

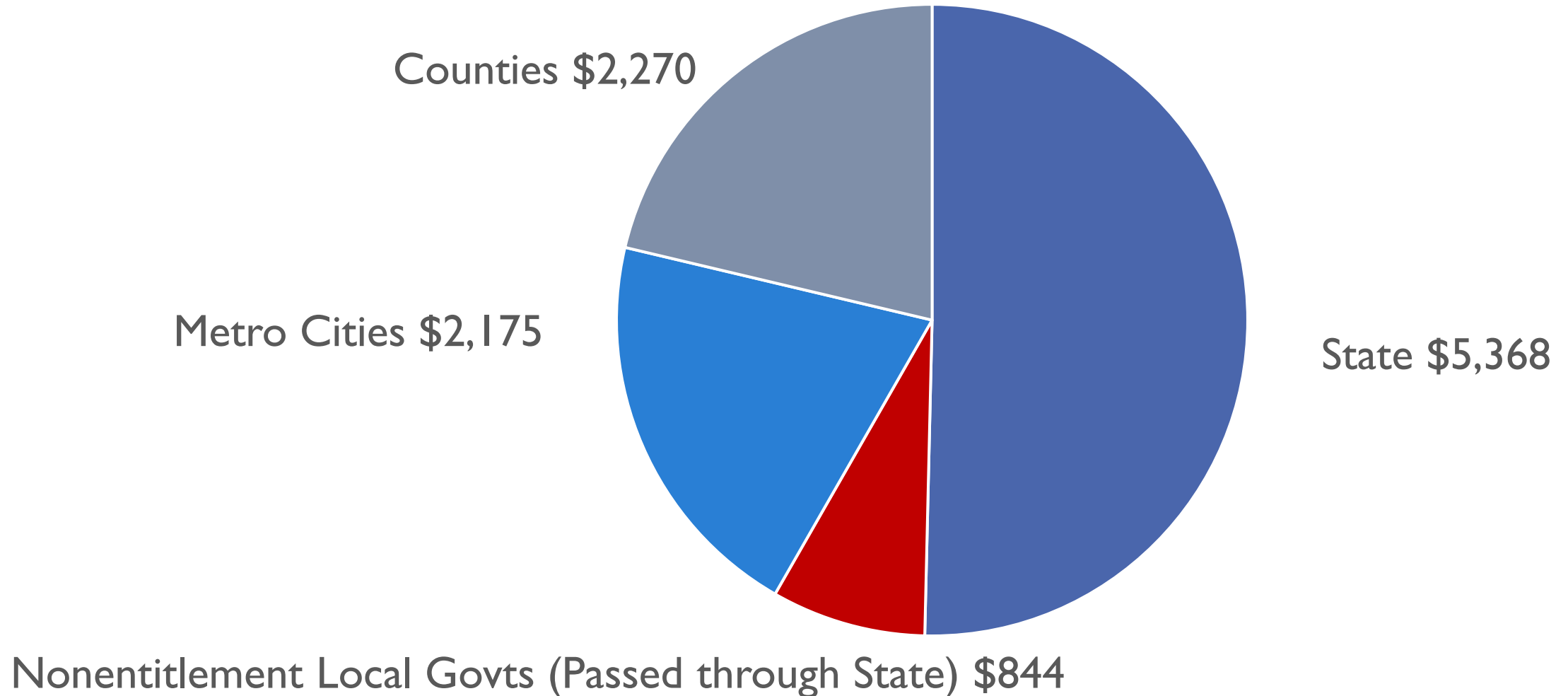


The Ohio Grants Partnership

From Relief to Recovery: How Fiscal Recovery Funds Differ from Coronavirus Relief Funds

