

# OVERVIEW FOR AMERICA'S COUNTIES: U.S. TREASURY INTERIM FINAL RULE & GUIDANCE FOR STATE AND LOCAL FISCAL RECOVERY FUNDS



On May 10, the U.S. Department of Treasury (Treasury) released an [Interim Final Rule](#), [FAQs](#) and a [fact sheet](#) for a significant portion of the \$362 billion Coronavirus State and Local Fiscal Recovery Fund, established under the [American Rescue Plan Act](#) (ARP) signed into law on March 11 by President Biden.

This specific Interim Rule and related guidance covers the [\\$61.5 billion in direct federal aid to America's counties](#). Later this year, Treasury will release separate guidance for the \$1.5 billion in additional federal aid for public lands counties under Sec. 605 of ARP.

**THIS ANALYSIS PROVIDES AN IN-DEPTH OVERVIEW OF THE KEY PROVISIONS WITHIN THE INTERIM FINAL RULE, WITH A SPECIFIC FOCUS ON HOW EACH OF THESE ITEMS MAY IMPACT COUNTY GOVERNMENTS.**

This analysis provides an in-depth overview of the key provisions within the Interim Final Rule, with a specific focus on how each of these items may impact county governments. The analysis covers eligibility criteria for the use of funds, compliance and financial reporting, and

key dates for county actions. This report also highlights several key differences between the ARP county aid and the previous county aid under the CARES Act's Coronavirus Relief Fund (CRF), ***especially related to payroll support for public health, public safety and other related staff.***

## KEY DATES

- **NOW:** [Treasury portal](#) is now open for counties to register and request Recovery Funds
- **JULY 9, 2021:** Deadline to submit comments on U.S. Treasury's [Interim Final Rule](#)
- **AUGUST 31, 2021:** Deadline for counties to submit first Interim Report to U.S. Treasury
- **OCTOBER 31, 2021:** Deadline for counties to submit first *Quarterly Project and Expenditure Report*
- **DECEMBER 31, 2024:** Funds must be *incurred* and obligated
- **DECEMBER 31, 2026:** Funds must be *expended* to cover obligations and all work must be completed

THIS SPECIFIC INTERIM RULE AND RELATED GUIDANCE COVERS THE [\\$61.5 BILLION IN DIRECT FEDERAL AID TO AMERICA'S COUNTIES](#). LATER THIS YEAR, TREASURY WILL RELEASE SEPARATE GUIDANCE FOR THE \$1.5 BILLION IN ADDITIONAL FEDERAL AID FOR PUBLIC LANDS COUNTIES UNDER SEC. 605 OF ARP.

**EXECUTIVE SUMMARY:  
QUICK GUIDE FOR COUNTY OFFICIALS**

**1. THE FISCAL RECOVERY FUND WAS ESTABLISHED TO HELP TURN THE TIDE ON THE PANDEMIC, ADDRESS ITS ECONOMIC FALLOUT AND LAY THE FOUNDATION FOR A STRONG AND EQUITABLE RECOVERY.**

There are five primary ways – outside of the “lost revenue allowance” – that counties may invest Funds:

- ❑ **Support public health response:** Fund COVID-19 mitigation efforts, medical expenses, behavioral health care and certain county public health, public safety, human services and other related staff
- ❑ **Address negative economic impacts:** Respond to economic harms to workers, families, small businesses, impacted industries and rehiring of public sector workers (including county staff)
- ❑ **Replace public sector revenue loss:** Use funds to provide government services to the extent of the reduction in revenue experienced during the pandemic – *this provision allows a much broader use of Funds*
- ❑ **Premium pay for essential workers:** Offer additional compensation, up to \$13 per hour in additional wages, to those – both county employees and other essential workers in the community – who have faced and continue to face the greatest health risks due to their service. Counties should prioritize low- and moderate-income persons, with additional written justification needed for workers above 150 percent of the residing state’s average annual wage for all occupations or their residing county’s average annual wage, whichever is higher. **Funds can be used retroactively back to January 27, 2020**
- ❑ **Water, sewer and broadband infrastructure:** Make necessary investments to improve access to clean drinking water, invest in wastewater and stormwater infrastructure and provide unserved or underserved locations with new or expanded broadband access

COUNTIES HAVE BROAD FLEXIBILITY SO LONG AS THEY CAN DEMONSTRATE THAT THESE ACTIVITIES SUPPORT THE PUBLIC HEALTH RESPONSE OR THAT RECIPIENTS OF THE RECOVERY FUNDS HAVE EXPERIENCED ECONOMIC HARM FROM THE PANDEMIC

**2. FUNDS MAY COVER COSTS FROM MARCH 3, 2021 THROUGH DECEMBER 24, 2024**

The covered period begins March 3, 2021 and ends on December 31, 2024, with a few important distinctions and exceptions to the covered period:

- ❑ Funds must be **INCURRED** (i.e. obligated) by December 31, 2024
- ❑ Funds must be **EXPENDED** with all **WORK PERFORMED** and **COMPLETED** by December 31, 2026
- ❑ **Counties may provide premium pay retroactively, dating back to the start of the public health emergency on January 27, 2020**

3. **BROAD FLEXIBILITY TO HELP THOSE DISPROPORTIONATELY IMPACTED BY THE COVID-19 PANDEMIC**

The Interim Rule states under its first eligible use category – *responding to public health needs and negative economic impacts from the pandemic* – that funds must respond to “the disease itself or the harmful consequences of the economic disruptions resulting from or exacerbated by the COVID-19 public health emergency.”

- ❑ Whether it be public health expenses or economic investments, counties have broad flexibility if the county can demonstrate that these activities support the public health response or that recipients of the Recovery Funds have experienced economic harm from the pandemic
- ❑ Additionally, the Interim Rule provides even greater flexibility for Qualified Census Tracts (QCTs) and other communities, households and businesses disproportionately impacted by the pandemic

4. **UNDERSTAND THE IMPORTANT DIFFERENCES BETWEEN CARES ACT CORONAVIRUS RELIEF FUND (CRF) AND ARP FISCAL RECOVERY FUND, ESPECIALLY FOR COUNTY EMPLOYEE PAYROLL SUPPORT**

Eligible expenses under the CRF are also eligible under the Recovery Fund, *with two major exceptions:*

- ❑ **New, more restrictive allowance with county payroll support for public health and public safety employees** (See page 13 of this analysis for more information). The CARES Act CRF allows a much broader allowance for county employee payroll support. More narrowly defined, ARP Recovery Funds may be used for “payroll and covered benefits expenses 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 COVID-19.” Counties may consider public health and public 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
- ❑ Expenses related to issuing tax-anticipation notes are *not an eligible expense*

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RECOVERY FUNDS ARE MORE RESTRICTIVE THAN THE CARES ACT’S CRF DOLLARS FOR COUNTY PAYROLL SUPPORT. THE INTERIM RULE PLACES NEW, MORE RESTRICTIVE LANGUAGE RELATED TO COUNTY PAYROLL SUPPORT FOR *PUBLIC HEALTH AND PUBLIC SAFETY EMPLOYEES*

