

Local Fiscal Recovery Fund Allocations

June 9, 2021



Objectives

- American Rescue Plan Act Allocations
- Treasury Interim Rule
- Distribution Process
- Using the Web Portal
- Reporting Requirements
- Questions and Answers

American Rescue Plan Act

The American Rescue Plan Act (ARPA) provides \$350 billion for eligible state, local, territorial, and Tribal governments to mitigate the fiscal effects of the COVID-19 emergency.

Type	Amount (\$ billions)
States & District of Columbia	\$195
Counties	\$65
Metropolitan Cities	\$46
Tribal Governments	\$20
Territories	\$5
Non-entitlement Units of Local Government	\$20
Total	\$350

American Rescue Plan Act

- ARPA established the Coronavirus State Fiscal Recovery Fund for state allocations.
- ARPA also established the Coronavirus Local Fiscal Recovery Fund (CLFRF) for local government allocations.
- The Coronavirus State and Local Fiscal Recovery Funds provide flexibility for each government to meet local needs as detailed in federal guidance.

California's Allocations

- State: \$26 billion
 - Counties: \$7.7 billion
 - Metropolitan Cities: \$7 billion
 - Small Cities (population under 50,000): \$1.2 billion
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- States, counties, and metropolitan cities will receive their allocation directly from the U.S. Treasury.
 - The state is required to disburse allocations to the 291 small cities or non-entitlement units of local government (NEU).

U.S Treasury Interim Rule

- Funding is subject to the requirements specified in the Interim Final Rule published by the U.S. Treasury in the Code of Federal Regulations on May 17, 2021.
 - **Comments must be received by July 16, 2021.**
- The allocation methodology, distribution process, and reporting requirements are based on the U.S. Treasury's Interim Rule, Guidance, and Treasury FAQs.
- The state's role in this process is ministerial in nature.
- Each recipients is responsible for adhering to the U.S. Treasury's requirements for expending and reporting on this funding.

State Responsibilities

- Calculate *initial* allocations—Based on each city or town's share of the eligible population (using data provided by Treasury based on 2019 U.S. Census data)
- Establish a process to accept/decline funds
- Collect required documents/information, including top-line budget information for Interim Federal Report in August
- Verify no entity exceeds the 75-percent cap
- Disburse initial payments, apply for extensions if needed
- Direct recipients to all federal requirements
- Facilitate Treasury communications with NEUs

Eligible Usages

1. Respond to the COVID-19 public health emergency and support various activities to decrease the spread of the virus
2. Address negative economic impacts caused by the public health emergency
3. Replace lost public sector revenue due to the pandemic
4. Provide premium pay to eligible workers or grants to eligible employers of essential workers
5. Invest in water, sewer, and broadband infrastructure.

Funds must be obligated by December 31, 2024, and expended by December 31, 2026

Additional Federal Information

- Treasury Interim Final Rule:
<https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>
- Treasury FAQs:
<https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>
- Treasury Factsheet:
<https://home.treasury.gov/system/files/136/SLFRP-Fact-Sheet-FINAL1-508A.pdf>
- Federal Rulemaking ePortal:
<https://www.regulations.gov/document/TREAS-DO-2021-0008-0002>

State Certification – Accept \$

To **accept** funds, cities and towns must use the state's web form to provide the following information:

- Taxpayer ID, DUNS Number, and contact information
- Signed Certification Form
- Total annual operating budget in effect as of January 27, 2020 or top-line expenditure total
- Signed Award Terms and Conditions form
- Signed Assurances of Compliance with Title VI of the Civil Rights Act of 1964
- *The state will use existing banking information for disbursements and does not need to collect this from cities*

State Certification – Decline \$

If a city plans to **decline** funds, cities and towns must use the state's web form to provide the following information:

- Contact information
- Signed Certification Form
- Federal Form to Deny Funds (as required)
- The state may contact any city/town that declines funds and will notify the Joint Legislative Budget Committee. *Declined funds cancel the NEU award and transfer to the State.*
- **Non-Responsive Cities:** The state must make reasonable attempts to contact these cities and wait at least 60 days before reallocating funds to other cities and towns (budget cap applies)

Distribution Process

- Submissions are **due no later than 11:59 p.m. on June 23, 2021**. Payments will likely be delayed if your application is received after this date.
- An entity's allocation cannot exceed 75% of its most recent budget as of January 27, 2020.
- Allocations will be revised before disbursement if the entity's allocation exceeds the 75% cap.
- The state must return any amount that exceeds the cap to Treasury.