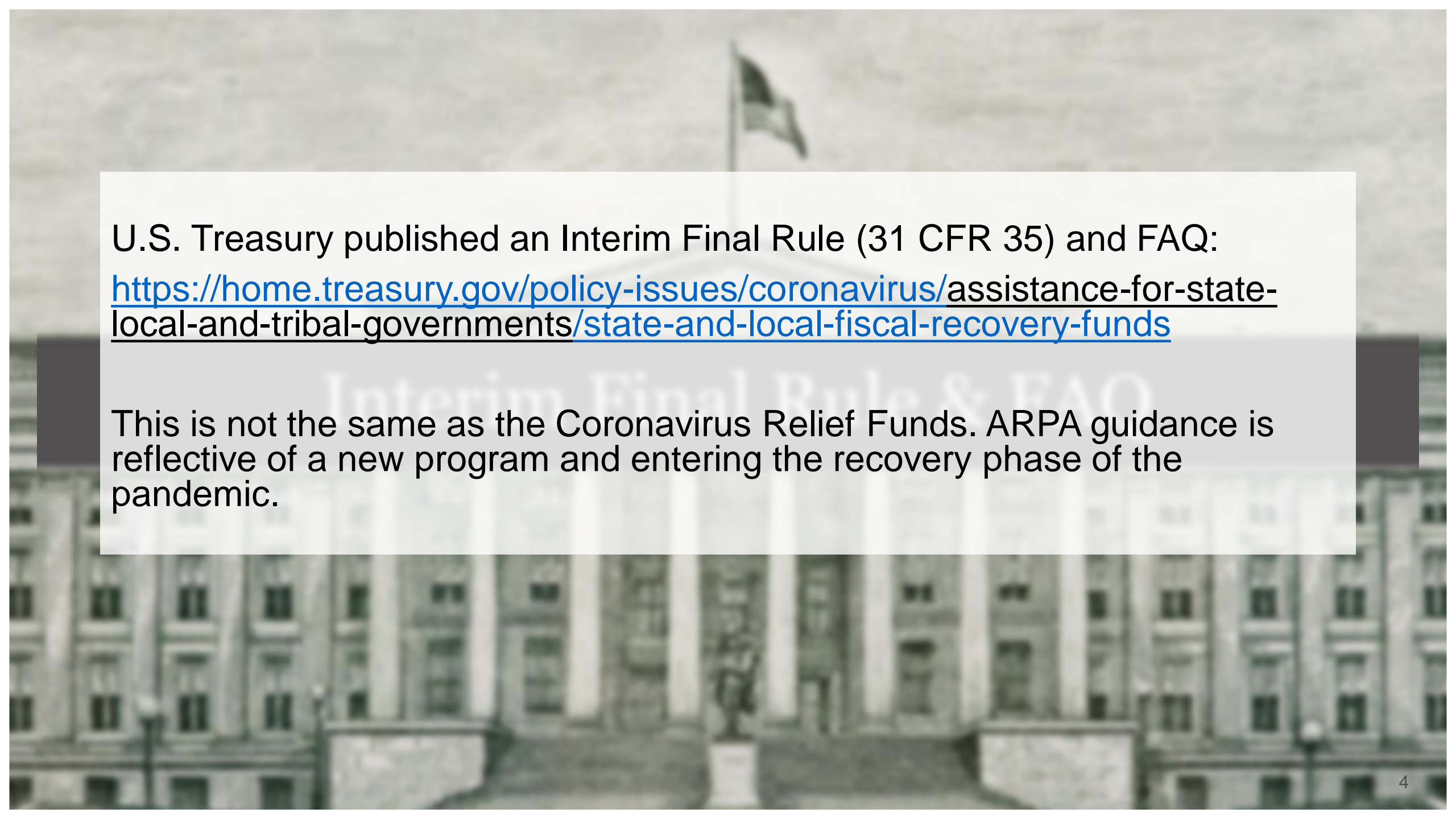
Stacie Massey, MBA
Ohio Grants Partnership
Office of Budget and Management

AMERICAN RESCUE PLAN ACT FUNDING ALLOCATIONS FOR OHIO STATE AND LOCAL FISCAL RECOVERY FUND (\$ IN MILLIONS)





Interim Final Rule and FAQ



U.S. Treasury published an Interim Final Rule (31 CFR 35) and FAQ:
<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

This is not the same as the Coronavirus Relief Funds. ARPA guidance is reflective of a new program and entering the recovery phase of the pandemic.

Changes from Coronavirus Relief Funds

- Includes direct distributions to local governments
- Use of Fiscal Recovery Funds is forward looking versus previous concept of only for current pandemic
- Expanded eligibility for use of funds
- Emphasis on planning and assessment
- Longer time period for use of funds, recognizing both an obligation date and a longer period of performance

Changes from Coronavirus Relief Funds (continued)

- Assistance Listing Number (formerly CFDA) is 21.027.
- Funds are generally subject to the requirements set forth in the Uniform Guidance (2 CFR Part 200) versus only a few specific sections.
- Interest earnings do not have to be returned nor are they limited to eligible uses under the award.
- Indirect costs are allowable.
- Reporting extends beyond financial activity (includes program and performance reporting).
- Standard for charging public safety and public health payroll has changed.



Fiscal Recovery Key Dates

Payments from the Fiscal Recovery Fund can only be used for costs incurred from March 3, 2021 through December 31, 2024.

The Interim Final Rule defines **costs incurred** in alignment with the Uniform Guidance and requires funds to be **obligated** by December 31, 2024.

Fiscal Recovery Key Dates

Use of Fiscal Recovery Funds is forward-looking:

- The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021.
- Recipients are not permitted to use funds to cover pre-award costs (only those on or after March 3, 2021 which were made with the intention of receipt of future ARPA funding).
- The period of performance runs until December 31, 2026.

Restrictions to cover costs incurred beginning March 3, 2021, does not apply to costs incurred by households, businesses, and individuals benefiting from assistance as long as the cost was not incurred by the recipient prior to that date.

Public Health/Negative Economic Impacts – economic harms experienced by individuals, businesses, and households can be prior to March 3, 2021

Premium Pay – retrospectively for work performed at any time since the start of the pandemic

Revenue Loss – use of funds for government services is forward looking after March 3, 2021

Investments in Water, Sewer, and Broadband – can cover costs for eligible projects planned or started prior to March 3, 2021 provided project costs covered are incurred after March 3, 2021

A teal piggy bank is centered in the background, wearing a white face mask that covers its eyes and nose. The piggy bank has two small circular indentations for eyes on its face. The background is a solid blue color.