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5. **USE OF RECOUPED “LOST REVENUE” IS MORE FLEXIBLE THAN OTHER RECOVERY FUND ELIGIBILITY**

Counties may use Recovery Funds for the provision of “government services” to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency. The term “government services” outlines very broad and flexible uses of revenue recoupment funds outside the standard eligibility requirements outlined in other categories (Public Health Response, Negative Economic Impacts, Premium Pay and Water, Sewer and Broadband Infrastructure) of the Interim Rule. For example, while general infrastructure and economic development investments are not generally eligible under the Fund,

counties may use an amount up to their “lost revenue” amount for these activities. ***However, lost revenue recoupment shall not be used for rainy day or reserve funds, or debt service payments***

**6. RECOVERY FUNDS MAY NOT BE USED AS NON-FEDERAL MATCH, UNLESS SPECIFICALLY AUTHORIZED**

Recovery Funds shall not be used as the local match for other federal programs (i.e. Medicaid, EDA, EPA Drinking Water and Clear Water State Revolving Funds), unless specifically allowed by the underlying/source federal program. ***It is important to note that counties may use their Funds to match other state and local government allocations of Treasury ARP Recovery Funds, if used within the county***

- ❑ **Under a February 3, 2021 presidential directive, FEMA is authorized to provide 100 percent federal funding for the cost of COVID-related activities** previously determined as eligible, from the beginning of the pandemic (January 27, 2020) to September 30, 2021. In addition, the directive allows FEMA to expand activities eligible for reimbursement from January 21, 2021 until September 30, 2021. Specifically, costs to support the safe opening and operation of eligible schools, child care facilities, health care facilities, non-congregate shelters, domestic violence shelters, and transit systems are now eligible

**7. COUNTIES MAY USE RECOVERY FUNDS FOR ROUTINE PENSION COSTS OF EMPLOYEES**

Recovery Funds cannot be used for *deposits* into defined benefit pension funds. **HOWEVER**, Treasury defines a “deposit” as an extraordinary contribution to a defined benefit pension fund for the purpose of reducing an accrued, unfunded liability. ***Counties may use funds for routine payroll contributions to pensions of employees whose wages and salaries are an eligible use***

**8. REHIRING LOCAL GOVERNMENT STAFF TO PRE-PANDEMIC LEVELS**

The Interim Final Rule permits the rehiring of public sector staff, including county employees, up to the pre-pandemic staffing level, which is measured based on employment as of January 27, 2020. Furthermore, counties may use Recovery Funds toward payroll, covered benefits, and other costs associated with rehiring public sector staff

**9. COUNTIES MAY USE RECOVERY FUNDS TO INVEST IN CERTAIN CRITICAL INFRASTRUCTURE PROJECTS**

The Interim Rule specifically states that Recovery Funds may support necessary investments in drinking water, waste and stormwater, and high-quality broadband services

- ❑ **For water, stormwater and sewer investments**, the Interim Rule aligns eligible projects with the listing of activities allowed under the Environment Protection Agency’s (EPA) [Clean Water State Revolving Fund](#) and [Drinking Water State Revolving Fund](#)
- ❑ **For broadband investments**, eligible projects ***are intended*** to provide services that meet at least 100 megabits per second upload and download, wherever practicable
- ❑ **General economic development and infrastructure projects**, such as road construction or bridge repair, unrelated to COVID-19 are ***not*** an eligible expense, ***unless funded through a county’s “lost revenue” replacement allowance***

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# ELIGIBLE EXPENSES

## 1. SUPPORT PUBLIC HEALTH RESPONSE

INTERIM FINAL RULE: REFERENCES P. 12-23 | RULE DEFINITIONS P. 138-140

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*The Interim Final Rule outlines that the Recovery Fund provides resources to “**meet and address these emergent public health needs**, including through measures to counter the spread of COVID-19, through the provision of care for those impacted by the virus, and through programs or services that address disparities in public health that have been exacerbated by the pandemic.”*

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Among the potential uses of funds, the Interim Final Rule outlines:

- **PREVENT AND MITIGATE COVID-19**

Funding a broad range of services and programming for prevention and response to COVID-19, such as:

- ❑ Vaccination programs, including staffing, equipment, supplies, facilities and administrative expenses
- ❑ Testing, monitoring and contact tracing
- ❑ Supporting isolation and quarantine
- ❑ Paid sick and paid family and medical leave to public employees related to COVID-19 compliance
- ❑ Public health surveillance and data system enhancement
  - Case monitoring
  - Vaccination uptake tracking
- ❑ Enforcing public health orders
- ❑ Emergency medical response expenses, including emergency medical transportation related to COVID-19
- ❑ Communication efforts related to COVID-19 vaccination programs and public health orders
- ❑ Purchase PPE and disinfection of public areas and other facilities
- ❑ Prevention and mitigation in congregate living facilities, such as:
  - Nursing homes and skilled nursing facilities
  - Jails and incarceration settings
  - Group living facilities including residential foster care and behavioral health treatment facilities
  - Other key settings like homeless shelters and schools
- ❑ Ventilation improvements in congregate settings, public health facilities or other public facilities
- ❑ Capital investments or adaptations to public facilities such as hospitals or health clinics

### QUICK TIP

Under the sections related to responding to the **public health emergency or its negative economic impacts**, it is important to:

- Identify a need or a negative impact of the COVID-19 public health emergency
  - Identify how the county investment would address the identified need or impact
  - Explain how the investment would help the county respond to the disease itself or the harmful economic consequences of the economic disruptions
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- **COVID-19 TREATMENT AND MEDICAL SERVICES**

Funding to enhance health care capacity to treat and provide care and services for near and long-term medical needs for COVID-19 patients as well as genomic surveillance for COVID-19 variants. This also includes treatment expenses of the long-term symptoms or effects of COVID-19, including post-intensive care syndrome

- **ENHANCE BEHAVIORAL AND MENTAL HEALTH SERVICES**

Funding new or enhanced services that meet behavioral health needs exacerbated by the pandemic, as well as related public health needs, such as:

- ☐ Mental health treatment
- ☐ Substance misuse treatment
- ☐ Hotlines and/or warmlines
- ☐ Crisis intervention services
- ☐ Overdose prevention
- ☐ Infectious disease prevention
- ☐ Behavioral/physical health primary care services

- **SUPPORT LOCAL HEALTH AND SAFETY WORKFORCE**

Funding payroll and covered benefit expenses for the following segments of county workers who, primarily or partially work regularly to mitigate or respond to the COVID-19 emergency:

- ☐ Public safety
- ☐ Public health
- ☐ Health care
- ☐ Human services
- ☐ Other similar employees