Distribution Process

- Treasury will make payments to states in two tranches.
- **First disbursement:** After state receipt (likely 6/16/21). This is the date that begins the first 30-day allocation timeline.
- **Second disbursement:** 12 months later.
- The state completed the Joint Legislative Budget Committee notification (6/3/21) for authority to accept/disburse funds.
- After reviewing the submissions, the Department of Finance will coordinate with the State Controller's Office to process payments to eligible cities and towns.

Poll Question #1

Does your city plan to accept or decline the federal Coronavirus Fiscal Recovery Funds?

- Yes
- No
- Undecided

Accessing the Web Portal

- Optimized for the Google Chrome web browser
- Each eligible city and town will be emailed a unique “NEU Recipient Number” and password to access the required web form.
- The NEU Recipient Number must be retained by the city or town as it will be used for the reporting to Treasury through the lifecycle of the program.

Department of Finance

Local Fiscal Recovery Fund – Small City Allocations

CA0001

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Log in

[Change password](#) [Forgot password](#)

Web Portal: City Information

- Contact Information
- Accept or Decline Funds
- Tax ID Number
- DUNS Number

3 Please provide the following information for your city's or town's contact person:

Name *		Title *	
Email *			
Phone Number *		Phone Extension	

4 My city or town is:

- Accepting its allocation from the Coronavirus Local Fiscal Recovery Fund
- Declining its allocation from the Coronavirus Local Fiscal Recovery Fund, and authorizing the transfer of these funds to the State of California.
(Additional U.S. Treasury form may be required and subsequent information may be requested).

Web Portal: Budget Information

- Total annual operating budget, including general fund and other funds, in effect as of January 27, 2020
- Expenditure total, in exceptional cases in which a city or town does not adopt a formal budget

8 Please enter the figure that represents your city's or town's total budget as of January 27, 2020.

The "total budget" is defined as the annual total operating budget, including general fund and other funds, in the spending plan that was in effect as of January 27, 2020.

If your city or town did not have a formal budget as of January 27, 2020, please input "\$0" and respond to question #9.

This total will be verified against a copy of the appropriate budget documents submitted in your city's or town's first report to the U.S. Treasury.

Total budget



9 Please provide your city's or town's most recent annual total expenditures as of January 27, 2020.

This field is to be completed only if your city or town **did not** have a formal budget as of January 27, 2020.

This total will be verified against a copy of the appropriate budget documents submitted in your city's or town's first report to Treasury.

Total expenditures



Web Portal: Sign and Upload

- Awards and Conditions Agreement
- Assurances of Compliance with Title VI of the Civil Rights Act of 1964
- Certification Form
- Copy of most recent **top-line operating budget** or annual total expenditures as of January 27, 2020
- **Files may not exceed 40Mb**

10 I have attached the following documents and I understand that these documents must be the same as those submitted to Treasury:

A signed copy of the United States Treasury's award terms and conditions agreement

Choose Files No file chosen

Upload

List of uploaded Files

A signed copy of the assurances of compliance with Title VI of the Civil Rights Act of 1964 provided by the United States Treasury