Allowable Uses of Funds

Cover costs incurred by December 31, 2024 -

- **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;
- To provide **premium pay to essential employees** or grants to employers to provide premium pay (premium pay cannot exceed \$13 per hour or \$25,000 per worker and cannot exceed certain local averages, unless specifically justified);
- To provide government services affected by a **revenue reduction** due to the public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- To make necessary investments in **water, sewer, or broadband infrastructure**.

Responding to the public health emergency or its negative economic impacts:

- 1) COVID-19 Response and Prevention
- 2) Public Health and Safety Staff
- 3) Hiring State and Local Government Staff
- 4) Assistance to Unemployed Workers
- 5) Contributions to State Unemployment Insurance Trust Funds
- 6) Small Businesses
- 7) Non-profits
- 8) Assistance to Households
- 9) Aid to Impacted Industries
- 10) Expenses to Improve Efficacy of Public Health or Economic Relief Programs
- 11) Survivor's Benefits
- 12) Disproportionately Impacted Populations and Communities

Allowable Uses of Funds

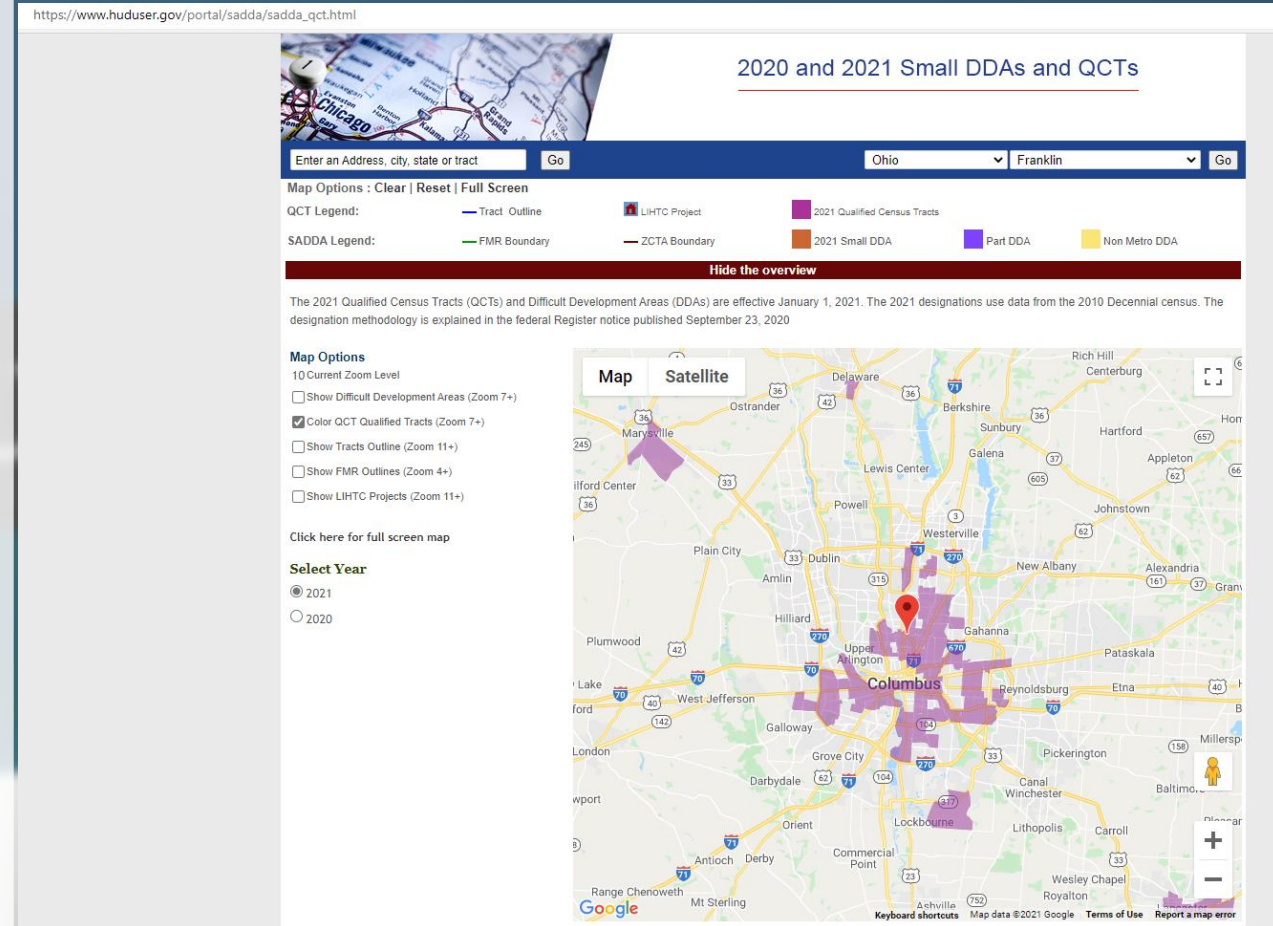
Qualified Census Tract (QCT)

https://www.huduser.gov/portal/sadda/sadda_qct.html

Presumption that certain types of services are eligible
uses when provide in a QCT.