- **IMPROVING THE DESIGN AND EXECUTION OF HEALTH AND PUBLIC HEALTH PROGRAMS**

Funding efforts to improve programs addressing the COVID-19 public health emergency through planning and analysis, which includes, **but is not limited to:**

- ☐ Targeted consumer outreach
- ☐ Improvements to data or technology infrastructure
- ☐ Impact evaluation
- ☐ Data analysis

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*While the CARES Act’s Coronavirus Relief Fund (CRF) had much broader allowances for county employee payroll support, ARP Recovery Funds may be used for “payroll and covered benefits expenses 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.”*

*For administrative convenience, counties may consider public health and public safety employees to be entirely devoted to mitigating or responding to the COVID-19 public health emergency, and therefore fully covered, if the employee and their operating unit or division, “**is primarily dedicated to responding to the COVID-19 public health emergency.**”*

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- **ADDRESS DISPARITIES IN PUBLIC HEALTH OUTCOMES**

In recognition of the disproportionate impacts of the COVID-19 pandemic on health outcomes in low-income and Native American communities and the importance of mitigating these effects, **the Interim Final Rule identifies a broader range of services and programs that will be presumed to be responding to the public health emergency when provided in these communities.** Specifically, Treasury will presume that certain types of services are eligible uses when provided in a Qualified Census Tract (QCT), to families and populations living in a QCT, or other households, businesses or populations disproportionately impacted by the COVID-19 public health emergency

- **These services include:**

- **Community health workers** who will help residents access health services and resources that address the social determinants of health
- **Public benefits navigators** that help residents navigate and apply for federal, state and local public benefits or services
- **Housing services** that support healthy living environments and neighborhoods that are conducive to mental and physical wellness
- **Lead Paint remediation** or remediation of other lead hazards to reduce elevated blood lead levels in children
- **Evidence-based community violence intervention programs** that will prevent violence and mitigate the increase of violence during the pandemic

- This section **also covers program and service** activities that address:

- **Housing insecurity**, lack of affordable housing or homelessness
- **Impacts of COVID-19 on education**, including new or expanded learning services, assistance to high-poverty school districts, needs of students
- **Childhood health or welfare**, including childcare, home visits by health professionals, parent educators and social service professionals, and services for child welfare-involved families and youth

**SPECIFICALLY, TREASURY WILL PRESUME THAT CERTAIN TYPES OF SERVICES ARE ELIGIBLE USES WHEN PROVIDED IN A QUALIFIED CENSUS TRACT (QCT), TO FAMILIES AND POPULATIONS LIVING IN A QCT OR OTHER HOUSEHOLDS, BUSINESSES OR POPULATIONS DISPROPORTIONATELY IMPACTED BY THE COVID-19 PUBLIC HEALTH EMERGENCY**

## 2. ADDRESS NEGATIVE ECONOMIC IMPACTS

INTERIM FINAL RULE: REFERENCES P. 23-44 | RULE DEFINITIONS P. 140-143

*ARP provides that funds may be used 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.*

- **ASSISTANCE TO HOUSEHOLDS**

Funds may be used to assist households or populations, *preferably* those most disproportionately impacted, by the negative economic impacts of the COVID-19 public health emergency, such as:

- Food** assistance
- Rent, mortgage or utility** assistance
- Counseling and legal aid** to prevent eviction or homelessness
- Cash** assistance
- Emergency assistance for burials**
- Home repairs**, weatherization or other needs
- Internet access** or digital literacy assistance
- Job training** related to a worker's occupation or level of training impacted by COVID

### QUICK TIP

Under this section, the general focus of investments must be to address an economic harm resulting from or exacerbated by the COVID-19 public health emergency.

- **SMALL BUSINESS AND NON-PROFIT SUPPORT**

State, local and Tribal governments may provide assistance to small businesses to adopt safer operating procedures, weather periods of closure or mitigate financial hardship resulting from the COVID-19 public health emergency, including:

- Loans or grants** to mitigate financial hardship, such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs
- Loans, grants, or in-kind assistance** to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs
- Technical assistance**, counseling, or other services to assist with business planning needs

**FUNDS MAY BE USED TO ASSIST HOUSEHOLDS OR POPULATIONS, PREFERABLY THOSE MOST DISPROPORTIONATELY IMPACTED, BY THE NEGATIVE ECONOMIC IMPACTS OF THE COVID-19 PUBLIC HEALTH EMERGENCY**



## **AID TO IMPACTED INDUSTRIES**

Funds may be used to aid tourism, travel, hospitality, and other impacted industries that responds to the negative economic impacts of the COVID-19 public health emergency, such as:

- Implement COVID-19 mitigation and infection prevention measures to enable safe resumption
- Improvement to ventilation, physical barriers or partition
- Signage to facilitate social distancing
- Provision of masks or PPE
- Consultation with infection prevention professionals to develop safe reopening plans
- Activities that support safe reopening of businesses in the tourism, travel and hospitality industries and business districts that were closed during the COVID-19 public health emergency
- Planned expansion or upgrade of tourism, travel and hospitality facilities delayed due to the pandemic
- Aid may be considered responsive to the negative economic impacts of the pandemic if it supports businesses, attractions, business districts and tribal development districts operating prior to the pandemic and affected by required closure and other efforts to contain the pandemic

## **REHIRING STATE AND LOCAL GOVERNMENT STAFF, INCLUDING COUNTY EMPLOYEES**

The Interim Final Rule permits coverage of payroll and benefits costs of public health and safety staff primarily dedicated to COVID-19 response, as well as rehiring of public sector staff up to pre-pandemic levels as of January 27, 2020

**COUNTIES MAY USE RECOVERY FUNDS TO INCREASE THE NUMBER OF ITS EMPLOYEES UP TO THE NUMBER OF EMPLOYEES, AS OF JANUARY 27, 2020, INCLUDING PAYROLL, COVERED BENEFITS AND OTHER RELATED COSTS**

## **ASSISTANCE TO UNEMPLOYED WORKERS**

This includes services like:

- Job training** to accelerate rehiring of unemployed workers
- Workers unemployed due to the pandemic** or the resulting recession
- Workers who were already unemployed** when the pandemic began and remain so due to the negative economic impacts of the pandemic
- Individuals who want and are available for work**, including those who have looked for work sometime in the past 12 months or who are employed part time but who want and are available for full-time work

**FUNDS MAY BE USED TO AID TOURISM, TRAVEL, HOSPITALITY AND OTHER IMPACTED INDUSTRIES THAT RESPONDS TO THE NEGATIVE ECONOMIC IMPACTS OF THE COVID-19 PUBLIC HEALTH EMERGENCY**

- **EXPENSES TO IMPROVE EFFICACY OF ECONOMIC RELIEF PROGRAMS**

Counties may also use Fiscal Recovery Funds to improve efficacy of programs addressing negative economic impacts, including through:

- ❑ Use of **data analysis**
- ❑ Targeted **consumer outreach**
- ❑ Improvements to **data or technology infrastructure**
- ❑ Impact **evaluations**

- **SERVICES FOR QUALIFIED CENSUS TRACT AND OTHER DISPROPORTIONATELY IMPACTED COMMUNITIES**

In addition to specific services to address health disparities in a QCT (pg. 7 of this analysis), the Interim Rule outlines additional ways Recovery Funds may be used. Funds may be used for certain services when provided in a Qualified Census Tract (QCT), to families and individuals living in QCTs, by a Tribal government, or to other households, businesses or populations disproportionately impacted by the COVID-19 public health emergency. These services include, *but are not limited to*, the following:

- ❑ **Investments in Housing and Neighborhoods:** Funds may be used to assist households or populations facing negative economic impacts due to COVID-19, such as:
  - **Services to address homelessness** such as supportive housing, and to improve access to stable, affordable housing among unhoused individuals
  - **Affordable housing development** to increase supply of affordable and high-quality living units
  - **Housing vouchers, residential counseling, or housing navigation assistance** to facilitate household moves to neighborhoods with high levels of economic opportunity and mobility for low-income residents, to help residents increase their economic opportunity and reduce concentrated areas of low economic opportunity

**TREASURY HAS IDENTIFIED A BROAD RANGE OF SERVICES THAT ARE ELIGIBLE USES WHEN PROVIDED IN A QUALIFIED CENSUS TRACT (QCT), TO FAMILIES AND POPULATIONS LIVING IN A QCT OR OTHER HOUSEHOLDS, BUSINESSES OR POPULATIONS DISPROPORTIONATELY IMPACTED BY THE COVID-19 PUBLIC HEALTH EMERGENCY**

- ▣ **Addressing Educational Disparities:** Funds may also enhance educational supports to help mitigate impacts on students, such as:
  - **New, expanded, or enhanced early learning services**, including pre-kindergarten programs and Head Start
  - **Assistance to high-poverty school districts** to advance equitable funding across districts
  - **Evidence-based educational services** and practices that address the academic needs of students and/or their social, emotional and mental health
  - Services that support **students' social, emotional and mental health**
  
- ▣ **Promoting Healthy Childhood Environments:** Funds may be used to mitigate increases in economic hardship, material insecurity, and parental stress and behavioral health challenges in families with children, such as:
  - New or expanded **high-quality childcare**
  - **Home visiting programs** to provide structured visits from health, parent educators, and social service professionals to pregnant women or families with young children to offer education and assistance navigating resources for economic support, health needs, or child development
  - **Enhanced services for child welfare-involved families and foster youth** to provide support and training on child development, positive parenting, coping skills or recovery for mental health and substance use challenges

## FUNDS MAY BE USED TO MITIGATE INCREASES IN ECONOMIC HARDSHIP, MATERIAL INSECURITY, AND PARENTAL STRESS AND BEHAVIORAL HEALTH CHALLENGES IN FAMILIES WITH CHILDREN

[State and Local Coronavirus Fiscal Recovery Funds \(naco.org\)](https://naco.org/state-and-local-coronavirus-fiscal-recovery-funds)

### NACo RESOURCES & MEMBER SUPPORT

The screenshot displays the NACo website's resources and member support section. It features a prominent blue banner for the 'COVID-19 RECOVERY CLEARINGHOUSE' with an image of a woman in a mask holding a 'REOPEN' sign. Below this banner are three smaller blue boxes with yellow buttons: 'State & Local Fiscal Recovery Funds', 'American Rescue Plan Act Funding Breakdown', and 'COVID-19 Vaccine Distribution'. To the right, there are two green boxes: 'How Can We Help?' and 'Share Your Story', both containing text and yellow buttons.

### 3. PREMIUM PAY FOR ESSENTIAL WORKERS

INTERIM FINAL RULE: REFERENCES P. 40-46, 106 | RULE DEFINITIONS P. 119, 127

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*Funds may be used by counties to provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency or to provide grants to third-party employers within the county to compensate eligible workers for performing essential work.*

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Recovery Funds may be used by recipients, including counties, to provide premium pay to eligible county workers performing essential work during the COVID-19 public health emergency or to provide grants to third-party employers within the county to compensate those eligible workers who perform essential work.

- **DEFINING THE CONCEPT OF PREMIUM PAY AND ESSENTIAL WORKERS:** To ensure that premium pay is targeted to workers that faced or face heightened risks due to the character of their work, the Interim Final Rule defines essential work *as work involving regular in-person interactions or regular physical handling of items that were also handled by others. An individual who teleworked from a residence may not receive premium pay*
- **PREMIUM PAY MAY BE PROVIDED RETROACTIVELY FOR WORK PERFORMED AT ANY TIME SINCE THE START OF THE COVID-19** public health emergency (January 27, 2020), where those workers have yet to be compensated adequately for work previously performed
- **WORKERS THAT ARE ELIGIBLE FOR PREMIUM PAY** include:
  - Any work performed by an employee of the state, local or tribal government
  - Staff at nursing homes, hospitals, and home care settings
  - Workers at farms, food production facilities, grocery stores, and restaurants
  - Janitors and sanitation workers
  - Truck drivers, transit staff and warehouse workers
  - Public health and safety staff
  - Childcare workers, educators and other school staff
  - Social service and human services staff
- **PREMIUM PAY DEFINITION:** Premium pay means an amount up to \$13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed \$25,000 per eligible worker
- **TREASURY URGES COUNTIES TO PRIORITIZE PREMIUM PAY FOR LOW- AND MODERATE-INCOME PERSONS:** Counties should prioritize low- and moderate-income persons, with additional written justification needed for essential workers above 150 percent of the residing state’s average annual wage for all occupations or their residing county’s average annual wage, whichever is higher

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**PREMIUM PAY MAY BE PROVIDED RETROSPECTIVELY FOR WORK PERFORMED AT ANY TIME SINCE THE START OF THE COVID-19 PUBLIC HEALTH EMERGENCY – JANUARY 27, 2020**

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#### 4. PAYROLL EXPENSES FOR PUBLIC HEALTH & PUBLIC SAFETY EMPLOYEES

INTERIM FINAL RULE: REFERENCES P. 20-21 | RULE DEFINITIONS P. 140

*Covering payroll and benefits for public safety and public health employees is more restrictive than what was allowed under the CARES Act's Coronavirus Relief Fund.*

As stated in the Interim Rule, Recovery Funds may be used for payroll and covered benefits as follows:

- **PAYROLL AND COVERED BENEFITS EXPENSES** for county 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*
- Support the payroll and covered benefits for the portion of the **EMPLOYEE'S TIME THAT IS DEDICATED TO RESPONDING TO THE COVID-19 PUBLIC HEALTH EMERGENCY**
- **FOR ADMINISTRATIVE CONVENIENCE**, counties may consider public health and safety employees to be entirely devoted to mitigating or responding to the COVID-19 public health emergency, and therefore fully covered, if the employee, or his/her operating unit or division, is primarily dedicated to responding to the COVID-19 public health emergency
- Recipients may reconsider and assess the **EXTENT AN EMPLOYEE, DIVISION OR OPERATING UNIT IS ENGAGED IN ACTIVITIES THAT RESPOND TO COVID-19**. A recipient can provide payroll records, attestations from supervisors/staff or regular work product or correspondence demonstrating work on COVID-19 response. **Counties DO NOT need to routinely track staff hours at the employee level**

The table below highlights the key differences between ARP and CARES Act guidance as it relates to **payroll and covered benefits for public health and public safety employees**:

ARP FISCAL RECOVERY FUND GUIDANCE	CARES ACT CRF GUIDANCE
<ul style="list-style-type: none"> <li>● Funds may be used for payroll/benefits for public, safety, public health, health care, human services and similar employees</li> <li>● Funds can be used to support the payroll/benefits <b>for the portion of the employee's time that is dedicated to responding to COVID-19</b></li> <li>● Counties may consider public health/safety employees to be entirely devoted to mitigating/responding to COVID-19, and are fully recovered, <b>if the employee, or his/her operating unit or division, is primarily dedicated to responding</b> to the COVID-19 public health emergency.</li> </ul>	<ul style="list-style-type: none"> <li>● As a matter of administrative convenience in light of the emergency nature of this program, <b>a state, territorial, local or tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency</b>, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise</li> <li>● <b>All costs of such employee may be covered</b> using payments from the Fund</li> </ul>

## 5. REPLACE PUBLIC SECTOR REVENUE LOSS

INTERIM FINAL RULE: REFERENCES P. 51-60, 118-119 | RULE DEFINITIONS P. 135, 143-144

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*Counties may use Fiscal Recovery Funds for the provision of “government services” to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency.*

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Counties may use Recovery Funds for the provision of “government services” to the **extent of the reduction in revenue experienced due to the COVID-19 public health emergency**. This means that the amount determined as “lost revenue” may be used for most regular government purposes, **except for activities such as rainy day or reserve funds and for debt service payments**.

The Interim Final Rule implements these provisions by establishing a definition of “general revenue” for purposes of calculating a loss in revenue and by providing a methodology for calculating revenue lost due to the COVID-19 public health emergency.

- **DEFINITION OF GENERAL REVENUE**

Based on Census Bureau’s definition and includes revenue from taxes, current charges, miscellaneous general revenue, and intergovernmental transfers between state and local governments (*Note: definition excludes federal intergovernmental transfers to counties including CARES Act funding*)

- ❑ Excludes other correction transactions proceeds from issuance of debt or the sale of investments, agency or private trust transactions and revenue generated by utilities, intergovernmental transfers from the federal government (federal transfers made to a state/locality)

- **DEFINITION OF GOVERNMENT SERVICES**

Government Services included, **but are not limited to:**

- ❑ Maintenance or pay-go 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
- ❑ Provision of **police, fire, and other public safety services**

RECOVERY FUNDS USED TO REPLACE “REVENUE LOSS” ARE FLEXIBLE AND MAY BE USED FOR A BROAD RANGE OF GOVERNMENT SERVICES, PROGRAMS AND PROJECTS OUTSIDE OF TYPICAL ELIGIBLE USES OF RECOVERY FUNDS UNDER THE INTERIM RULE. **HOWEVER, REVENUE RECOUPMENT CANNOT BE USED FOR RAINY DAY FUNDS OR DEBT SERVICE PAYMENTS**

- **REQUIREMENTS WHEN CALCULATING REVENUE LOSS**

When calculating revenue loss, a county must adhere to the following guidelines:

- ❑ Recipients should calculate revenue on an **entity-wide basis** (*i.e. county government-wide basis*)
- ❑ Recipients **cannot use pre-pandemic projections** as a basis to estimate the reduction in revenue
- ❑ Recipients should (*i.e. may*) 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

- **STEPS FOR CALCULATING LOST REVENUE**

1. Identify revenues collected in the **most recent full fiscal year prior to the public health emergency (i.e. January 27, 2020), called the base year revenue**. In calculating revenue, recipients should sum across all revenue streams covered as general revenue

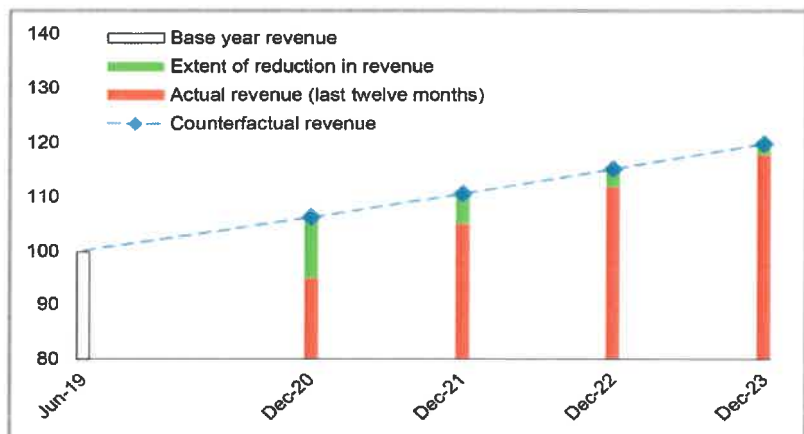
2. **Estimated counterfactual revenue**, which is equal to base year revenue:

$[(1 + \text{growth adjustment})^{(n/12)}]$ , where *n* is the number of months elapsed since the end of the base year to the calculation date, and *growth adjustment* is the greater of 4.1 percent and the recipient’s average annual revenue growth in the three full fiscal years prior to the COVID-19 public health emergency

3. **Identify actual revenue**, which equals revenues collected over the past 12 months of the calculation date

4. The extent of the reduction in revenue is equal to *counterfactual revenue* less than *actual revenue*. If actual revenue exceeds counterfactual revenue, **the extent of the reduction in revenue is set to zero for that calculation date**

THE OVERALL METHODOLOGY FOR CALCULATING THE REDUCTION IN REVENUE IS ILLUSTRATED IN THE FIGURE, AT RIGHT:



## 6. WATER & SEWER INFRASTRUCTURE

INTERIM FINAL RULE: REFERENCES P. 62-68 | RULE DEFINITIONS P. 144

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*To assist in meeting the critical need for investments and improvements to existing infrastructure in water and sewer, counties can invest Recovery Funds in these sectors. The Interim Final Rule outlines eligible uses within each category, allowing for a broad range of necessary investments in projects that improve access to clean drinking water, improve wastewater and stormwater infrastructure systems.*

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To assist in meeting the critical need for investments and improvements to existing infrastructure in water and sewer, counties can invest Recovery Funds in these sectors. The Interim Final Rule outlines eligible uses within each category, allowing for a broad range of necessary investments in projects that improve access to clean drinking water, improve wastewater and stormwater infrastructure systems.

