



Agenda
Village of Glen Ellyn
Special Finance Commission Meeting
Wednesday, August 11, 2021
7:00 AM
Glen Ellyn Civic Center
In Person Only - Room 306

Individuals with disabilities who plan to attend the meeting and who require certain accommodations in order to allow them to observe and participate, or who have questions regarding the accessibility of the meeting or facilities, are requested to contact the Village at least 24 hours before the meeting.

- A. Call to Order**
- B. Public Comment (Non Agenda Items)**
- C. Approval of Minutes**
 - 1) Minutes - June 11, 2021
- D. Financial Reports**
 - 1) General Fund Update - June 2021
 - 2) Village Links/Reserve 22 Financial Report - June 2021
- E. American Rescue Plan**
 - 1) Finance Director Coyle will update the Finance Commission on the American Rescue Plan funding.
- F. Trustee Liaison's Report**
- G. Chairman's Report**
- H. Other Business**
 - 1) Economic Development Update
 - 2) Next Meeting: Friday, September 10, 7:00 am
- I. Adjournment**

**FINANCE COMMISSION
MINUTES
JUNE 11, 2021**

CALL TO ORDER:

Jeremy S. VanEk	Chairman	Present
Michael Campagna	Commissioner	Present
Lea Dan	Commissioner	Present
Lisa A. Cleaver	Commissioner	Present
Scott R. Greeno	Commissioner	Present
Christopher Oakes	Commissioner	Present
Jose DeLeon	Commissioner	Present
Brenton J. Peck	Commissioner	Present
Kevin VanEk	Student Commissioner	Excused Absence

Also, present: Trustee Payne, Village Manager Franz, Finance Director Coyle and Recording Secretary Haslett.

A. Call To Order

The meeting was called to order at 7:00AM.

B. Public Comments

None.

C. Approval of Minutes

1. Finance Commission - Regular Meeting – April 9, 2021 7:00 AM

MOVE TO APPROVE MINUTES OF FINANCE COMMISSION MEETINGS AS PRESENTED FROM 4/9/2021.

RESULT Motion Unanimously Carried
MOVER: Commissioner Peck
SECONDER: Commissioner Campagna
AYES: Campagna, Cleaver, Dan, DeLeon, Greeno, J. VanEk, Oakes, and Peck
ABSENT: None

D. Financial Reports

1. General Fund Update –April 2021

Finance Director Coyle briefed the Finance Commission on the April 2021 General Fund financials. General Fund revenues are up 10% from the 2021 budget. Sales and home rule sales are down from last year, which was expected. Income taxes continue to trend well, due

to recent changes in taxation laws. Building permits are right on budget. Police fines are down from the year-to-date budget. Investment income is lagging below budget due to historically low interest rates. On the positive side, Covid-19 expenditures appear to be lower than expected. Facilities Maintenance and Information Technologies are below budget due to some staffing vacancies. Some legal bills are trending a little higher that may be reclassified to different expense line items. The Building Department is below budget because some of the consultant reviews for commercial permits is down. Streets is above budget due to the increased number of 2021 snow events.

2. Village Links/Reserve 22 Report – April 2021

Finance Director Coyle reported golf is doing really well. Finance Director Coyle noted the banquet business has been hurt by Covid-19 restrictions. There has been a positive trend for cash reserves. The cash position increased in April 2021. Revenues for April 2021 outperformed April 2019 (a more comparable year than 2020 due to Covid-19). From a year-to-date perspective, 2021 revenues are \$98,679 higher than 2019, while operating income was \$404,274 more than 2019. Finance Director Coyle noted operating profits were actually better with Reserve 22 being closed for a portion of the weekdays during the winter months. This concept will be further reviewed as we roll into next year.

3. First Quarter Financial Report 2021

Finance Director Coyle highlighted the Capital Projects Fund portion of this report, which covered the period of January 1, 2021 through March 31, 2021. Food and beverage collections in 2021 are nearing the pre-Covid 2020 amounts and above the 2021 budget. The real estate market is doing very well, which is positively impacting the real estate transfer tax revenues. Parking Garage expenditures totaled \$5.2 million in 2021 and to date \$15.9 million has been spent on this project. Chairman VanEk asked if the parking garage is coming in below budget. Finance Director Coyle confirmed the parking garage will be slightly under budget. All funds except the Village Links have reserves exceeding the policy level. The Village Links is getting close to policy level during the high season. Finance Director Coyle noted investment income is considerably down from last year with only \$11,457 earned compared to \$338,584 last year. Chairman VanEk thanked Finance Director Coyle for a thorough overview.

E. Coronavirus Local Fiscal Recovery Fund

1. Finance Director Coyle will brief the Commission on the estimated funding, eligible uses and timeline for the Coronavirus Local Recovery Fund

Finance Director Coyle estimated the Village will receive about \$3.4 in American Rescue Plan funding. Finance Director Coyle explained some larger cities like Chicago will be directly paid by the federal government. Smaller municipalities will receive their funding from the State of Illinois (who receive the funding from the federal government). Illinois has not received their first disbursements from the federal government and this is expected later

this summer. The Village will receive this funding in two (2) payments. The registration process is completed for the funding. The Village will need to determine what is the best use of these funds. Finance Director Coyle discussed the tentative timeline for determining the best use of these funds. Finance Director Coyle noted the funding must be used by the end of 2024.

Finance Director Coyle highlighted some of the possible uses for the American Rescue Plan monies including: supporting public health expenditures through funding Covid-19 mitigation efforts, addressing negative economic impacts, replace lost public sector revenue, and investing in water, sewer, and broadband infrastructure. Finance Director Coyle also discussed ineligible projects. Trustee Payne suggested staff compile a list of five (5) categories on how to spend this funding and this will help prioritize the key areas.

F. Trustee Liaison Report

No report.

