

AMERICAN RESCUE PLAN'S CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND: NACo MEMBERSHIP QUESTIONS

What questions do your members have about the permissible uses of the funds?

Economic impacts including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel and hospitality.

- Can funds be used for economic development activity, such as small business assistance programs and attraction/retention activities?
- Can you clarify what "assistance" to households, small businesses and nonprofits can entail?
- Would affordable housing projects qualify as a permissible use of funds?
- Can we use funds for implementing any locally run programs replicating those included in various stimulus packages (I.e. housing counseling services since funding for that program will not be distributed to local governments)?

Provide government services to the extent of the reduction in revenue

- How will revenue loss and reduction be measured? Will it be based on total revenues in the county or based on individual revenue streams?
- Does "reduced revenues due to Covid-19" also mean reduced interest earnings?
- Can counties use funds to buy down the levy?
- Can the funds counties receive be used to pay down bonds?
- Can we use the funds on lost revenue and COVID-19 expenses from places such as the County Conference Center, campgrounds, county courthouse, county jail and sheriff department?
- If a county received less funding in either of the tax revenue sources for highway funding (maintenance and operation) can the American Rescue funding be use of offset the fiscal decline of funding (Under paragraph "C" in the bill)?
- Can we use these funds to waive taxes or fees owed by a citizen or business – for example waiving our 2021 restaurants licensing fee?
- Is it just direct pension payments that are prohibited, or are indirect regular pension payments using actuarially determined rates (that are the same across the whole government) related directly to wages being charged to ARP funding?

Broadband and other infrastructure investments

- What are examples of covered investments in water, sewer or broadband infrastructure?
- Would we be able to use the American Rescue Plan funds as co-funding to support other projects that improve our sewer/water infrastructure?
- Can this money be used to update a county's data and online infrastructure where they host the county's website along with all county data?

Transferring funds to other entities

- Can we transfer funds from one county to another? For example, if one county suffered tremendous revenue losses, which the aid does not begin to replace, and a neighbor is whole and looking to be helpful.
- If funds are transferred to other entities (as allowed by the Act, Sec. 603 (c)(3)), do those entities need to follow the same guidelines for expending the money as the county would?
- The state has a fund for counties to "lease purchase" road machinery equipment. Could a county transfer funding to a state fund managed by our DOT to pay off their leases?
- Are funds transferable from cities-towns-villages to the county for a joint project?

Essential workers, benefits and premium pay

- There is a mention of premium pay to essential workers. Can one county develop levels of essential workers?
- Can we provide a One-Time Covid Hazard pay bonus to eligible individuals (staying within the not to exceed amounts) instead?

Are there specific examples of desired spending that your members have raised?

Bridges, buildings, roads

- Can the funds be used for county road and bridge infrastructure?
- Can the funding be used to purchase road or construction equipment?
- Can funds be used to build, repair or improve buildings?
- Can we use the funds for unexpected expenses for capital projects because of delays in construction directly related to COVID (increase in days, generator rentals, etc.)?

Debt servicing and financial management

- Can some of the money be used to pay off outstanding debt/bonds from a large capital project done prior to Covid?
- Can we use funds to pay down our retirement system's unfunded liabilities?
- Can the funds be used to create a revolving loan fund for affected businesses?

Education costs

- Can we use funds for the re-education of displaced workers?

Emergency services

- Can fund be used for emergency communications system upgrades?
- Can funds be used for vehicles for public safety such as ambulances?
- Can funds be used for small capital projects, particularly for emergency management, including generator switches, replenishment of PPE, vehicles and for a position to develop and track a county Emergency Operations Plan?
- May funds be used to enhance, remodel, expand, construct emergency operations space for vaccine or testing clinics?

Medical & health expenses

- Can the funds be used to reimburse for COVID-19 sick leave not covered in FFCRA in 2020?
- Could the money be used for mental health programs?
- Can we use the funds to pay for EMS and Ambulance Service upgrades, such as a new ambulance and health safety upgrades to our facilities?
- Can we use funds to improve the medical area in our county jail?
- Would improving radio/communications systems for first responders qualify under "(A) to respond to the public health emergency with respect to the Coronavirus Disease 2019"?

Parks, recreation, tourism

- Can the money be passed along to an entity whose primary function is to promote tourism?
- Does "aid to impacted industries" include investing in public infrastructure that has historically created benefits for businesses in industries like tourism? (i.e., expanding or creating regional parks to promote tourism in parts of a county).
- Can funds be spent on Community Improvements for Economic Development projects - specifically outdoor, socially distanced activities?