The Interim Final Rule does this by aligning eligible uses of the Recovery Funds with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environment Protection Agency's (EPA) [Clean Water State Revolving Fund](#) and [Drinking Water State Revolving Fund](#).

- **CLEAN WATER (SRF) PROJECTS**

The CWSRF provides financial assistance for a wide range of water infrastructure projects to **improve water quality and address water pollution** in a way that enables each state (or county) to address and prioritize the needs of their populations

- The types of projects eligible for **Clean Water SRF assistance** include:

- Projects to 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

- Under the Clean Water SRF, each of the 51 State programs normally have the flexibility to direct funding to their particular environmental needs, and each state may also have its own statutes, rules and regulations that guide project eligibility. ***With the Recovery Fund, the intent of the Interim Final Rule is outline the list of eligible projects that a county may consider for investment***

THE INTERIM RULE ALIGNS ELIGIBLE USES OF RECOVERY FUNDS FOR WATER & SEWER INFRASTRUCTURE WITH PROJECTS THAT ARE ELIGIBLE TO RECEIVE FINANCIAL ASSISTANCE NORMALLY THROUGH EPA'S CLEAN WATER SRF & DRINKING WATER SRF



- **DRINKING WATER (SRF) PROJECTS**

The primary use of DWSRF funds is to assist communities in making **water infrastructure capital improvements**, including the installation and replacement of failing treatment and distribution systems. In administering these programs, counties must give priority to projects that:

- ❑ 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 according to State affordability criteria

- **OTHER ELIGIBLE USES OF RECOVERY FUNDS**

include projects related to:

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

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- **As stated in Treasury’s Recovery Fund FAQ document, the National Environmental**

**Policy Act (NEPA) does not apply to Treasury’s administration of funds.**

However, projects supported with payments from the Fund may still be subject to NEPA review ***if they are also funded by other federal financial assistance programs***

- The Interim Rule “**encourages**” counties to ensure that water, sewer, and broadband projects **use strong labor standards**, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions
- 

## HOW COUNTIES INVEST IN AMERICA’S INFRASTRUCTURE SYSTEM

**\$22.6 BILLION**

in sewage and waste management

**\$134 BILLION**

in infrastructure, including maintaining and operating public works

## 7. BROADBAND INFRASTRUCTURE

INTERIM FINAL RULE: REFERENCES P. 69-77 | RULE DEFINITIONS P. 145

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*Recognizing the need for such connectivity, Recovery Funds may be used by state, territorial, local and tribal governments to make necessary investments in broadband infrastructure.*

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The COVID-19 public health emergency has underscored the importance of universally available, high-speed, reliable and affordable broadband coverage as millions of Americans rely on the internet to participate in, among critical activities, remote school, healthcare and work. Recognizing the need for such connectivity, the ARPA provides funds to state, territorial, local and tribal governments to make necessary investments in broadband infrastructure.

Additional guidance and requirements around use of Recovery Funds for broadband infrastructure are as follows:

- ❑ **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
- ❑ **U.S. Treasury used the [Federal Communication Commission’s \(FCC\) Broadband Speed Guide](#) to determine appropriate speed requirements for all eligible projects**

THE INTERIM FINAL RULE PROVIDES THAT ELIGIBLE INVESTMENTS IN BROADBAND ARE THOSE THAT ARE DESIGNED TO PROVIDE SERVICES MEETING ADEQUATE SPEEDS AND ARE PROVIDED TO UNSERVED AND UNDERSERVED HOUSEHOLDS AND BUSINESSES

## 8. INELIGIBLE EXPENSES

INTERIM FINAL RULE: REFERENCES P. 78-97 | RULE DEFINITIONS P.134-135, 145-147

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*Treasury defines a “deposit” as an extraordinary contribution to a defined benefit pension fund for the purpose of reducing an accrued, unfunded liability. Recipients may use funds for routine payroll contributions to pensions of employees whose wages and salaries are otherwise an eligible use.*

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The Interim Final Rule outlines identifies **several ineligible uses of Recovery Funds**, including:

- **PENSION FUNDS**

Funds shall not be used for **“extraordinary” deposits** into a defined pension fund

- ❑ **HOWEVER**, Treasury defines a “deposit” as an *extraordinary contribution* to a pension fund for the purpose of reducing an accrued, unfunded liability. **Recipients may use funds for routine payroll contributions to pensions of employees whose wages and salaries are otherwise an eligible use**

- **NET REDUCTION IN TAX REVENUE (LIMITED TO STATES AND TERRITORIES)**

If a state or territory has a reduction in net tax revenue, they must demonstrate how they paid for the tax cuts from a source(s) other than the Recovery Fund (*Note: This provision does not apply to counties*)

- **OTHER RESTRICTIONS** include:

- ❑ **Using funds for non-federal match** when barred by another federal regulation or statute, including EPA’s Clean Water SRF, Drinking Water SRF, Economic Development Administration or Medicaid
  - *See note on page 4 related to presidential order on FEMA’s state and local cost-share waiver*
- ❑ **Funding debt service**, including costs associated with tax anticipation notes (TANs) or issuing short-term revenue (*Note: This is different than the CARES Act CRF, which allowed use of funds for TANs*)
- ❑ **Legal settlement** or judgements
- ❑ **Deposits to rainy day funds** or financial reserves
- ❑ **General infrastructure** spending outside of water, sewer and broadband investments or above the amount allocated under “revenue loss” recoupment provision
- ❑ **General economic development or workforce development activities**, unless they directly address negative economic impacts of the public health emergency or related to the “revenue loss” provision

**OUTSIDE OF WATER, SEWER, BROADBAND AND FACILITY UPGRADES RELATED TO COVID-19 RESPONSE AND MITIGATION, GENERAL INFRASTRUCTURE AND ECONOMIC DEVELOPMENT PROJECTS, SUCH AS NEW JAILS, ROADS AND BRIDGES AND BUSINESS PARKS, ARE PROHIBITED. HOWEVER, COUNTIES MAY USE THE PORTION OF THEIR “REVENUE LOSS” RECOUPMENT FOR THESE TYPES OF INVESTMENTS**

## 9. REPORTING REQUIREMENTS

INTERIM FINAL RULE: REFERENCES P. 110-112 | RULE DEFINITIONS P. 137

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*Counties are required to submit an Interim Report, Quarterly Project and Expenditure Reports, and Annual Recovery Plan Performance Reports as specified below, regarding their utilization of Coronavirus State and Local Fiscal Recovery Funds.*

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- **INTERIM REPORTS**

Counties are 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 Funds to July 31, 2021
- ❑ ***The Interim Report is due by August 31, 2021***
- ❑ This report will be similar to that of the CARES Act Coronavirus Relief Fund
- ❑ *Treasury will release additional guidance on this report in the coming weeks*