G. Chairman's Report

Chairman VanEk shared the results of the Finance Commission skills inventory. Chairman VanEk noted there is one (1) Commissioner vacancy on the Finance Commission.

H. Other Business

1. Economic Development Update

Village Manager Franz provided a brief update on the Village's economic development activities.

2. Next Meeting Friday, July 9, 2021, 7:00AM

I. Adjournment

1. Motion to Adjourn

Commissioner Campagna moved and Commissioner Cleaver seconded, to adjourn the meeting. The meeting was adjourned at 8:19AM.

Submitted by Aileen Haslett, Recording Secretary



Glen Ellyn Finance Commission
535 Duane Street
Glen Ellyn, IL 60137

Meeting 8/11/2021 7:00 AM
Department: Finance
Department Head:
Category: Report
Prepared By:

**AGENDA ITEM (ID # 2021-
1319)**

DOC ID: 2021-1319

General Fund Update - June 2021

Statement of the Issue:

Please see the attached report.

Analysis:

N/A

Budget Impact:

N/A

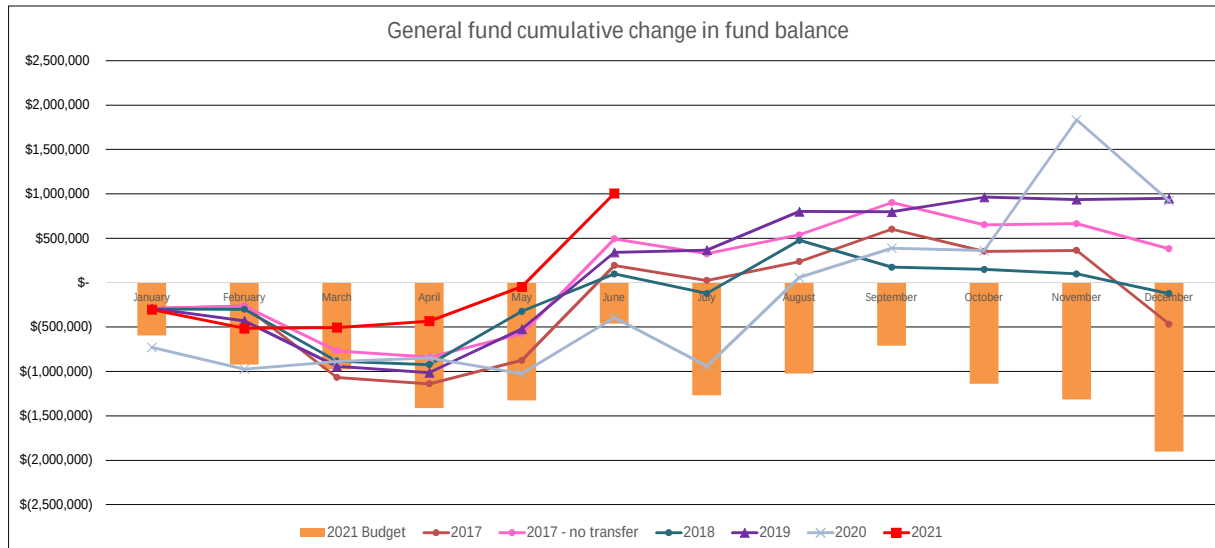
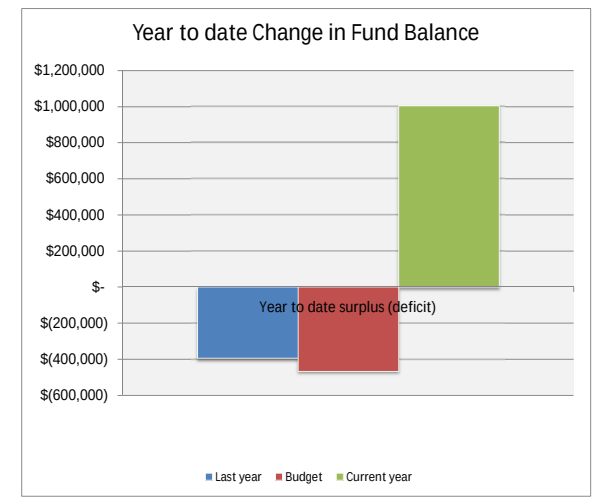
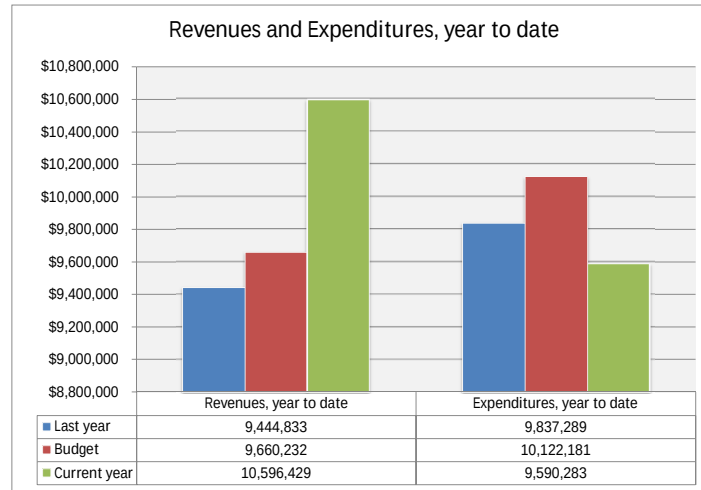
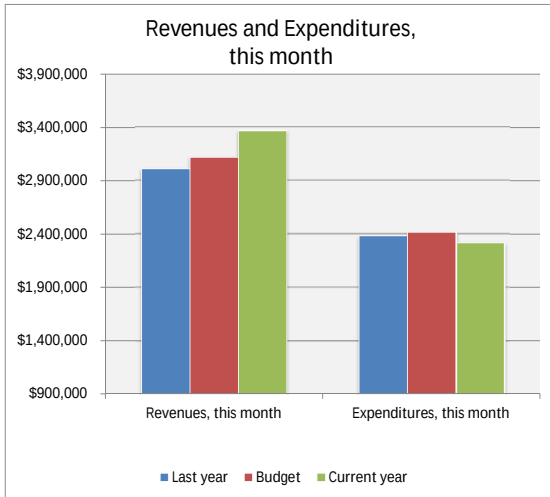
Action Requested:

None - discussion only.

