027

Audit/Reporting

Report Type	Due Date	Who Submits
<p>Interim Report - recipient's expenditures by category at summary level from date of award to July 31, 2021; additionally states and territories to provide info on distribution to NEUs</p>	<p>Aug. 31, 2021</p>	<p>States, territories, metro cities, counties, Tribal governments</p>
<p>Quarterly Report –financial data, information on contracts and subawards over \$50,000, types of projects funded, and other information regarding a recipient's utilization of award funds; first quarterly report will cover the two quarters from date of award to Sept. 30, 2021, subsequent reports will only cover one calendar quarter</p>	<p>First quarterly report due Oct. 31, 2021</p> <p>Subsequent quarterly reports due within 30 days after calendar quarter end</p>	<p>States, territories, metro cities, counties, Tribal governments</p>
<p>Annual Project and Expenditure Reports - First annual report will cover activity from the date of award to Sept. 30, 2021</p>	<p>First annual report due Oct. 31, 2021</p> <p>Subsequent reports due Oct. 31 each year</p>	<p>NEUs</p>
<p>Annual Recovery Plan Performance Report – First report will cover period from the date of award to July 31, 2021, subsequent reports will cover 12-mo period with the second report covering from July 1, 2021 – June 30, 2022</p>	<p>First performance report due Aug. 31, 2021.</p> <p>Subsequent reports due within 30 days after the end of 12-mo. period, e.g. by July 31, 2022</p>	<p>States, territories, metro cities, and counties with population over 250,000</p>

Links

- [US Treasury State and Local Fiscal Relief Fund](#)
- [The Interim Final Rule \(IFR\)](#)
- [Treasury FAQs](#)
- [Treasury Fact Sheet](#)
- [GFOA Guiding Principles](#)
- [GFOA Analysis of Guidance](#)
- [GFOA American Rescue Plan Analysis](#)



Thank you!