- Addressing health disparities and the social determinants of health
- Building stronger neighborhoods and communities
- Addressing educational disparities
- Promoting healthy childhood environments

May also provide services to other populations, households, or geographic areas disproportionately impacted by the pandemic. However, will need to provide support for the determination.



Determination of Whether a Program or Service is Eligible as Public Health/Economic Impact

- First, determine “whether and how the use would respond to the COVID-19 public health emergency.”
- Second, conduct an analysis of the program or service for the following two criteria:
 - 1) Identify a need or negative impact of the COVID-19 public health emergency.
 - 2) Identify how the program, service, or other intervention addresses the identified need or impact.
- **If you are unable to complete the analysis, then the program or service is not eligible under this category.**

Providing Premium Pay to Eligible Workers

Eligible essential workers are defined as those in critical infrastructure sectors who regularly perform in-person work, interact with others at work, or regular physical handling of items that were handled by others.

Critical infrastructure sectors include healthcare, education and childcare, transportation, grocery and food production, social service and human services staff, janitors and sanitation workers, among others specifically listed in the rule. Governments have discretion to add additional sectors to this list that are deemed critical to protect the health and well-being of residents.

Premium pay can be up to an additional \$13/hour not to exceed \$25,000; however, the rule emphasizes the need for recipients to prioritize premium pay for lower income workers. Premium pay that increases a worker's total pay above 150% of the greater of the state or county average annual wage requires specific justification to the Treasury Secretary.

Grants to third-party employers to provide to eligible essential workers are allowable but results in additional imposed reporting requirements and public disclosure to ensure any grants “respond to the needs of essential workers and are made in a fair and transparent manner.”

Government Services/Revenue Loss

Recipients are permitted to 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.

Allowable Uses of Funds

Revenue loss amounts claimed with funds must be applied to general government services up to the amount of revenue loss calculated. General government services are not eligible beyond this amount unless they meet other Recovery Fund eligibility criteria.

Unallowable use of funds still applies to general government services expenditures.

Government Services/Revenue Loss – Calculation

Four step process (see the Interim Final Rule for details and an example):

- 1) Identify “general revenue” in the most recent full fiscal year prior to the pandemic (January 27, 2020). This will be your **base year revenue**.
- 2) Estimate what your revenue should have been absent the pandemic; this is called your **counterfactual revenue**. This can be estimated using the following calculation:

$$\text{counterfactual revenue} = \text{base year revenue} * [(1 + \text{growth adjustment})^{(n/12)}]$$

- ***n** = the number of months elapsed since the end of the base year to the calculation date*
- ***growth adjustment** = the greater of 4.1 percent and average annual revenue growth in three full fiscal years prior to the pandemic*

- 3) Identify **actual revenue** which equals revenue collected over the past twelve months as of the calculation date.
- 4) Reduction in revenue is equal to **counterfactual revenue less actual revenue**.

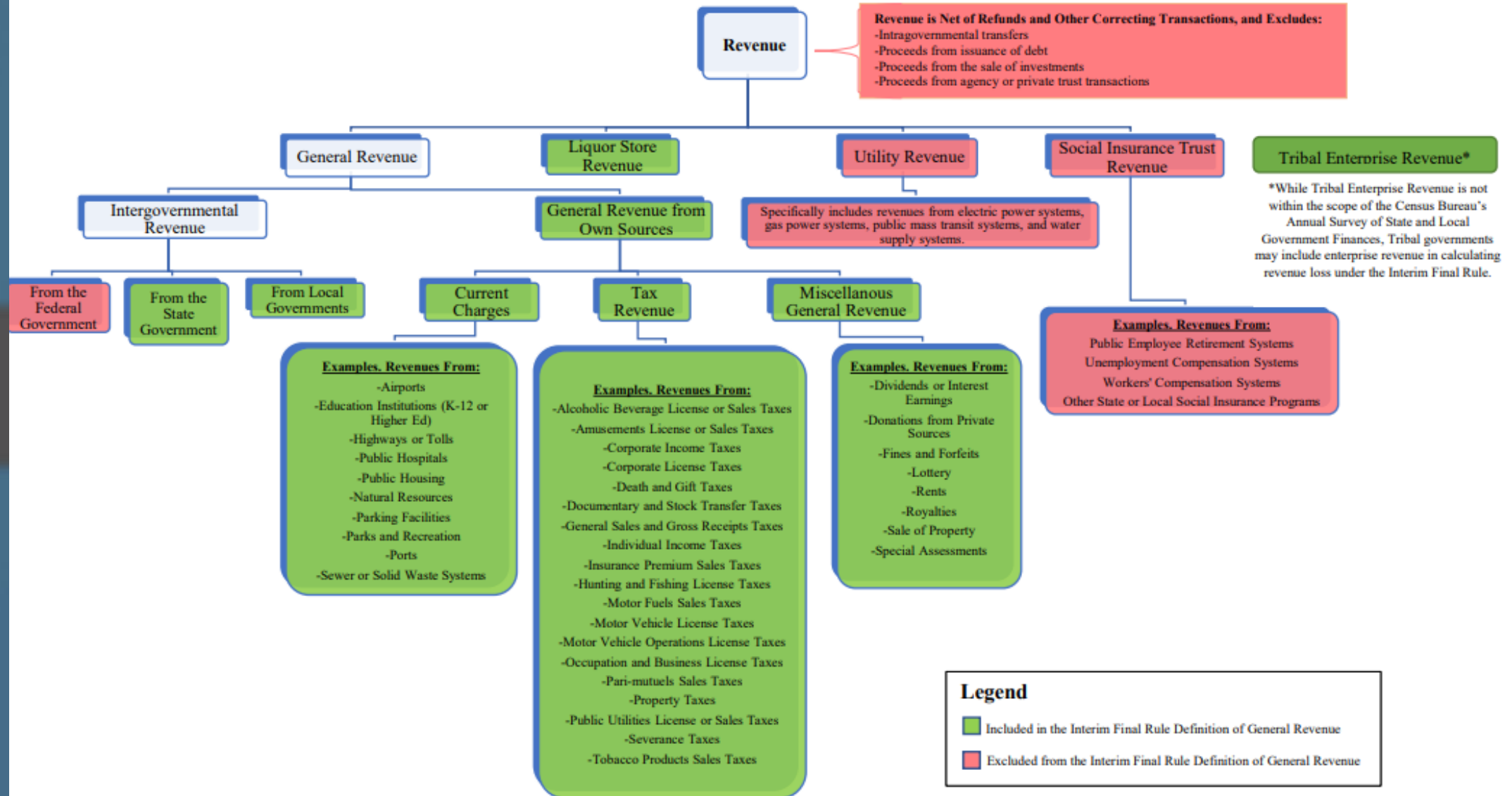
Government Services/Revenue Loss – General Revenue Definition (Base Year Revenue)