Attachments:

1. General Fund Financial Report - FY21 June

General Fund Budget Summary
For the Period Ended June 30, 2021



General Fund Budget Summary
For the Period Ended June 30, 2021

REVENUES

TAXES

	Last Year	Current Budget	Current Year	Variance from LY \$	%	Variance from Budget \$	%
Property Tax	1,768,452	1,733,022	1,561,431	(207,021)	-12%	(171,591)	-10%
Econ Dev SSA Tax	70,700	80,308	71,464	764	1%	(8,844)	-11%
Sales Tax	284,324	269,400	382,199	97,875	34%	112,799	42%
Home Rule Sales Tax	179,161	167,607	291,288	112,127	63%	123,681	74%
State Income Tax	173,403	177,659	409,953	236,550	136%	232,294	131%
Other Taxes	215,697	103,091	203,070	(12,627)	-6%	99,979	97%
Subtotal Taxes	2,691,737	2,531,086	2,919,405	227,668	8%	388,319	13%
LICENSES & PERMITS							
Vehicle Licenses	18,458	12,612	21,816	3,358	18%	9,204	73%
Business Registration	255	1,510	-	(255)	-100%	(1,510)	-100%
Liquor Licenses	3,784	77,848	88,075	84,291	2228%	10,227	13%
Building Permits/Reg./Fees	67,954	122,937	96,884	28,930	43%	(26,053)	-21%
Subtotal Licenses & Permits	90,451	214,907	206,775	116,324	129%	(8,132)	-4%
CHARGES & FEES							
Cable Franchise Fees	-	-	-	-	0%	-	0%
Ambulance Service Fees	25	-	-	(25)	-100%	-	0%
Police Service Reimbursements	1,490	6,147	18,965	17,475	1173%	12,818	209%
Reimbursements - Other Agencies	11,286	10,777	11,543	257	2%	766	7%
Subtotal Charges & Fees	12,801	16,925	30,508	17,707	138%	13,583	45%
OTHER							
Police/Court Fines/Adjudication	15,428	46,578	44,896	29,468	191%	(1,682)	-4%
Investment Income	3,456	3,279	374	(3,082)	-89%	(2,905)	-89%
Miscellaneous Income	16,468	16,116	19,357	2,889	18%	3,241	20%
Transfers from Other Funds	180,619	287,300	147,594	(33,025)	-18%	(139,706)	-49%
Subtotal Other	215,971	353,274	212,221	(3,750)	-2%	(141,053)	-40%
Revenue Totals	3,010,960	3,116,191	3,368,909	357,949	12%	252,718	8%

