

New State & Local Fiscal Recovery Funds FAQs (NACo June 8, 2021)

This morning, US Treasury posted 10 additional FAQs on the Coronavirus State and Local Fiscal Recovery Funds. The full FAQ document, which includes FAQs from their original May 10 publication date, the previous May 27 update, and today's update, can be found here: <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>

US Treasury intends to update the FAQs periodically to help clarify questions about the Interim Final Rule. We anticipate another update soon, which is likely to include additional questions recently posed by NACo members. Treasury is trying to respond as quickly as possible to the concerns or questions from NACo and county officials – so note that these new updates only capture some of our questions to date.

Since the Interim Final Rule is still in the 60-day public comment period, there may be some points raised by stakeholders that cannot be addressed via FAQs and will need to be considered as part of the process for revising the rule. We strongly encourage state associations and county leaders to [submit comments for the record](#) to ensure that these perspectives are reflected in the public comments when it comes time to finalize the rule.

Today's FAQ update includes additional clarification on points, including:

- Reporting requirements for the revenue loss/provision of government services eligible use category
- Eligibility of public jobs programs
- Addressing economic harms experienced by households, businesses, and individuals prior to March 3, 2021
- Determining the eligibility of water and sewer projects
- Covering costs of consultants to assist with managing and ministering the funds

In addition, yesterday Treasury posted an [FAQ supplement](#) regarding distribution of funds to non-entitlement units of local government (NEUs). This FAQ supplement includes several questions answered as part of previous FAQ updates, as well as answers to 12 additional high-priority questions that Treasury received from stakeholders. Please note that NEUs would only be certain consolidated, smaller city-county entities and other non-county entities such as cities, towns, townships and villages below 50,000 population.

Today's FAQ update includes additional clarification on points that have been raised by a number of stakeholders, including:

- Reporting requirements for the revenue loss/provision of government services eligible use category
- Eligibility of public jobs programs
- Addressing economic harms experienced by households, businesses, and individuals prior to March 3, 2021
- Determining the eligibility of water and sewer projects
- Covering costs of consultants to assist with managing and ministering the funds

In addition, yesterday Treasury posted an [FAQ supplement](#) regarding distribution of funds to non-entitlement units of local government (NEUs). This FAQ supplement includes several questions answered as part of previous FAQ updates, as well as answers to 12 additional high-priority questions that we received from stakeholders over the course of our engagement since the release of the NEU guidance on May 24.

The new questions added to the CSFRF/CLFRF FAQ today as well as all the questions in the NEU FAQ supplement are listed below. Both documents are attached.

CSFRF/CLFRF FAQs Added June 8

- May recipients use funds to establish a public jobs program?
- In calculating revenue loss, are recipients required to use audited financials?
- In calculating revenue loss, should recipients use their own data, or Census data?
- Should recipients calculate revenue loss on a cash basis or an accrual basis?
- Do restrictions on using Coronavirus State and Local Fiscal Recovery Funds to cover costs incurred beginning on March 3, 2021 apply to costs incurred by the recipient (e.g., a State, local, territorial, or Tribal government) or to costs incurred by households, businesses, and individuals benefiting from assistance provided using Coronavirus State and Local Fiscal Recovery Funds?
- How do I know if a water, sewer, or broadband project is an eligible use of funds? Do I need pre-approval?
- May recipients use Fiscal Recovery Funds to fund Other Post-Employment Benefits (OPEB)?
- Once a recipient has identified a reduction in revenue, how will Treasury track use of funds for the provision of government services?
- What is the Assistance Listing and Catalog of Federal Domestic Assistance (CFDA) number for the program?
- May recipients use funds to cover the costs of consultants to assist with managing and administering the funds?

NEU Supplemental FAQs

- Can states impose requirements or conditions on the transfer of funds to NEUs?
- Can states transfer additional funds to local governments beyond amount allocated to NEUs?
- May states use funds to pay for the administrative costs of allocating and distributing money to the NEUs?
- What steps do states and territories need to undertake to receive their NEU payments?
- What are the specific deadlines for state governments in distributing funds?
- How long does a state have to wait until an NEU can be treated as “non-responsive” and the state can issue a subsequent distribution based on unclaimed funding?
- How should a state treat a local government on the list posted on the Treasury website that is no longer in operation and has been dissolved?
- How should territories allocate and distribute payments to their NEUs?
- Can states pay entities that are not included in the list of local governments provided by Treasury?
- Is a Second Tranche payment guaranteed for NEUs, provided that they comply with the terms and conditions of the funding?
- How should states check to see whether an NEU is excluded or disqualified as outlined in the guidance?
- Are states required to collect key information from the NEU as outlined in the guidance (e.g., banking information or top-line budget totals) or may states rely on existing information in their systems?
- Do states have to collect actual budget documents to calculate the “75 percent budget cap,” or can they rely on a budget total?
- Do states have to monitor NEUs for compliance with use of funds?
- Is there a requirement to distribute funds to NEUs electronically, or can funds be distributed via check?