Over 1000 people registered for this event.

Our speakers today include OBM Director Kim Murnieks and OBM Senior Financial Manager Stacie Massey.

We are recording today’s event. To access the recording, use the same link you used to access the event.

- To ask questions, use the “Ask a question” option on the right side of your screen.
- Time limitations may prevent all submitted questions from being answered, but we will answer as many as possible.
- Submit additional questions to grants@obm.ohio.gov.
- Technical issues? Try leaving the event then returning to it. That solves most technical issues.
- Thank you for attending. Be sure to visit grants.ohio.gov and sign up for our newsletter.
American Rescue Plan (ARP)
State and Local Fiscal Recovery Fund

Stacie Massey, MBA
Senior Financial Manager
State and Local Fiscal Recovery Fund
State and Local Fiscal Recovery Fund - $350 billion

Allocations (except non-entitlement units), interim final rule, fact sheet, FAQs, and quick reference guide are now published on the U.S. Treasury website:


Allocations for:

• Counties (Direct from U.S. Treasury)
• Metropolitan cities (Direct from U.S. Treasury)
  • Municipalities with populations of at least 50,000, using a modified Community Development Block Grant formula
• Non-entitlement units of local government (Passed through the State)
  • Municipalities with populations of less than 50,000 based on each jurisdiction's percentage of the state's population
• State
AMERICAN RESCUE PLAN ACT FUNDING ESTIMATES
STATE AND LOCAL FISCAL RECOVERY FUND ($ IN MILLIONS)

State, $5,368
Metro Cities, $2,175
Counties, $2,270
Small Cities/Villages Through State, $844

At this time, it is unclear if Ohio Townships will receive funding due to language changes made to the final version of the bill by the U.S. Senate.
How is funding distributed?

Eligible non-entitlement units of local government will receive funding from the State and should not submit information to the Treasury Submission Portal. Additional guidance from U.S. Treasury on this process is anticipated. OBM will coordinate this distribution.

The Treasury Submission Portal will redirect you to ID.me. This identity process is required in order to access the portal and will require a significant amount of documentation for proof of identity (at a minimum: driver's license, social security number, birth date, facial scan, and selfie). The process requires a smart phone to complete.
Treasury Submission Portal information needed:

✓ Valid DUNS Number registered with SAM
  - For a DUNS, visit https://fedgov.dnb.com/webform/ or call 1-866-705-5711 to begin the registration process.
  - SAM registrations must be renewed annually – make sure your registration is current.
  - Visit SAM.gov to begin the entity registration or renewal process.

Need help?
  - https://grants.ohio.gov/helpfulresources.aspx#helpful-resources-DUNS-SAM-registration

✓ Entity Identification Number (EIN)
✓ Entity Name (make sure it matches your SAM registration)
✓ Contact Information (authorized representative and additional contact)
✓ Financial institution information (routing and account number, financial institution name and contact information)
Don’t pay to renew or register with SAM!

Prevented spam messages

Sender: admin@theprocessingsamrenewal.com
Subject: EXECUTIVE OFFICE STATE OF OHIO is due for renewal of CAGE and Registration
Date: 4/15/2021 4:31:04 PM

Sender: admin@renewed-forsupporting.us
Subject: Final notice- SAM renewal due- Executive Office State Of Ohio
Date: 4/15/2021 8:05:23 PM
We are still awaiting final guidance and allocations from the U.S. Treasury on the non-entitlement distribution.

Non-entitlement local governments will get their distribution in two payments. The second payment will be 12 months after the first. Total amounts distributed to a non-entitlement unit of local government (sum of both payments) may not exceed the amount equal to 75% of the most recent budget as of January 27, 2020.

_most recent budget_is defined as the most recent annual total operating budget, including general fund and other funds, as of January 27, 2020.

OBM will develop a process to ensure the allocation is within the requirements of the U.S. Treasury and the legislation. It is anticipated that an application process providing a budget document will be required at a minimum.
Interim Final Rule & FAQ
U.S. Treasury published an Interim Final Rule (31 CFR 35) and FAQ

- 151 pages of rule and an accompanying FAQ (18 pages to date)

Interim Final Rule is open for comments at www.regulations.gov

This is not the same as the Coronavirus Relief Funds – 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 thoughtful planning and assessment on use of funds
  - Example - does a program or service respond to negative economic impacts:
    - Assess connection between the negative economic harm and the public health emergency
    - Nature and extent of that harm
    - How use of the funds would address such harm
- Longer time period for use of funds recognizing an obligation date and longer period of performance
FAQ #6. If a use of funds was allowable under the Coronavirus Relief Fund (CRF) to respond to the public health emergency, may recipients presume it is also allowable with CSFRF/CLRFR?