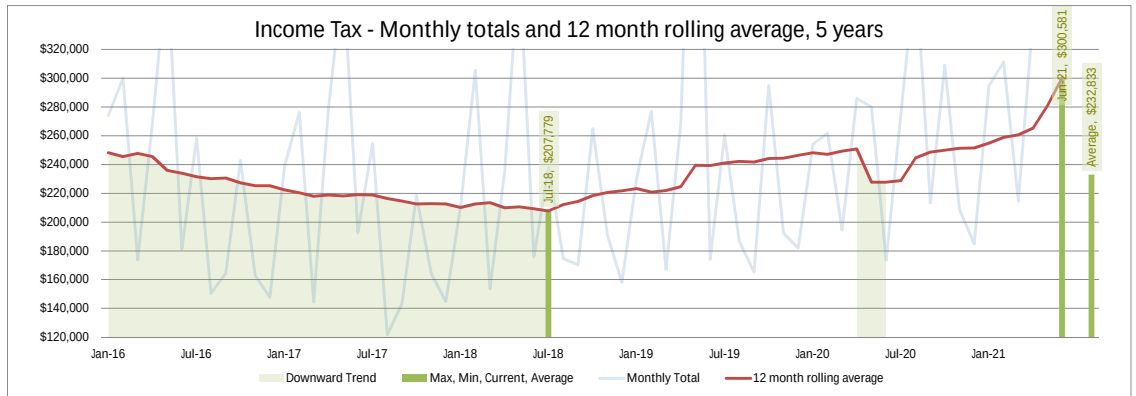
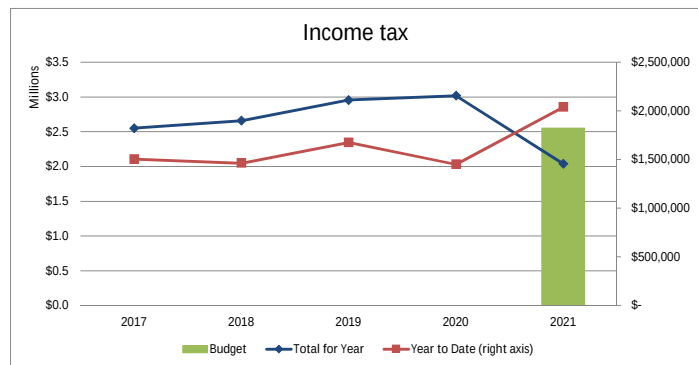
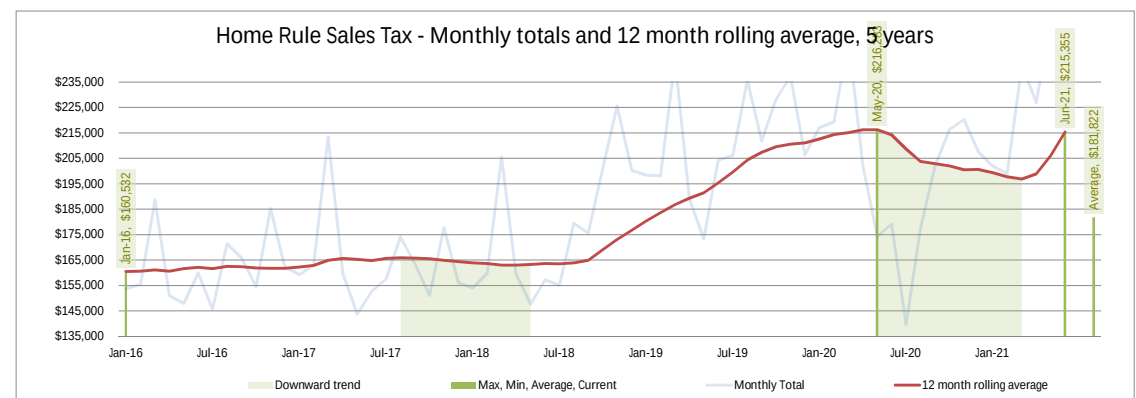
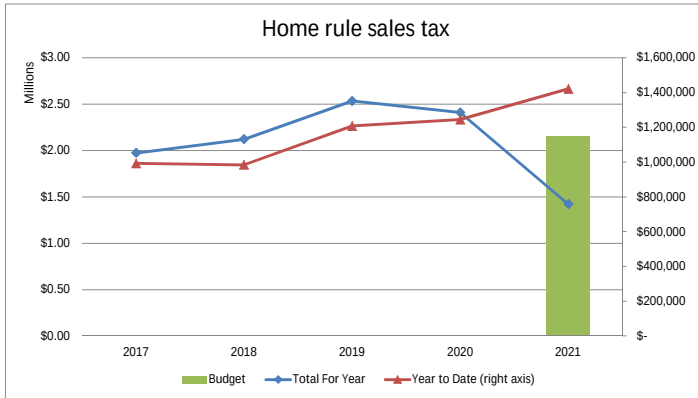
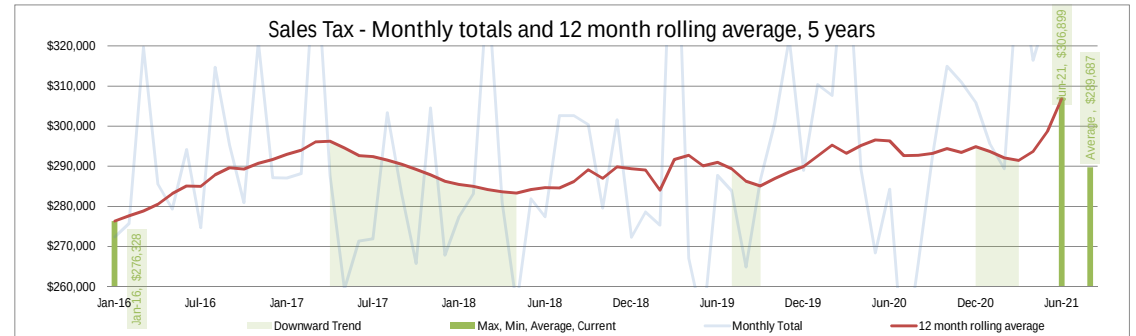
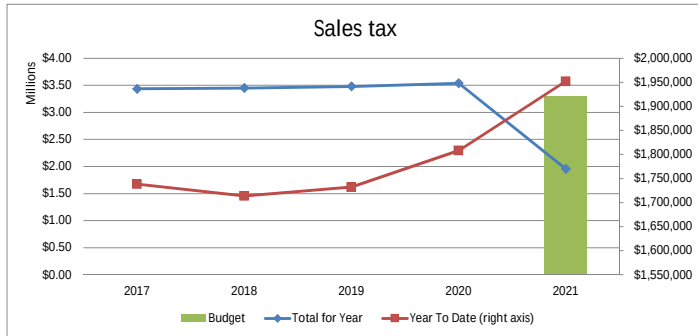
EXPENDITURES

Village Board & Clerk	3,488	8,495	30,561	27,073	776%	22,066	260%
Village Manager's Office	115,873	102,565	60,459	(55,414)	-48%	(42,106)	-41%
Facilities Maintenance	63,015	66,964	60,145	(2,870)	-5%	(6,819)	-10%
Information Technology*	35,272	67,224	38,256	2,984	8%	(28,968)	-43%
Senior Services	10,332	7,397	7,770	(2,562)	-25%	373	5%
History Park	2,647	2,325	3,128	481	18%	803	35%
Law	21,176	25,674	26,269	5,093	24%	595	2%
Finance - Administration	39,632	47,020	50,932	11,300	29%	3,912	8%
Finance - Cashiers Office	20,927	26,401	17,579	(3,348)	-16%	(8,822)	-33%
Planning	43,504	45,935	35,677	(7,827)	-18%	(10,258)	-22%
Building	84,173	111,815	104,028	19,855	24%	(7,787)	-7%
Economic Development	15,075	13,805	19,892	4,817	32%	6,087	44%
Police - Administration	195,801	167,526	176,206	(19,595)	-10%	8,680	5%
Police - Operations	1,139,906	1,161,577	1,157,453	17,547	2%	(4,124)	0%
Police - Investigations	241,573	256,836	259,883	18,310	8%	3,047	1%
Fire	34,765	24,030	23,640	(11,125)	-32%	(390)	-2%
EMS	63,819	35,767	39,717	(24,102)	-38%	3,950	11%
Public Works - Admin & Eng.**	75,865	68,956	50,813	(25,052)	-33%	(18,143)	-26%
Public Works - Streets	99,723	96,005	82,283	(17,440)	-17%	(13,722)	-14%
Public Works - Forestry	73,308	77,842	72,269	(1,039)	-1%	(5,573)	-7%
Expenditure Totals	2,379,874	2,414,158	2,316,960	(62,914)	-3%	(97,198)	-4%
Net Surplus / (Deficit)	631,086	702,033	1,051,949	420,863		349,916	

