

Kentucky Association of Counties

# American Rescue Plan Act

Updated June 16, 2021

# KACo resources for county officials



## ARP County Resource Page

# ARP overview and county allocations

- **Amount of allocation:** Kentucky counties direct allocation: \$867.8 million
- **Administration:** Direct distribution from U.S. Treasury
- **Timeline:** Distributed in two parts: half now, half one year after receiving first tranche.
- **Population-based:** County allocation based on 2019 population estimates – available on [www.kaco.org](http://www.kaco.org)
- **Cities:** Cities also receiving direct allocation, but allocation model is different from counties for entitlement communities.
- **State:** The state receiving separate direct allocation: about \$2.1 billion

# American Rescue Plan Overview

- **U.S. Treasury guidance is still being finalized**
- **May 10** – Treasury issued an Interim Final Rule, FAQs and a fact sheet for the Coronavirus State and Local Fiscal Recovery Fund, established under the American Rescue Plan Act (ARP)
- **June 8** – Treasury released an updated FAQ document
- **July 16** – Deadline to submit comments on Treasury's Interim Final Rule

# American Rescue Plan Caveats

- **Caution** and **patience** is encouraged
- Counties have until **Dec. 31, 2024** to obligate funds and all funds must be expended and all work performed and completed by **Dec. 31, 2026**
- Additional guidance is likely

# How to certify for recovery funds

## U.S. Treasury has opened the portal for counties to request Recovery Funds

- To receive funds, a county must request funds through this portal



The screenshot displays the U.S. Department of the Treasury website. The header includes the Treasury logo and the text 'U.S. DEPARTMENT OF THE TREASURY'. Below the header is a navigation bar with links for 'ABOUT TREASURY', 'POLICY ISSUES', 'DATA', 'SERVICES', and 'NEWS', along with a search icon. A breadcrumb trail reads: 'HOME > POLICY ISSUES > COVID19 ECONOMIC RELIEF > ASSISTANCE FOR STATE, LOCAL, AND TRIBAL GOVERNMENTS > STATE AND LOCAL FISCAL RECOVERY FUND'.

The main content area features a 'POLICY ISSUES' sidebar on the left with categories: 'COVID19 Economic Relief' (sub-categories: Assistance for American Families and Workers, Assistance for Small Businesses), 'Assistance for State, Local, and Tribal Governments' (sub-category: State and Local Fiscal Recovery Fund), and 'Request Funding' (sub-categories: Tribal Governments, Non-Entitlement Units).

The central section is titled 'Coronavirus State and Local Fiscal Recovery Funds'. It contains the text: 'The American Rescue Plan will deliver \$350 billion for eligible state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs.' Below this, it states: 'The Coronavirus State and Local Fiscal Recovery Funds provide a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.'

On the right side, there are two prominent blue buttons: 'REQUEST FISCAL RECOVERY FUNDS' and 'RECEIVE COVID-19 RELIEF UPDATES'. A blue arrow points to the 'REQUEST FISCAL RECOVERY FUNDS' button. Below these buttons is a list of links: 'Interim Final Rule', 'Fact Sheet', 'FAQs', 'Quick Reference Guide', 'Press Release', 'Tribal Government Information', and 'Non-Entitlement Unit Information'.

# How to certify for recovery funds

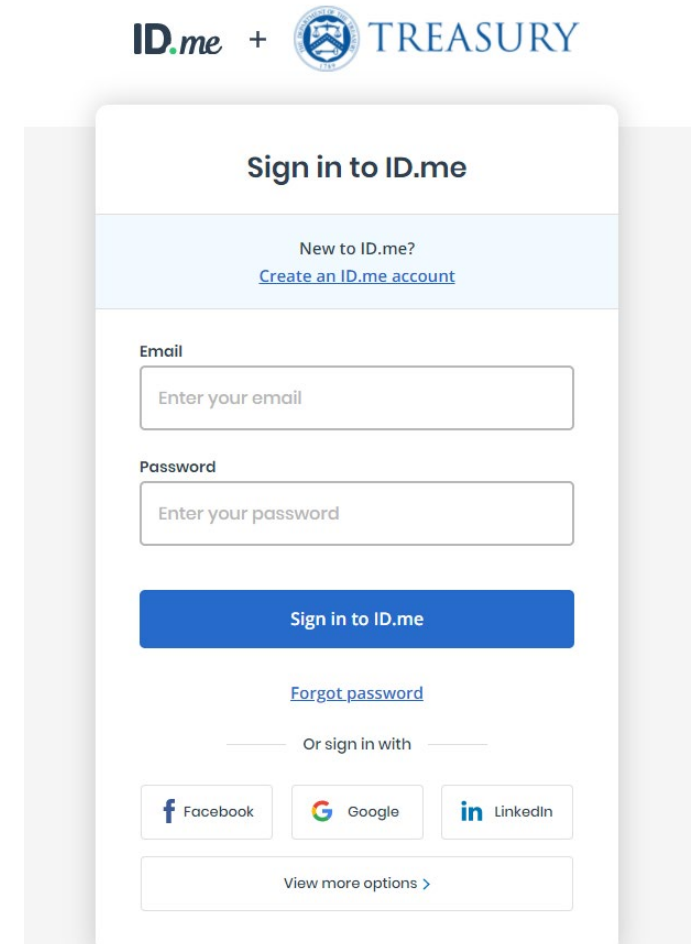
## U.S. Treasury is using the ID.me platform for counties to request Recovery Funds