- **QUARTERLY PROJECT AND EXPENDITURE REPORTS**

Counties are required to submit quarterly project and expenditure reports, including financial data, information on contracts and subawards over \$50,000 and other information regarding utilization of funds

- ❑ First report will cover spending from the date the county receives Funds to September 30, 2021
- ❑ ***First report is due by October 31, 2021***
- ❑ These reports will be similar to CARES Act Coronavirus Relief Fund

- **RECOVERY PLAN PERFORMANCE REPORTS**

**Counties above 250,000 population are required to submit an Annual Recovery Plan Performance Report**, including descriptions of projects funded and information on performance indicators and objectives of each award

- ❑ Initial recovery plan will cover activity from the date the county receives Recovery Funds to July 31, 2021
- ❑ Local governments *(including counties) with less than 250,000 residents are not required* to develop a Recovery Plan Performance Report
- ❑ *Recovery performance plan is due by August 31, 2021 for counties above 250,000 population*

**COUNTIES BELOW 250,000  
POPULATION ARE NOT  
REQUIRED TO SUBMIT AN  
ANNUAL RECOVERY PLAN  
PERFORMANCE REPORT**

## 10. KEY DEFINITIONS

INTERIM FINAL RULE: RULE DEFINITIONS P. 130-151

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*Treasury provides a list of definitions in the Interim Final Rule, which are essential to understand and comply with the eligible uses and requirements of Recovery Funds.*

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1. **COUNTY:** County, parish or other equivalent county division (i.e. Borough in Alaska)
2. **COVERED BENEFITS:** The costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans (federal and state), workers' compensation insurance, and Federal Insurance Contributions Act taxes (which includes Social Security and Medicare taxes). *(NOTE: This is an important definition linked to the exemption for pensions related to county payroll support for their employees)*
3. **COVERED PERIOD:** Begins on March 3, 2021 and ends on December 31, 2024. Counties must adhere to the parameters of the covered period just as States and territorial governments. However, there are exceptions to the covered period:
  - ❑ Funds must be **INCURRED** (i.e. obligated) by December 31, 2024
  - ❑ Funds must be **EXPENDED** with all **WORK PERFORMED** and **COMPLETED** by December 31, 2026
  - ❑ **Counties may provide premium pay retroactively**, dating back to the start of the public health emergency on January 27, 2020
4. **DEPOSIT:** Extraordinary payment of an accrued, unfunded liability. The term *deposit* does not refer to routine contributions made by an employer to pension funds as part of the employer's obligations related to payroll, such as either a pension contribution consisting of a normal cost component related to current employees or a component addressing the amortization of unfunded liabilities calculated by reference to the employer's payroll costs
5. **ELIGIBLE EMPLOYER:** An employer of an eligible worker who performs essential work
6. **ELIGIBLE WORKER:** Workers needed to maintain continuity of operations of essential critical infrastructure sectors, including health care; emergency response; sanitation, disinfection, and cleaning work; maintenance work; grocery stores, restaurants, food production, and food delivery; pharmacy; biomedical research; behavioral health work; medical testing and diagnostics; home- and community-based health care or assistance with activities of daily living; family or child care; social services work; public health work; vital services to Tribes; **any work performed by an employee of a State, local, or Tribal government**; educational work, school nutrition work, and other work required to operate a school facility; laundry work; elections work; solid waste or hazardous materials management, response, and cleanup

work; work requiring physical interaction with patients; dental care work; transportation and warehousing; work at hotel and commercial lodging facilities that are used for COVID-19 mitigation and containment; work in a mortuary; work in critical clinical research, development, and testing necessary for COVID-19 response

□ **With respect to a county recipient**, workers in any additional sectors as **each chief executive officer** of such recipient (*i.e. county government*) may designate as critical to protect the health and well-being of the residents of their county

7. **ESSENTIAL WORK:** Work that is not performed while teleworking from a residence and involves regular in-person interactions with patients, the public or coworkers of the individual that is performing the work **OR** regular physical handling of items that were handled by, or are to be handled by patients, the public, or coworkers of the individual that is performing the work
8. **GENERAL REVENUE:** Money that is received from tax revenue, current charges, and miscellaneous general revenue, excluding refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and intergovernmental transfers from the federal government, including transfers made pursuant to section 9901 of the American Rescue Plan Act. General revenue does not include revenues from utilities. Revenue from Tribal business enterprises must be included in general revenue
9. **NON-PROFIT:** Non-profit organization that is exempt from Federal income taxation and that is described in section 501(c)(3) of the Internal Revenue Code
10. **PREMIUM PAY:** An amount of up to \$13 per hour that is paid to an eligible worker, in addition to wages or remuneration the eligible worker otherwise receives, for all work performed by the eligible worker during the COVID-19 public health emergency (*i.e.* since January 27, 2020). Such amount may not exceed \$25,000 with respect to any single eligible worker. Premium pay will be considered to be in addition to wages or remuneration the eligible worker otherwise receives if, as measured on an hourly rate, the premium pay is:
  1. With regard to work that the eligible worker previously performed, pay and remuneration equal to the sum of all wages and remuneration previously received plus up to \$13 per hour with no reduction, substitution, offset or other diminishment of the eligible worker's previous, current or prospective wages or remuneration, **or**
  2. With regard to work that the eligible worker continues to perform, pay of up to \$13 that is in addition to the eligible worker's regular rate of wages or remuneration, with no reduction, substitution, offset or other diminishment of the workers' current and prospective wages or remuneration
11. **SMALL BUSINESS:** A business concern or other organization that: (1) Has no more than 500 employees, or if applicable, the size standard in number of employees established by the Administrator of the Small

Business Administration for the industry in which the business concern or organization operates, and (2) is a small business concern as defined in section 3 of the Small Business Act (15 U.S.C. 632)

12. **PENSION FUND:** Defined benefit plan and does not include a defined contribution plan
13. **RECIPIENT:** A state, territory, tribal government, metropolitan city, nonentitlement unit of local government, county, or unite of general local government that receives a payment made under section 602(b) of the Social Security Act or transfer pursuant to section 603(c)(4) of the Social Security Act
14. **REPORTING YEAR:** The Interim Final Rule defines “reporting year” as a single year within the covered period, aligned to the current fiscal year of the recipient government during the covered period, for which a recipient government reports the value of covered changes and any sources of offsetting revenue increases (“in-year” value), regardless of when those changes were enacted. For the fiscal years ending in 2021 or 2025 (partial years), the term “reporting year” refers to the portion of the year falling within the covered period. For example, the reporting year for a fiscal year beginning July 2020 and ending June 2021 would be from March 3, 2021 to July 2021
15. **UNSERVED AND UNDERSERVED HOUSEHOLD OR BUSINESS:** One or more households or businesses that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed

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[CLICK HERE TO SUBMIT QUESTIONS TO THE NACO STAFF](#)  
[CLICK HERE TO SUBMIT YOUR COUNTY INVESTMENT EXAMPLES](#)

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### How Can We Help?