YTD

Last Year	Current Budget	Current Year	Variance from LY		Variance YTD Budget	
			\$	%	\$	%
1,817,996	1,879,648	1,802,183	(15,813)	-1%	(77,465)	-4%
72,297	80,332	78,791	6,494	9%	(1,541)	-2%
1,808,426	1,642,374	1,952,508	144,082	8%	310,134	16%
1,244,596	1,042,488	1,420,759	176,163	14%	378,271	27%
1,449,855	1,467,695	2,039,419	589,564	41%	571,724	28%
790,001	900,153	915,814	125,813	16%	15,661	2%
7,183,171	7,012,689	8,209,474	1,026,303	14%	1,196,785	15%
281,042	319,220	289,920	8,878	3%	(29,300)	-10%
7,185	10,246	-	(7,185)	-100%	(10,246)	100%
3,824	122,327	88,538	84,714	2215%	(33,789)	-38%
570,790	506,257	488,308	(82,482)	-14%	(17,949)	-4%
862,841	958,049	866,766	3,925	0%	(91,283)	-11%
272,080	287,500	268,458	(3,622)	-1%	(19,042)	-7%
50	-	-	(50)	-100%	-	0%
26,626	30,683	41,189	14,563	55%	10,506	26%
67,716	73,852	69,258	1,542	2%	(4,594)	-7%
366,472	392,035	378,905	12,433	3%	(13,130)	-3%
181,938	266,894	232,125	50,187	28%	(34,769)	-15%
56,102	19,146	3,129	(52,973)	-94%	(16,017)	-512%
65,854	105,986	129,537	63,683	97%	23,551	18%
728,455	905,433	776,493	48,038	7%	(128,940)	-17%
1,032,349	1,297,459	1,141,284	108,935	11%	(156,175)	-14%
9,444,833	9,660,232	10,596,429	1,151,596	12%	936,197	9%
50,100	61,680	75,945	25,845	52%	14,265	23%
482,366	615,392	522,704	40,338	8%	(92,688)	-15%
403,648	401,785	371,990	(31,658)	-8%	(29,795)	-7%
375,500	403,342	332,535	(42,965)	-11%	(70,807)	-18%
46,975	44,382	41,693	(5,282)	-11%	(2,689)	-6%
13,037	14,175	14,688	1,651	13%	513	4%
176,012	154,042	187,207	11,195	6%	33,165	22%
318,394	282,205	280,478	(37,916)	-12%	(1,727)	-1%
155,883	158,409	165,403	9,520	6%	6,994	4%
288,649	275,608	245,497	(43,152)	-15%	(30,111)	-11%
639,584	670,892	577,060	(62,524)	-10%	(93,832)	-14%
186,222	335,082	294,767	108,545	58%	(40,315)	-12%
743,229	663,658	665,643	(77,586)	-10%	1,985	0%
3,380,376	3,454,714	3,287,898	(92,478)	-3%	(166,816)	-5%
621,400	631,013	625,937	4,537	1%	(5,076)	-1%
157,874	171,990	172,676	14,802	9%	686	0%
295,862	257,400	333,097	37,235	13%	75,697	29%
416,173	413,733	364,726	(51,447)	-12%	(49,007)	-12%
638,255	645,627	662,625	24,370	4%	16,998	3%
447,750	467,052	367,714	(80,036)	-18%	(99,338)	-21%
9,837,289	10,122,181	9,590,283	(247,006)	-3%	(531,898)	-5%
(392,456)	(461,949)	1,006,146	1,398,602		1,468,095	

Key General Fund Revenues For the Period Ended June 30, 2021





Glen Ellyn Finance Commission
535 Duane Street
Glen Ellyn, IL 60137

Meeting 8/11/2021 7:00 AM
Department: Finance
Department Head:
Category: Report
Prepared By:

**AGENDA ITEM (ID # 2021-
1310)**

DOC ID: 2021-1310

Village Links/Reserve 22 Financial Report - June 2021

Statement of the Issue:

Please see the attached financial reports.

Analysis:

N/A

Budget Impact:

N/A

Action Requested:

N/A - Discussion only

Attachments:

1. Managers Report073021
2. Village Links - Financial Statements - June 2021

Manager's Report for June 2021

Submitted by Jeff Vesevick, General Manager

June was very warm, almost 4°F above normal which is tied for the 4th warmest June on record. We are out of the drought due to the 4.75" of rain received. Carts were grounded for 4 days (87% availability). Golfers continued to support the game in high numbers, taking most of the available tee times. The patio was also a very popular spot in June, as the weather patterns graciously accommodated outdoor activity.

High Temperatures In June																	
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
90° days	2	3	1	5	2	2	1	1		9	4		4	1	7	1	8
80° days	17	15	9	9	13	15	9	19	12	12	11	17	9	16	9	14	13
70° days	11	10	13	11	14	11	15	7	13	7	12	12	10	13	13	12	8
60° days		2	7	5	1	2	4	3	5	2	3	1	7		1	3	1
50° days							1										
40° days																	
30° days																	
Rain	4.8"	4.2"	3.1"	5.8"	3.2"	2.3"	8.0"	6.1"	2.8"	0.9"	4.7"	8.9"	3.6"	5.0"	3.5"	5.4"	0.6"

GOLF

**Monthly comparisons are to prior year, Y-T-D comparisons are to 2019 (pre-COVID)*

Rounds played were down 7% for the month, and are up 43% over 2019.

Greens Fees were flat for the month, and are up 61% over 2019.

Motor Cart rentals were up 6% for the month, and are up 64% over 2019.

Driving Range was up 18% for the month, and is up 78% over 2019.