Choose Files No file chosen

Upload

List of uploaded Files

Example of Budget Document

Agency Funds					
Laguna Springs Open Space Preserve	709	81,175	-	7,211	73,964
Employee Sunshine Fund	730	40,128	15,295	30,000	25,423
Animal Services Donations [14]	735	16,206	-	16,066	140
CFD 2005-1 Laguna Ridge	756	2,022,501	8,510,275	8,303,413	2,229,363
CFD 2002-1 E Franklin	757	3,160,630	4,302,722	3,901,550	3,561,802
CFD 2003-1 Poppy Ridge	758	\$1,269,216	\$3,952,652	\$3,408,950	\$1,812,918
Total Agency Fund		\$ 6,589,856	\$ 16,780,944	\$ 15,667,190	\$ 7,703,610
Newly established fund:[14]					
TOTAL		\$ 295,033,360	\$ 212,881,540	\$ 341,460,126	\$ 166,454,774
Less Transfers and Internal Service Costs		-	\$ 37,728,365	\$ 37,728,365	-
GRAND TOTAL		\$ 295,033,360	\$ 175,153,175	\$ 303,731,761	\$ 166,454,774

Please highlight the figure that you are reporting as your total annual operating budget or top-line expenditure total.

Web Portal: Certify and Submit

- Confirmation e-mail to confirm receipt of the submission.
- **Save:** Allows saving “in progress” entries and return at a later time.
- **Submit:** All required documents must be uploaded and fields must be complete to certify and submit.
- If you need to make changes after data is submitted, please email FiscalRecovery@dof.ca.gov

11 I certify that this information is accurate and that I am authorized by my employer to submit this information

Save

Submit

Web Portal: Error Messages

- You will not be able to submit the web form if you are missing information including required documents to be uploaded.
- You will receive a pop-up box listing the missing information.

Please complete the following items before you submit.

- Please enter authorized contact name.
- Please enter authorized contact title.
- Please enter authorized contact email.
- Please enter primary contact title.
- Please enter primary contact phone number.
- Please specify whether your city or town accepting fund in section 4.
- Please check certify that this information is accurate and that you are authorized by my employer to submit this information.

Close

Poll Question #2

When will your city submit the application/certification to the state to accept or decline the federal Coronavirus Fiscal Recovery Funds?

- In one week or less (recommended)
- By the due date (June 23, 2021)
- After the due date

U.S. Treasury Reporting Requirements

Small cities and towns are required to submit a project and expenditure report to Treasury annually on the use of funds.

In addition to other reporting requirements, small cities and towns will be asked to provide:

- NEU Recipient Number
- Copy of signed Award Terms and Conditions Agreement
- Copy of signed Assurances of Compliance with Title VI of the Civil Rights Act of 1964
- Copy of budget documents

U.S. Treasury Reporting Requirements

- **First Annual Report: Due to Treasury by October 31, 2021.**
- Ongoing reports will be due by October 31 every year.
- All financial records and supporting documentation must be **retained for five years** after all funds have been expended.
- Reporting guidance from the U.S. Treasury has not been released.
- When available, we will post additional guidance on the Finance webpage and send an e-mail notice to provided contacts.

Requirements May Differ from CRF

- Per Treasury FAQs, many expenses authorized under the Coronavirus Relief Fund (CRF) are also eligible uses of these funds.
- Cities are **Prime Recipients**, not sub-recipients
- Recipient **must** review guidance carefully.
- Cities cannot rely on the state to interpret federal guidance.
- Treasury e-mail: SLFRP@Treasury.gov

Requirements May Differ from CRF

Some notable exceptions...

- Public health/safety staff can be considered “entirely devoted” to mitigating/responding to COVID:
 - More than $\frac{1}{2}$ the employees time **must** be primarily dedicated to responding to COVID.
- Revenue replacement allowed. Recipients must follow Treasury formula/guidance to demonstrate.
- Funds cannot be used as the non-federal match in other programs (FEMA public assistance).
- Longer obligation and expenditure timelines.

Questions/Follow-Up

Questions on the Distribution Process and Web Portal:

FiscalRecovery@dof.ca.gov

U.S. Treasury Interim Rule:

<https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>

U.S. Treasury FAQs:

<https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>

Department of Finance webpage:

[https://dof.ca.gov/budget/COVID-19/Local Fiscal Recovery Fund Allocations/](https://dof.ca.gov/budget/COVID-19/Local_Fiscal_Recovery_Fund_Allocations/)