Generally, funding uses eligible under CRF as a response to the direct public health impacts of COVID-19 will continue to be eligible under CSFRF/CLFRF, with the following two exceptions: (1) the standard for eligibility of public health and safety payrolls has been updated; and (2) expenses related to the issuance of tax-anticipation notes are not an eligible funding use.
Payroll and covered benefits for public safety, public health, health care, human services, and similar employees to the extent that their services are devoted to mitigating or responding to the COVID-19 public health emergency.

Administrative Convenience offered for public health and public safety if the employee, or his or her operating unit or division, is primarily dedicated to responding to the COVID-19 public health emergency.

Periodically reassess employee, division, or operating unit is engaged in activities that respond to the COVID-19 public health emergency and maintain records to support the assessment (payroll records, attestations from supervisors or staff, or regular work product or correspondence demonstrating work on COVID-19 response). Routinely tracking staff hours is not required.
Reporting Requirements
Reporting has expanded from the CRF requirements and will include an interim report, quarterly project and expenditure reports, and annual recovery plan performance reports.

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

Helpful Tip #1 – establish defined projects for the use of funds

Helpful Tip #2 – start planning an approach to track activity to meet some of the reporting requirements

✓ How will you track expenditures by category?
✓ What report will provide purchase order information on expenditures over $50K (i.e., 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 (i.e., contract number, contract type, contract amount, period of performance, contract date, primary place of performance address, etc.)?
<table>
<thead>
<tr>
<th>Report Type</th>
<th>Applies To</th>
<th>Reporting Period</th>
<th>Initial Report Due</th>
<th>Subsequent Reports</th>
<th>Included in Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim Report</td>
<td>State, Metros, Counties</td>
<td>Date of award-July 31, 2021</td>
<td>August 31, 2021</td>
<td>N/A</td>
<td>Summary level expenditures by category</td>
</tr>
<tr>
<td>Quarterly Project and Expenditure Report</td>
<td>State, Metros, Counties</td>
<td>Calendar Quarter</td>
<td>October 31, 2021</td>
<td>30 days after end of each quarter through project period</td>
<td>Financial data, information on contracts and subawards over $50k, types of projects funded, other information on utilization of funds</td>
</tr>
<tr>
<td>Annual Project and Expenditure Report</td>
<td>NEUs</td>
<td>Annually</td>
<td>October 31, 2021</td>
<td>October 31 each year through project period</td>
<td>Financial data, information on contracts and subawards over $50k, types of projects funded, other information on utilization of funds</td>
</tr>
<tr>
<td>Recovery Plan Performance Report</td>
<td>State, Metros, Counties &gt;250K residents</td>
<td>Annually</td>
<td>August 31, 2021</td>
<td>30 days after each 12-month period</td>
<td>Funded projects, plans for project outcomes to be achieved, key performance indicators, programmatic data. Also must publish on a public facing site.</td>
</tr>
</tbody>
</table>
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.

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 ARP funding)
- The period of performance will run until December 31, 2026.
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

- 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
Determination of Whether a Program or Service is Ineligible 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 is allowable, but it does impose additional 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 – General Revenue Definition

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.
Government Services/Revenue Loss – Calculation

Four step process (see page 58 of 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:

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

- \( n \) = the number of months elapsed since the end of the base year to the calculation date
- \( \text{growth adjustment} = \) 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

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. This recognizes some recipients may experience lagged effects of the pandemic on revenues.

Calculated revenue loss must be used towards government services. Government services can include, but are not limited to, maintenance or pay-go funded building of infrastructure including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.

Revenue loss amounts claimed with funds must be applied to 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 government services expenditures.
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
Allowable Uses of Funds

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.
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 - revenue reduction funds 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 (fire, water, sewer, etc.).

A transfer is still considered a subrecipient relationship – you are still 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. For example: County A cannot transfer funds to County B; however, County A can transfer funds to Village A in within its borders.

A recipient can transfer funds to the State by providing notice to the U.S. Treasury. The State does not become the subrecipient of the local government.
Additional Clarification Needed
• The Interim Final Rule and FAQ states, “most of the provisions of the Uniform Guidance apply to this program” and defers to the Assistance Listing for the official record. At this time, the Assistance Listing has not been updated for the new program.

• The CFDA will remain 21.019 and Uniform Guidance Cost Principles and Single Audit requirements apply.

• It is unknown yet if additional Uniform Guidance sections will apply such as:
  • Federal procurement rules
  • Policies and/or procedures required in Uniform Guidance in the areas of financial management, cash management, allowable costs, procurement, compensation, and travel

• There are multiple mentions in the guidance regarding prevailing wage, but they do not specifically mention a need to follow Davis-Bacon for infrastructure projects.
Closing Remarks

Director Kim Murnieks
Questions?
The Office of Budget and Management (OBM) will be continuing our series of webinars for local governments regarding updates about the American Rescue Plan Act of 2021.

Please join us on June 24, 2021 at 1:30 p.m.