- Secure digital identity verification

## You must complete ALL steps in the ID.me portal to receive your Recovery Fund allocation

## You are required to provide the following information to receive Recovery Funds:

- Social Security Number
- Driver's license/passport number
- Facial recognition



The screenshot shows the ID.me sign-in page for U.S. Treasury. At the top, it displays the ID.me logo and the U.S. Treasury logo. The main heading is "Sign in to ID.me". Below this, there is a link for "New to ID.me? Create an ID.me account". The form includes fields for "Email" (with the placeholder "Enter your email") and "Password" (with the placeholder "Enter your password"). A blue "Sign in to ID.me" button is positioned below the password field. Underneath the button is a "Forgot password" link. Below that, there is a section for "Or sign in with" featuring icons for Facebook, Google, and LinkedIn. At the bottom of the form, there is a "View more options >" link.

# How to certify for recovery funds

## Certification portal concerns

What does it mean if a county does not see their entity on ID.me in the dropdown?

- During the original launch of Treasury's portal, an administrative error caused some eligible entities to be excluded in the drop-down selection list
- Treasury has resolved the issue – all counties should now be listed
- Counties that completed their submission under the “other” entity **do not** need to resubmit
- If you cannot complete the registration, email [SLFRP@treasury.gov](mailto:SLFRP@treasury.gov) for assistance.



# Permitted uses of funds

ILLUSTRATION ONLY OF SAMPLE ALLOWABLE USES OF RECOVERY FUNDS, PER U.S. TREASURY GUIDANCE



## Support Public Health Response

Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare and certain public health and safety staff



## Replace Revenue Loss

Use funds to provide government services to the extent of the reduction in revenue experienced due to the pandemic



## Premium Pay for Workers

Offer additional support to essential workers who have and will bear the greatest health risks because of their service in critical infrastructure sectors



## Address Negative Economic Impacts

Respond to economic harms to workers, families, small business, impacted industries and the public sector



## Water and Sewer Infrastructure

Make necessary investments to improve access to clean drinking water and invest in wastewater and storm water infrastructure



## Broadband Infrastructure

Make necessary investments to provide unserved or underserved locations with new or expanded broadband access

# Permitted use: support public health response



Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare and certain public health and safety staff

## Public health and safety payroll – caution: different than CARES

- Funds may be used for payroll/benefits for public, safety, public health, health care, human services and similar employees **only 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.**
- **Rehiring staff:** Treasury guidance permits the rehiring of public sector staff, including county employees, up to the pre-pandemic staffing level (based on employment as of Jan. 27, 2020). Counties may use Recovery Funds toward payroll, covered benefits, and other costs associated with rehiring public sector staff.

# Permitted use: address negative economic impacts



Respond to economic harms to workers, families, small business, impacted industries and the public sector

## Workers and families

- Assistance to unemployed workers and **job training**
- Food, housing, cash and other assistance to households (proportionate)
- Survivor's benefits for family members of COVID-19 victims

## Small business

- Loans and grants to mitigate financial hardship
- Loans, grants and in-kind assistance to implement
- COVID-19 prevention or mitigation tactics
- Technical assistance

# Permitted use: replace lost revenue



Use funds to provide government services to the extent of the reduction in revenue experienced due to the pandemic

- May be used to provide government services to the extent of reduction in revenue experienced due to COVID-19
- Much less restrictive than other uses of ARP money
- Can be spent on eligible expenses incurred since **March 3, 2021**
- Must be calculated on an entity-wide basis
- Can be recalculated at four points in time: Dec. 31, 2020; Dec. 31, 2021; Dec. 31, 2022; and Dec. 31, 2023
- See NACo's calculation tool for more information

# Permitted use: premium pay for workers



Offer additional support to essential workers who have and will bear the greatest health risks due to their service in critical infrastructure sectors

- May be used to provide premium pay (up to an additional **\$13/per hour**) to eligible workers performing essential work
- Up to total of **\$25,000 per employee**
- Treasury urges prioritizing low- and moderate-income persons
- May provide premium pay retroactively, dating to the start of the public health emergency on January 27, 2020

# Permitted use: premium pay for workers



Offer additional support to essential workers who have and will bear the greatest health risks due to their service in critical infrastructure sectors

- **Essential employee:** any work performed by an employee of a county
- **Essential work:** work involving regular in-person interactions or regular physical handling of items that were also handled by others
  - Telework performed from home NOT eligible for premium pay

# Permitted use: water and sewer infrastructure



## Make necessary investments to improve access to clean drinking water and invest in wastewater and storm water infrastructure

The Interim Final Rule outlines eligible uses, allowing for a broad range of necessary investments. Eligible uses aligned to Environmental Protection Agency (EPA) project categories in the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF).