Golf Shop merchandise sales were flat for the month, and are up 30% over 2019.

Overall Golf Revenue was up 1% for the month, and is up 55% over 2019.

Golf Revenue June											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Rounds	11,515	13,144	10,189	11,305	10,936	12,307	11,815	10,459	11,782	13,350	12,452
Green Fees	276,636	318,841	252,324	291,012	277,526	310,002	307,505	279,480	325,972	367,622	367,567
Driving Range	34,379	41,465	0	37,032	40,604	45,584	42,677	44,326	48,808	55,264	65,367
Pro Shop	26,957	34,951	19,781	29,276	30,844	24,136	27,044	27,515	27,155	28,008	28,067
Carts	60,733	52,360	61,134	71,960	69,432	82,332	93,613	79,271	89,938	89,704	95,299
Resident Cards	3,639	3,490	2,820	4,380	3,770	3,910	3,930	3,060	3,860	6,080	2,620
Miscellaneous	14,017	14,003	9,187	18,008	8,700	17,468	10,104	13,122	13,435	18,768	12,324
Total Revenue	416,453	494,969	345,350	433,534	430,876	483,432	484,872	446,774	509,168	565,446	571,245
Total Golf Revenues in June were the best in the past 11 years											

Golf Outings scheduled in June 2020 were cancelled, due to the State of Illinois restrictions placed on golf courses. As restrictions eased, groups slowly began to book events, as we hosted 560 rounds, about 70% of June 2019. Generally accounting for up to 15% of the month's golf revenues, fewer inquiries were easily covered by open play.

The **Have One On Us** customer appreciation golf and food event was held in a modified format, using electronic scoring for the first time, and without the normal fanfare of side events, food tent, or party atmosphere. Still, golfers were treated to free range balls, complimentary food and beverage, and the chance to win over \$50,000 in prize giveaways.

GOLF COURSE and GROUNDS

Grounds

1. Plant protectant apps continued
2. All rough sprayed for weeds and preemergent for crabgrass
3. Flowers planted at entrance signs, and Lambert sign
4. Added 5 summer seasonal staff
5. All greenside bunkers edged and weeds removed
6. De littered parkways multiple times

Mechanical and Building Maintenance

1. 15 pieces of equipment were repaired and/or serviced.
2. Grinding of reels and mower blades as needed
3. Installed air conditioning in both starter huts
4. All HVAC units on property inspected
5. Washed Hood Fan Filters to prevent smoke buildup in kitchen

Horticulture/Conservation

1. Continued spraying mulch beds for weeds
2. Tropical Plants and Hanging Baskets fertilized
3. Solicited quotes for Contractor to edge and weed beds
4. Solicited quotes for path restoration work at Panfish

RESERVE 22

Restaurant and Bar sales were up 6% for the month, and are up 53% for the year.

Banquet sales were \$85k, versus \$0 a year ago, and \$105k in 2019.

Overall sales were up 38% for the month, and are up 57% for the year.

Reserve 22 - JUNE				Year to Date		
	2020	2021	+/-	2020	2021	+/-
Restaurant & Bar	254,593	270,831	6.4%	488,376	748,877	53.3%
Banquets	0	85,207	#DIV/0!	108,803	175,326	61.1%
from Outings	0	8,386	#DIV/0!	0	8,386	#DIV/0!
Beverage Cart	14,736	14,328	-2.8%	16,863	26,751	58.6%
Halfway House	23,404	20,352	-13.0%	30,391	59,199	94.8%
Other	6,875	23,807	246.3%	25,260	37,860	49.9%
Total Reserve 22	299,608	414,525	38.4%	669,693	1,048,013	56.5%

*2019's pre COVID revenues

Reserve 22 - JUNE				Year to Date		
	2019	2020	+/-	2019	2020	+/-
Restaurant & Bar	224,780	254,593	13.3%	730,019	488,375	-33.1%
Banquets	105,199	0	-100.0%	315,227	109,839	-65.2%
from Outings	42,401	0	-100.0%	66,542	0	-100.0%
Beverage Cart	15,206	15,011	-1.3%	24,805	17,159	-30.8%
Halfway House	19,089	23,129	21.2%	36,626	30,111	-17.8%
Other	6,057	6,875	13.5%	6,470	8,085	25.0%
Total Reserve 22	370,331	299,608	-19.1%	1,113,147	653,569	-41.3%

The great weather had diners eager to eat outdoors, as the public remained cautious. However, with most restrictions lifted, volume increases were dramatic in the Restaurant and Bar.

The Banquet business was much slower to recover, as restrictions remained in place longer, and booked events had already downsized. There were many smaller sized events.

Many new faces were hired and trained, and many familiar ones returned. However, Brad Chapple and his management team had a very difficult time finding workers to fill vacancies, most notably in the kitchen staff.

VILLAGE LINKS / RESERVE 22
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
As of June 30, 2021