Interim rule establishes a definition of “general revenue” for calculating a loss in revenue and provides a methodology for calculating revenue lost due to COVID-19.

The term “general revenue:”

- 1) Includes revenue collected by a recipient and generated from its underlying economy and would capture a range of different types of tax revenues, as well as other types of revenue that are available to support government services. In calculating revenue, recipients should sum across all revenue streams covered as general revenue.
- 2) Is consistent with Census Bureau’s definition of “general revenue from own sources,” the definition in the rule excludes refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, and agency or private trust transactions.
- 3) Excludes revenue generated from utilities and insurance trusts, focus is on sources generated from economic activity and are available to fund government services, rather than a fund or administrative unit established to account for and control a particular activity.
- 4) Includes intergovernmental transfers between state and local governments, but excludes intergovernmental transfers from the federal government, including a transfer of CRF or Recovery Funds.

Appendix: Interim Final Rule Definition of General Revenue Within the Census Bureau Classification Structure of Revenue



Water, Sewer, or Broadband Infrastructure

- General infrastructure projects are not allowable unless funded as a government service with revenue reduction amounts or it responds to a specific pandemic-related public health need or a specific negative economic impact.
- Remember the performance period allows for completion of projects through December 31, 2026; however, the obligation must occur by December 31, 2024.
- National Environmental Policy Act (NEPA) does not apply to this funding.
- Eligible projects are defined by what is eligible under the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund.

<https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-eligibility-handbook>

<https://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf#eligibilities>

Broadband Infrastructure

- Rule requires eligible projects to reliably deliver minimum speeds of 100 Mbps download and 100 Mbps upload. In cases where it is impracticable due to geography, topography, or financial cost to meet those standards, projects must reliably deliver at least 100 Mbps download speed, at least 20 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.
- Projects must be designed to serve unserved or underserved households and businesses, defined as those that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.

The background of the slide is a close-up, high-angle shot of several blue surgical masks. The masks are arranged in a way that shows their pleated structure and the elastic ear loops. The lighting is soft, highlighting the texture of the fabric. A dark grey horizontal bar is superimposed over the center of the image, containing the text 'Other Key Provisions' in a white serif font.

Other Key Provisions

Funds may not be used to:

- Deposit into any pension fund - *does not include the payment to a pension fund as part of covered benefits for eligible personnel charged to the fund.*
- Contribute to rainy day funds, financial reserves, budget stabilization, or similar funds – the revenue reduction amounts must be applied to general government services.
- Offset a reduction in net tax revenue.
- Pay interest or principal on outstanding debt instruments, including short-term revenue or tax anticipation notes, or other debt service costs.
- Satisfy a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring plan in a judicial, administrative, or regulatory proceeding.
- Serve as non-federal match for other federal grant programs.

Transfers of Funds

Funds may be transferred to private nonprofit organizations, public benefit corporations involved in the transportation of passengers or cargo, or special-purpose districts (e.g., fire, water, sewer, etc.).

A transfer is considered a subrecipient relationship – you are responsible for monitoring and overseeing the subrecipient's use of funds and activities as well as reporting to the U.S. Treasury on the subrecipient's use of funds.

Transfers must qualify as an eligible use of funds by the transferor and all federal requirements remain with those funds. The transfer must be to carry out the goals of the original recipient.

Transfers must be for entities within the recipient's borders except for a regional project. For example: County A cannot transfer funds to County B; however, County A can transfer funds to Village A within its borders.