### **Clean Water State Revolving Fund (CWSRF) – types of eligible projects:**

- Construct, improve and repair wastewater treatment plants
- Control non-point sources of pollution
- Improve resilience of infrastructure to severe weather events
- Create green infrastructure
- Protect waterbodies from pollution

# Permitted use: water and sewer infrastructure



**Make necessary investments to improve access to clean drinking water and invest in wastewater and storm water infrastructure**

## **Drinking Water State Revolving Fund (DWSRF)**

- Assist communities in making water infrastructure capital improvements, including the installation and replacement of failing treatment and distribution systems
- Ensure compliance with applicable health and environmental safety requirements
- Address the most serious risks to human health
- Assist systems most in need on a per household basis

## **Other eligible uses**

- Stormwater runoff
- Water pollution
- Flood control
- Green infrastructure that support stormwater resiliency, including rain gardens and green streets



# Permitted use: broadband infrastructure



Make necessary investments to provide unserved or underserved locations with new or expanded broadband access

- **Unserved and underserved households:** Funds may be used to make necessary investments in broadband infrastructure aimed at “unserved or underserved” communities. Treasury defines unserved and underserved at speeds below 25 Mbps download and 3 Mbps upload
- **Eligible projects are expected to meet or exceed symmetrical upload and download speeds of 100 Mbps.** However, in instances where required speeds cannot be achieved (due of the geography, topography, or excessive costs), the affected project would be expected to meet or exceed 100 Mbps download with a minimum of 20 Mbps upload with scalability to a symmetrical minimum of 100 Mbps

# Frequently Asked Questions

## Administrative costs and third-party consultants

**Q. Can funds be put towards hiring an administrator and/or third-party consultant to handle/manage the funds for the county?**

- Yes - funds can be used towards payroll expenses and other costs associated with hiring an administrator and/or third-party consultant to handle/manage the funds.

## Interest-bearing accounts

**Q. Can funds be placed in an interest-bearing account?**

- Yes - funds can be put into an interest-bearing account. Interest is not restricted to the eligible uses of the Recovery Funds and does not have to be remitted back to Treasury.

## Procurement requirements

**Q. When spending these funds, do I have to follow county procurement requirements?**

- Yes – you must follow all adopted county procurement requirements when spending these funds.

# Frequently Asked Questions

## Debt service

### Q. Can funds be used to pay for pre-existing debt?

- No - paying interest or principal on any outstanding debt instrument or paying fees or issuance costs associated with the issuance of new debt is not allowed.

## Deadline to apply

### Q. Is there a deadline to apply for Recovery Funds?

- No – there is no deadline for counties to certify for Recovery Funds.

## Roads and bridges

### Q. Can I use these funds to pay for transportation infrastructure.

- Generally, no. General infrastructure spending outside of water, sewer and broadband investments is not permitted. Exception: funds calculated from lost revenues may be used for more general government purposes, including roads and bridges.

# Reporting requirements

- **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. 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 with 250,000+ population ONLY 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. **Recovery plan is due by August 31, 2021.**

# Key dates

<b>January 27, 2020:</b>	Declaration of the public health crisis
<b>March 3, 2021:</b>	Beginning of the Recovery Fund “covered period”
<b>July 16, 2021:</b>	Deadline to comment on U.S. Treasury’s <i>Interim Final Rule</i> on Recovery Fund
<b>August 31, 2021:</b>	Deadline to submit first Interim Report to U.S. Treasury ( <i>applies to all counties</i> )
<b>August 31, 2021:</b>	Deadline to submit first <i>Recovery Plan Performance Report</i> to U.S. Treasury ( <i>applies to counties with 250,000+ population only</i> )
<b>October 31, 2021:</b>	Deadline to submit first <i>Quarterly Project and Expenditure Report</i> ( <i>applies to all counties</i> )
<b>December 31, 2024:</b>	Recovery Funds must be obligated (NOT incurred)
<b>December 31, 2026:</b>	Recovery Funds must be spent and all work/performance must be completed

# Contact us with questions



[www.kaco.org](http://www.kaco.org)

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