ORG	DESCRIPTION	2021 BUDGET	MONTH				YEAR-TO-DATE			
			2021	2020	DIFF	% DIFF	2021	2020	DIFF	% DIFF
	REVENUES:									
5500	Village Links Revenues	\$ 3,113,850	\$ 573,964	\$ 565,527	\$ 8,437	1%	\$ 1,622,570	\$ 881,394	\$ 741,176	84%
5520	Reserve 22 Revenues	2,731,000	414,525	299,607	114,918	38%	1,058,641	669,692	388,950	58%
	Total Revenues	\$ 5,844,850	\$ 988,490	\$ 865,134	\$ 123,355	14%	\$ 2,681,211	\$ 1,551,085	\$ 1,130,126	73%
	EXPENDITURES:									
55700	Administration	\$ 460,117	\$ 36,321	\$ 34,575	\$ 1,746	5%	\$ 222,422	\$ 220,573	\$ 1,849	1%
55710	Golf Course Maintenance	899,270	66,298	86,511	(20,213)	-23%	375,684	338,449	37,235	11%
55720	Golf Services	722,908	79,001	49,624	29,376	59%	291,956	229,774	62,182	27%
55730	Reserve 22	2,420,256	316,460	74,836	241,624	323%	830,271	604,076	226,195	37%
55740	Stormwater Management	28,814	1,981	267	1,714	642%	3,633	2,171	1,462	67%
55750	Pro Shop Merchandise	158,495	26,877	20,904	5,973	29%	70,369	36,822	33,547	91%
55780	Motorized Carts	45,515	6,812	2,839	3,973	140%	14,823	3,146	11,678	371%
557X5	Mechanical Maintenance	196,841	10,456	6,753	3,704	55%	87,178	69,742	17,436	25%
	Total Operating Expenses	\$ 4,932,216	\$ 544,205	\$ 276,308	\$ 267,897	97%	\$ 1,896,336	\$ 1,504,753	\$ 391,583	26%
	Operating Income	\$ 912,634	\$ 444,285	\$ 588,826	\$ (144,542)	-25%	\$ 784,875	\$ 46,332	\$ 738,543	1594%
	Debt Service	656,084	43,041	51,348	(8,306)	-16%	43,041	51,348	(8,306)	-16%
	Capital Expenditures	222,000	10,554	-	10,554	0%	45,494	20,525	24,969	122%
	CHANGE IN NET POSITION	\$ 34,550	\$ 390,689	\$ 537,479	\$ (146,790)	-27%	\$ 696,340	\$ (25,540)	\$ 721,880	-2826%

KEY METRICS

	<u>Goal</u>							
Personnel Expenses as % of Sales	47%	27%	22%	6%	37%	64%	-27%	
Cash Balance (End of Month, in \$000's)	\$ 1,234	\$ 1,610	\$ 655	\$ 955				

VILLAGE LINKS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
GOLF
(Including Administration, Grounds, & Mechanical Maintenance)
As of June 30, 2021

ORG/ OBJECT	DESCRIPTION	2021 BUDGET	MONTH				YEAR-TO-DATE			
			2021	2020	DIFF	% DIFF	2021	2020	DIFF	% DIFF
5500	VILLAGE LINKS REVENUES:									
440550	Green Fees	\$ 1,950,000	\$ 367,567	\$ 367,622	\$ (54)	0%	\$ 987,400	\$ 585,184	\$ 402,216	69%
440554	Pro Shop - Sales	170,000	28,067	28,008	60	0%	81,238	41,648	39,590	95%
440555	Motor Carts	500,000	95,299	89,704	5,595	6%	243,190	105,548	137,642	130%
440556	Driving Range	300,000	65,367	55,264	10,103	18%	203,760	68,931	134,829	196%
440557	Resident Cards	32,000	2,620	6,080	(3,460)	-57%	32,856	27,060	5,796	21%
460100	Investment Income	8,500	0	3	(3)	-93%	2	2,340	(2,338)	-100%
489000	Miscellaneous Revenue	126,550	12,820	18,761	(5,941)	-32%	60,984	50,901	10,083	20%
489100	Miscellaneous - Over/Short	-	(10)	86	(96)	-112%	(260)	(218)	(43)	20%
490800	Operating Transfer In	26,800	2,233	-	2,233	0%	13,400	-	13,400	0%
	Total Revenues	\$ 3,113,850	\$ 573,964	\$ 565,527	\$ 8,437	1%	\$ 1,622,570	\$ 881,394	\$ 741,176	84%
	COST OF GOODS SOLD:									
520945	Cost of Goods Sold - Pro Shop	\$ 127,500	\$ 24,096	\$ 18,671	\$ 5,425	29%	\$ 55,682	\$ 22,716	\$ 32,965	145%
	Total Cost of Goods Sold	\$ 127,500	\$ 24,096	\$ 18,671	\$ 5,425	29%	\$ 55,682	\$ 22,716	\$ 32,965	145%
	Gross Profit	\$ 2,986,350	\$ 549,868	\$ 546,856	\$ 3,012	1%	\$ 1,566,888	\$ 858,677	\$ 708,211	82%
	OTHER OPERATING EXPENSES:									
510100	Salaries - Pensionable	\$ 943,660	\$ 72,748	\$ 71,519	\$ 1,228	2%	\$ 364,288	\$ 332,744	\$ 31,544	9%
510120	Salaries - Non-Pensionable	194,800	33,180	19,110	14,070	74%	76,174	111,310	(35,136)	-32%
510200	Salaries - Overtime	6,740	477	587	(111)	-19%	1,028	923	105	11%
510400	FICA Taxes	86,408	7,910	6,751	1,159	17%	32,576	32,705	(129)	0%
510500	IMRF	82,774	6,251	6,258	(7)	0%	30,728	35,858	(5,129)	-14%
590600	Health Insurance	137,400	10,281	10,121	160	2%	58,602	65,633	(7,030)	-11%
52XXXX	Contractual Services	624,178	46,132	32,303	13,829	43%	267,185	213,833	53,351	25%
53XXXX	Commodities	308,500	26,671	36,152	(9,481)	-26%	179,803	84,955	94,848	112%
	Total Operating Expenses	\$ 2,384,460	\$ 203,649	\$ 182,801	\$ 20,848	11%	\$ 1,010,383	\$ 877,961	\$ 132,423	15%
	Operating Income (Loss)	\$ 601,890	\$ 346,220	\$ 364,055	\$ (17,835)	-5%	\$ 556,505	\$ (19,284)	\$ 575,788	-2986%
	Operating Income (Loss) Percentage	19%	60%	64%			34%	-2%		