FAQ 4.9: Recipients can pool funds for regional projects by spending funds directly or transferring to another government that is undertaking the project on behalf of multiple recipients.

Must document the recipient jurisdiction receives a benefit proportionate to the amount contributed.

A low-angle, upward-looking photograph of the United States Capitol dome. The dome's white marble surface is detailed with gold-colored accents and arched windows. Below the dome, a series of tall, white columns support a balcony with a decorative balustrade. The sky is a clear, vibrant blue. A dark grey horizontal band is superimposed across the middle of the image, containing the title text in white.

Compliance and Reporting



Guidance on Recipient Compliance and Reporting Responsibilities

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

Specific to Fiscal Recovery Funds and does not cover Coronavirus Relief Funds

Key principles include:

- Projects should advance shared interests and promote equitable delivery to underserved communities (Executive Order 13985)
- Transparency and public accountability (OMB Memorandum M-21-20 and M-20-21)

Compliance Requirements

- Allowable Activities
- Allowable Costs/Cost Principles
- Cash Management – not subject to CMIA and interest can be retained
- Eligibility
- **Equipment and Real Property Management**
- Period of Performance
- **Procurement, Suspension & Debarment**
- Program Income
- Reporting
- Subrecipient Monitoring
- Special Tests and Provisions

The background of the slide is a photograph of the United States Capitol dome, viewed from a low angle looking up. The dome is white with a gold-colored top. The sky is a clear, deep blue. The image is slightly blurred, giving it a professional, official feel.

Award Terms and Conditions

- 1) **SAM.gov Requirements** – Recipients are required to have an active registration
- 2) **Recordkeeping Requirements** – Five years after all funds have been expended or returned
- 3) **Single Audit Requirements** – Expend \$750,000 or more in Federal awards during a fiscal year
- 4) **Civil Rights Compliance** - Recipients of Federal financial assistance from the Treasury are required to meet legal requirements relating to nondiscrimination and nondiscriminatory use of Federal funds. Treasury will require a narrative describing Title VI compliance as part of the Project and Expenditure reporting.

A close-up photograph of a hand holding a silver pen, poised to write on a document. The document has a grid pattern, suggesting it might be a ledger or a form. The background is a soft, out-of-focus green and yellow. A dark grey horizontal bar is overlaid across the middle of the image, containing the text 'Reporting Requirements' in white serif font.

Reporting Requirements

Reporting has expanded from the CRF requirements and includes an interim report, project and expenditure reports, and annual recovery plan performance reports.

Reporting is completed in the U.S. Treasury Portal and registering with ID.me is required for access.

Non-entitlement local governments (NEUs) will report directly to the U.S. Treasury.

Reporting applicability is based on your entity type. For example, NEUs are only responsible to complete annual project and expenditure reports.

Report Type	Applies To	Reporting Period	Initial Report Due	Subsequent Reports	Included in Report
Interim Report	State, Metros, Counties	Date of award-July 31, 2021	August 31, 2021	N/A	Summary level expenditures by category
Quarterly Project and Expenditure Report	State, Metros, Counties	Calendar Quarter	October 31, 2021	30 days after end of each quarter through project period	Financial data, information on contracts and subawards over \$50k, types of projects funded, other information on 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 \$50k, types of projects funded, other information on utilization of funds
Recovery Plan Performance Report	State, Metros, 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. Also must publish on a public facing site.

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

**Projects and
Expenditures**

- Project Inventory
- Expenditures
- Project Status
- Project Demographic Distribution
- Civil Rights Compliance

Subawards

- Subawards

Program data

- Required Programmatic Data
- Required Programmatic Data (for infrastructure)



Several key concepts will help with understanding the reporting structure:

- Expenditure Category
- Projects
- Relationships

Key Concepts: Expenditure Category

An Expenditure Category must be assigned to each project to identify how funding is used and will identify where additional programmatic reporting is required.

^ Denotes areas where recipients must report on whether projects are primarily serving disadvantaged communities.

* Denotes areas where recipients must identify the amount of total funds that are allocated to evidence-based interventions.

Appendix 1 of the Compliance and Reporting Guidance includes a list of 66 Expenditure Categories.

Appendix 1: Expenditure Categories

The Expenditure Categories (EC) listed below must be used to categorize each project as noted in Part 2 above. The term "Expenditure Category" refers to the detailed level (e.g., 1.1 COVID-10 Vaccination). When referred to as a category (e.g., EC 1) it includes all Expenditure Categories within that level.