Use the form below to ask a question, and NACO Staff will respond via email. Please also explore our [coronavirus resources](#), [ask a My question](#), [FAQ](#), and more.

- [Federal Resources](#)
- [NACO Recovery Fund FAQs](#)
- [Local County's APR Alliance](#)
- [NACO APCA Analysis](#)

[ASK A QUESTION](#)

### Share Your Story

How is your county responding to the coronavirus pandemic and driving the recovery in your community? Use the form below to share how your county is using federal relief funds with NACO.

For resources to share your story with local media [click here](#).

[SHARE YOUR STORY](#)

# 10. APPENDIX: EXAMPLES OF ELIGIBLE USES OF RECOVERY FUNDS

PUBLIC HEALTH		
<p><b>COVID-19 response</b></p> <ul style="list-style-type: none"> <li>• Vaccination programs</li> <li>• Medical care</li> <li>• Testing</li> <li>• Contact tracing</li> <li>• Isolation and quarantine</li> <li>• Medical or public health access for vulnerable populations</li> <li>• Public health surveillance</li> <li>• Public health order enforcement</li> <li>• Public communication</li> <li>• Health care capacity enhancement</li> <li>• Capital investments in mitigation tactics in public facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Personal protective equipment (PPE) purchases</li> <li>• Prevention and mitigation in congregate living facilities and schools</li> <li>• Ventilation improvements in congregate and health care settings</li> <li>• Public health data system enhancements</li> </ul>	<p><b>Behavioral health</b></p> <ul style="list-style-type: none"> <li>• Mental health treatment</li> <li>• Substance misuse treatment</li> <li>• Crisis intervention</li> <li>• Outreach to promote access to health and social services</li> </ul> <p><b>Payroll</b></p> <ul style="list-style-type: none"> <li>• Public health, health care, human services, public safety, and others who work on COVID-19 response</li> <li>• Payroll and benefit costs for employees or units/divisions primarily dedicated to COVID-19 response</li> </ul>

ECONOMIC IMPACTS	
<p><b>Households</b></p> <ul style="list-style-type: none"> <li>• Food assistance, rent, mortgage, utilities</li> <li>• Counseling and legal aid to prevent eviction or homelessness</li> <li>• Cash assistance</li> <li>• Burial assistance</li> <li>• Survivor’s benefits</li> <li>• Home repairs and weatherization</li> <li>• Internet access or digital literacy assistance</li> <li>• Job training to address negative economic or public health impacts</li> </ul> <p><b>Public Sector</b></p> <ul style="list-style-type: none"> <li>• Rehiring public sector staff up to pre-pandemic levels</li> <li>• Replenishing unemployment insurance (UI) trust funds up to pre-pandemic levels</li> <li>• Building internal capacity to implement economic relief programs, with investments in data analysis, targeted outreach,</li> </ul>	<p><b>Hardest-hit Communities</b></p> <ul style="list-style-type: none"> <li>• Limited to spending within a Qualified Census Tract, families living in Qualified Census Tracts, other populations, households, or geographic areas disproportionately impacted by the pandemic</li> <li>• Community health workers, public benefits navigators, remediation of lead hazards, and community violence intervention programs</li> <li>• Services to address individuals experiencing homelessness, affordable housing development, housing vouchers, and residential counseling and housing navigation assistance to facilitate moves to neighborhoods with high economic opportunity</li> <li>• New or expanded early learning services, additional resources for high-poverty school districts, educational services like tutoring or afterschool programs and services to address social, emotional, and mental health needs</li> <li>• New or expanded high quality child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth</li> </ul>



<p>technology infrastructure, and impact evaluations</p>	<p><b>Small Businesses &amp; Nonprofits</b></p> <ul style="list-style-type: none"> <li>• Loans or grants to mitigate revenue declines, closures (e.g., payroll and benefits support, employee retention, mortgage, rent, utilities, other operating costs)</li> <li>• Loans, grants, or in-kind assistance to implement prevention or mitigation tactics (e.g., social distancing, enhanced cleaning, barriers or partitions, vaccination, testing, contact tracing)</li> <li>• Technical assistance, counseling, or other services to assist business planning</li> <li>• Support for tourism, travel, and hospitality sectors</li> </ul>
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<b>REVENUE LOSS</b>
<ul style="list-style-type: none"> <li>• Broad latitude to support government services, up to the amount of the lost revenue</li> <li>• Includes revenue from taxes, current charges, and miscellaneous general revenue</li> <li>• Calculated at four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023</li> <li>• Upon receiving payments, recipients may immediately calculate revenue loss for the period ending December 31, 2020</li> <li>• Excludes refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and revenue generated by utilities and insurance trusts</li> <li>• Includes intergovernmental transfers between state and local governments, but excludes transfers from the federal government</li> <li>• Recipients must calculate revenue on an entity-wide basis rather than a source-by-source basis</li> <li>• Includes current charges that would be included in the Census Bureau's definition of state or local government general revenue from own sources, such as revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, museums, zoos, etc.); auxiliary facilities in public recreation areas (camping areas, refreshment stands, gift shops, etc.); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities</li> </ul>

<b>PREMIUM PAY FOR ESSENTIAL WORKERS</b>
<ul style="list-style-type: none"> <li>• <b>Any work performed by an employee of the state, local or tribal government</b></li> <li>• Staff at nursing homes, hospitals, and home-care settings</li> <li>• Workers at farms, food production facilities, grocery stores, and restaurants</li> <li>• Janitors and sanitation workers</li> <li>• Public health and safety staff</li> <li>• Truck drivers, transit staff, and warehouse workers</li> <li>• Child care workers, educators, and school staff</li> <li>• Social service and human services staff</li> <li>• Retrospective and prospective premium pay permissible</li> <li>• Staff working for third-party contractors in eligible sectors</li> </ul>

## WATER & SEWER INFRASTRUCTURE

- Drinking water infrastructure projects, such as building or upgrading facilities and transmission, distribution, and storage systems, including the replacement of lead service lines
- Wastewater infrastructure projects, including constructing publicly-owned treatment infrastructure, managing and treating stormwater or subsurface drainage water, facilitating water reuse, and securing publicly-owned treatment works
- Projects that address the impacts of climate change
- Aligns eligible projects with the Clean Water State Revolving Fund and Drinking Water State Revolving Fund
- Encourages projects to use strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions

## BROADBAND INFRASTRUCTURE

- Investments in areas that are currently unserved or underserved (i.e., lacking a wireline connection that reliably delivers minimum speeds of 25 Mbps download and 3 Mbps upload)
- Prioritize projects that achieve last-mile connections to households and businesses
- Projects that deliver services offering reliable 100 Mbps download and 100 Mbps upload speeds, *unless impracticable due to topography, geography, or cost*
- Fiber optic investments



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