Payroll and benefits

- Will we receive reimbursement for salaries of first responders similar to what was allowed under the CARES Act?
- Will funds cover payroll for new county employees to handle increased need for service?
- Despite current state laws, can counties pay essential workers hazardous pay?
- Can funds be utilized to pay salaries or raises of public safety personnel or county employees?

State funding

- Will these funds be able to be used to offset reduced State Aid if our State has held back 20% of our usual State Funding for mandated programs, and does not release it?
- Are state aid cut impacts, and dealing with them, a permissible use of funds?

What questions do your members have about the restrictions on the use of funds?

- Does the ARP legislation say anything with regards to state authority over the funds given to counties? Treasury Guidance should clarify that the states cannot reduce state funds to local governments.

What concerns do your members have based on their experience deploying funding from the Coronavirus Relief Fund established by the CARES Act?

- Please avoid what happened with the CARES Act in which guidance evolved and changed constantly. Please keep it simple with the understanding that almost anything is ultimately fungible.
- Can we use any of these funds to hire an administrator to keep up with the funds and provide the required reports to the treasury department?

What concerns or questions do your members have about the timing of distributions?

- Since the funding is distributed in two tranches, does that mean the county will do one plan in 2021 and then another plan in 2022 for the second tranche?
- Would there be a process in which entities could send a plan for use of funding and anticipated costs to receive pre-approval prior to expending the funds? This would allow for proper authorization.
- Can we spend the second tranche of funds before they are paid to us or is that disallowed? If so, would interest on debt issued in advance of the second tranche funding be an allowable expense?
- How long will it take to receive the funds, and what information will the county need to supply the Treasury in order to receive funds?

Do you have suggestions as to how you would like to receive information about the funds?

- **Create a centralized office for Recovery Fund best practices and stakeholder engagement:** To ensure robust intergovernmental consultation and collaboration among federal, state and local partners, counties urge the U.S. Treasury to standup a centralized office that will be responsible for communicating with entities receiving Recovery Funds. This office would work with state and local government representatives to quickly answer questions regarding Recovery Fund implementation and collect information on investment best practices from recipients.
- **Consistent and timely updates on Recovery Fund guidance:** We recommend that, whenever Recover Fund guidance or other important information is released, the U.S. Treasury host national calls with recipients. While email communication is appreciated, it does not allow for widespread distribution of information or the opportunity to ask questions. Ongoing national calls or “listening sessions” would benefit both parties as new guidance is developed and released.

What information do your members need in order to spend the resources most effectively?

NACo posed this question directly to our members using a multiple-choice format, and we received the below responses from over 200 counties:

Information about timing of distributions	89
Allowable use of funds	221
Best practices for spending funds	150
Reporting requirements	191
Limitations on use of funds	202
Other aspects of the overall American Rescue Plan	47

What can U.S. Treasury do to be most helpful to recipients throughout implementation?

Clarification of terms

- In paragraph Section 603(c)(1)(B), is the term "essential work" defined? It would be helpful to understand the guard rails and limitations intended for Section 603(c)(1)(D) as well.
- Can Treasury better define "economic recovery" in terms of allowable use of funds?
- Are funds to be primarily used to supplement existing funding, or can it be used to supplant funding as well?
- Clarification on funds for health departments as being separate from county funding. Will counties be responsible for funding health departments or will other funding cover that mostly?
- Will there be restrictions on "brick and mortar" type projects?
- Can you give some examples of what are "special purpose unit of local government"?
- What is the intent of the term of "necessary investments"?
- What is the definition of "premium pay" in Section 603(c)(1)(B)?
- How will the "provision of government services" be defined? Will this include capital projects that were halted due to a lack of revenue because of the pandemic?
- Can we have clarification on what is and is not an acceptable capital investment project?

What other aspects of the program or statute will your members most need additional clarity around?

- May the funds be used for monitoring, audit and administration of the funds?
- How can we use the funds for vaccine distribution and public transit?
- When will reporting requirements become available from Treasury regarding these funds?
- Can these funds retroactively be applied to fund requests that were denied under FFCRA?
- Specific accounting requirements for tracking the funding would be helpful
- What other opportunities are in the bill, outside of the direct financial deposit to each county, that we may be able to take advantage of to the benefit of our county?
- Is there going to be a "hotline" or submission form for us to contact the Treasury Department on a case-by-case basis before any of the funds are spent?