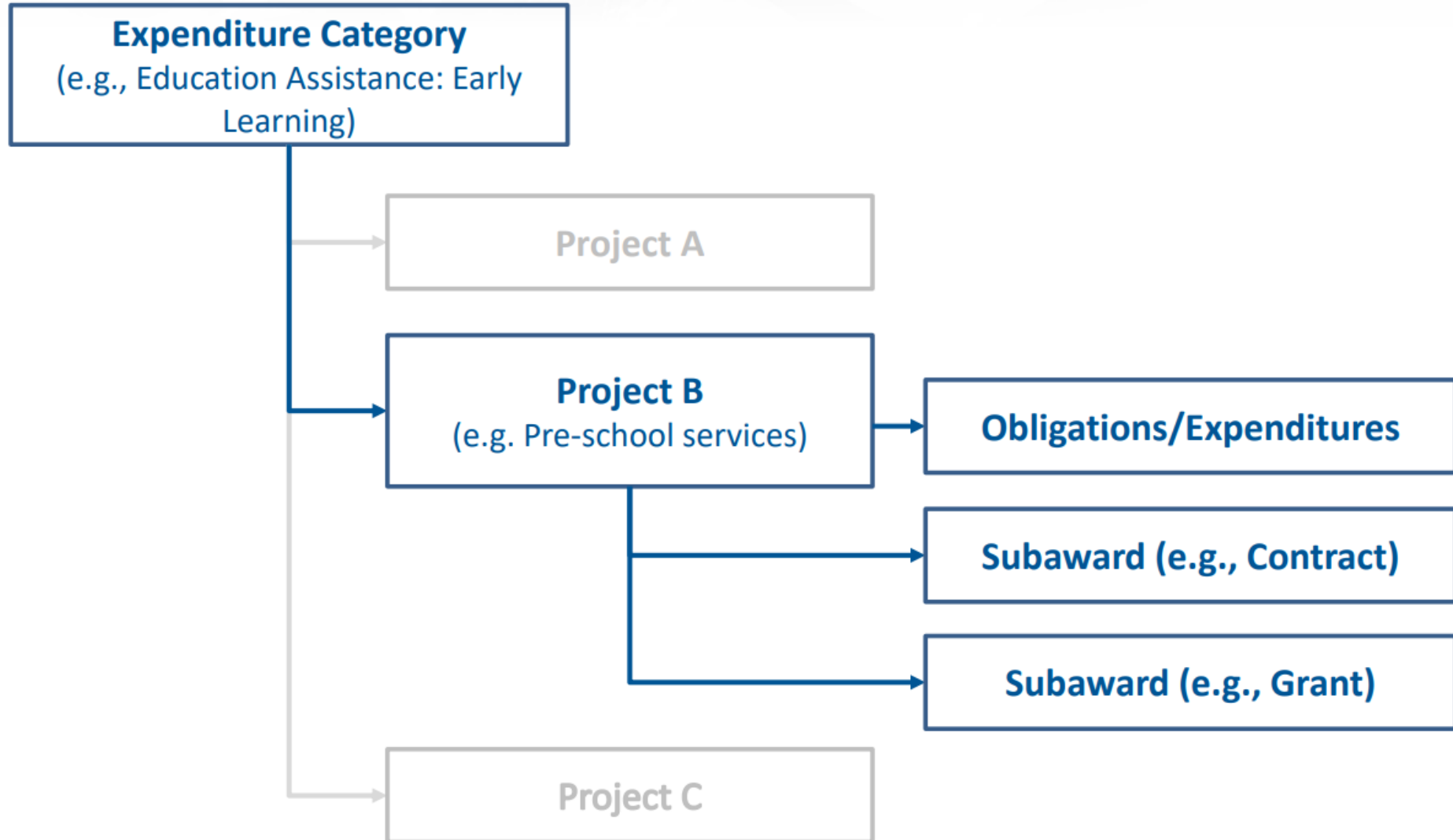
1: Public Health	
1.1	COVID-19 Vaccination ^
1.2	COVID-19 Testing ^
1.3	COVID-19 Contact Tracing
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5	Personal Protective Equipment
1.6	Medical Expenses (including Alternative Care Facilities)
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10	Mental Health Services*
1.11	Substance Use Services*
1.12	Other Public Health Services



Key Concepts: Projects

- Projects are closely related activities toward a common purpose/goal.
- Each project must align to one Expenditure Category.
- The Expenditure Category defines the additional programmatic reporting required.

Key Concepts: Relationships



Required Programmatic Data (Non-Infrastructure Projects)

Specific programmatic data requirements for non-infrastructure projects for each Expenditure Category, including:

- Payroll for Public Health and Safety Employees
- Household Assistance
- Small Business Economic Assistance
- Aid to Travel, Tourism, and Hospitality or Other Impacted Industries
- Rehiring Public Sector Staff
- Education Assistance
- Premium Pay
- Revenue Replacement

Required Programmatic Data (Infrastructure Projects)

Detailed project level information, location, and expenditure data will be required for all infrastructure projects.

Infrastructure projects over \$10 million must also report:

Number of employees/contractors

- Number of direct or third-party hires
- Wages/benefits by worker classification
- Whether wages are at prevailing wage

Recipients must also report:

- Detailed information on the wages and benefits provided, and how they will ensure a ready supply of skilled and unskilled labor, minimize the risk of labor disputes, and ensure a safe and healthy workplace.
- Some additional reporting requirements may be waived for recipients who can certify compliance with Davis-Bacon or certify they have entered a Project Labor Agreement.

Example Scenario

Anywhere City had to close their pool and recreation facilities during 2020 due to the pandemic. Anywhere City had significant lost revenue and laid off all the parks and recreation staff due to the lack of revenue. Anywhere City Council has decided to use their Local Fiscal Recovery Funds to address these impacts due to COVID-19.

First Step: Identify the project(s) associated with this plan

Project #1 – Bring back the parks and recreation staff that were laid off

Project #2 – Lost Revenue

Second Step: Associate the identified projects to an Expenditure Category

Project #1 – Negative Economic Impacts – Rehiring Public Sector Staff (EC 2.14)

Project #2 – Revenue Replacement – Provision of Government Services (EC 6.1)

Third Step: Identify additional programmatic reporting associated with the Expenditure Category

Project #1 – Rehiring Public Sector Staff (EC 2.14)

Number of FTEs rehired by governments under this authority

Project #2 – Revenue Replacement (EC 6.1)

General revenue collected over the past 12 months as of the most recent calculation date

- Calculated revenue loss due to the Covid-19 public health emergency; and
- An explanation of how the revenue replacement funds were allocated to government services (note: additional instructions and/or template to be provided in user guide).

Helpful Tips

- 1) Establish defined projects for the use of funds**
- 2) Associate each project to a single expenditure category then determine additional reporting requirements and performance metrics.**
- 3) Start planning an approach to track activity to meet the reporting requirements**
 - How will you track expenditures by category?
 - What report will provide purchase order information on expenditures over \$50K (e.g., supplier information, obligation amount, current quarter obligations, related expenditures and dates, etc.)?
 - Do you have a way to run a report for contracts which provides necessary reporting details (e.g., contract number, contract type, contract amount, period of performance, contract date, primary place of performance address, etc.)?
 - How will program information and/or performance metrics be tracked?

Ohio

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Resources

Code of Federal Regulations (Uniform Guidance)

https://ecfr.io/Title-02/cfr200_main

Coronavirus Relief Fund Information and Guidance

<https://home.treasury.gov/policy-issues/cares/state-and-local-governments>

CARES Act Reporting and Record-keeping Information (US Treasury OIG)

<https://oig.treasury.gov/cares-act-reporting-and-record-keeping-information>

Coronavirus State and Local Fiscal Recovery Funds

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

System for Award Management

<https://sam.gov/SAM/>

Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS)

<https://www.fsr.gov/>

USASpending.gov

<https://www.usaspending.gov/#/>

Pandemic Response Accountability Committee

<https://pandemic.oversight.gov/>





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Looking for previous webinars?

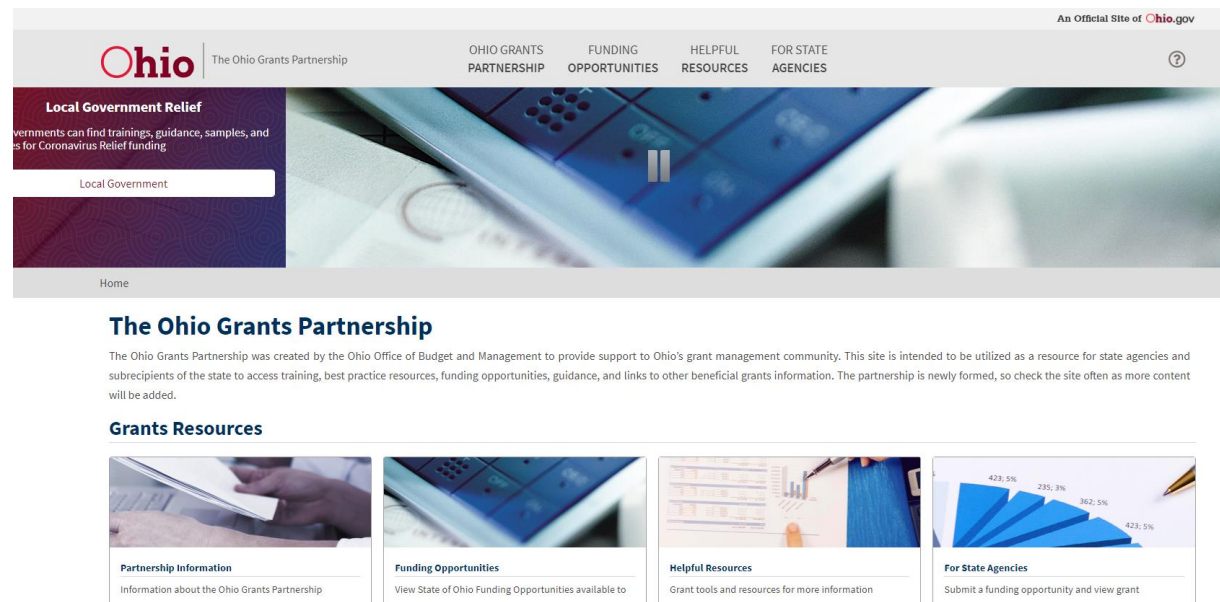
<https://grants.ohio.gov/>

Navigation:

Helpful Resources > Grant Training

Funding Opportunities > American Rescue Plan Act Local Fiscal Recovery Fund

Sign up for the Ohio Connects Newsletter to get notifications on upcoming webinars



Contact Information

For general information and support with NEU registration,
contact the Ohio Grants Partnership at
grants@obm.ohio.gov

For authoritative guidance, contact the U.S. Treasury at
SLFRP@treasury.gov

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Questions?