KEY METRICS

	Goal								
Rounds Played	70,000	12,452	13,530	(1,078)	33,186	20,608	12,578		
Revenue Per Round	\$ 44.48	\$ 46.09	\$ 41.80	\$ 4.30	\$ 48.89	\$ 42.77	\$ 6.12		
Resident Cards Sold	N/A	147	342	(195)	2,693	2,272	421		
Cost of Goods Sold % - Pro Shop	75%	86%	67%	19%	69%	55%	14%		
Personnel Expenses as % of Sales	47%	23%	20%	3%	35%	66%	-31%		

VILLAGE LINKS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
GOLF
(Including Administration, Grounds, & Mechanical Maintenance)
As of June 30, 2021

ORG/ OBJECT	DESCRIPTION	2021 BUDGET	MONTH				YEAR-TO-DATE			
			2021	2020	DIFF	% DIFF	2021	2020	DIFF	% DIFF
<u>MISCELLANEOUS REVENUE</u>										
Miscellaneous Revenue includes the following items, which don't fit into any of the major revenue categories:										
Adult & Junior Golf Lessons			\$ 7,359	\$ 12,412	\$ (5,053)		\$ 40,359	\$ 25,662	\$ 14,697	
Handicaps			-	1,800	(1,800)		-	15,360	(15,360)	
Hand Cart Rentals			4,311	4,519	(208)		11,451	6,144	5,307	
Golf Club Rentals			720	-	720		1,330	30	1,300	
Golf Club Repairs			-	24	(24)		738	194	544	
Locker Rentals			-	-	-		2,720	2,880	(160)	
Illinois Sales Tax (1.75%)			451	(5)	456		959	605	354	
Glen Ellyn Food & Beverage Tax (1%)			45	(2)	47		92	16	76	
Misc. Outings			-	-	-		1,048	-	1,048	
FootGolf Ball Rentals			10	10	-		15	25	(10)	
ATM Machine Commission			-	3	(3)		11	23	(12)	
Miscellaneous			(76)	-	(76)		2,262	(38)	2,300	
Total		\$ 126,550	\$ 12,820	\$ 18,761	\$ (5,941)		\$ 60,984	\$ 50,901	\$ 10,083	

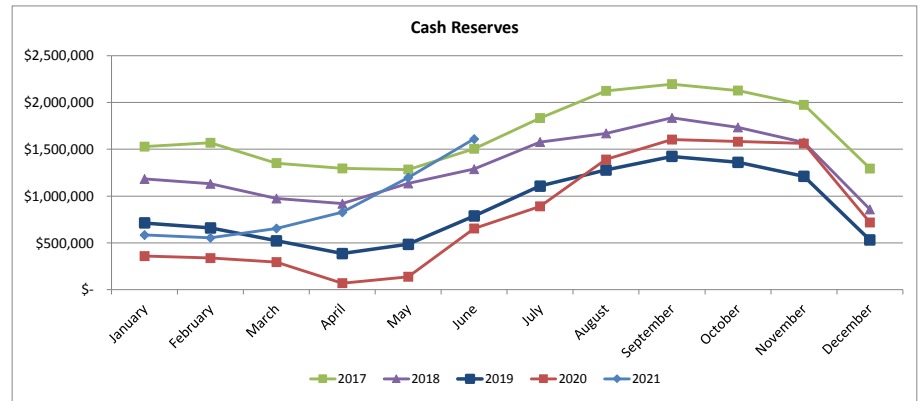
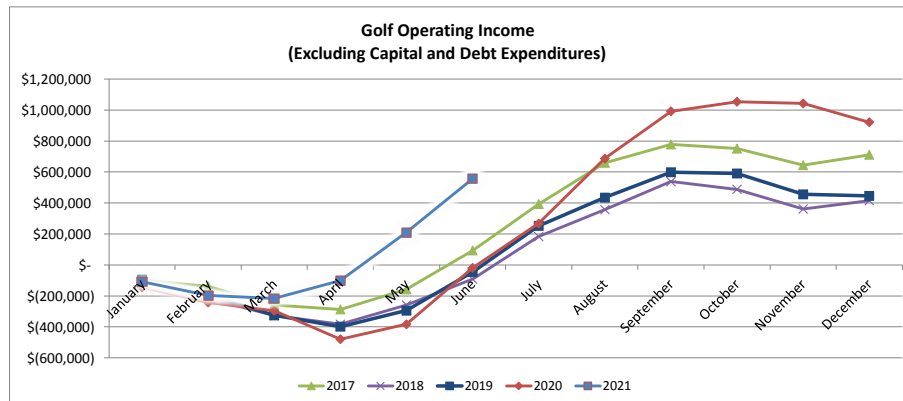
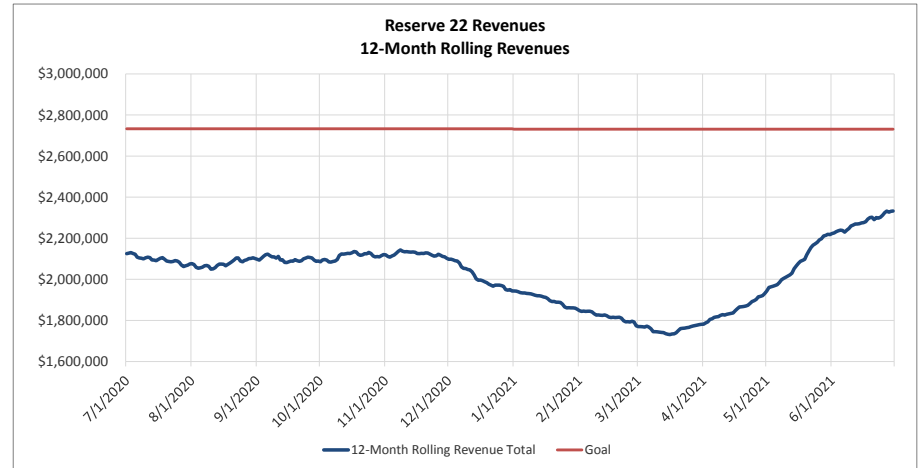
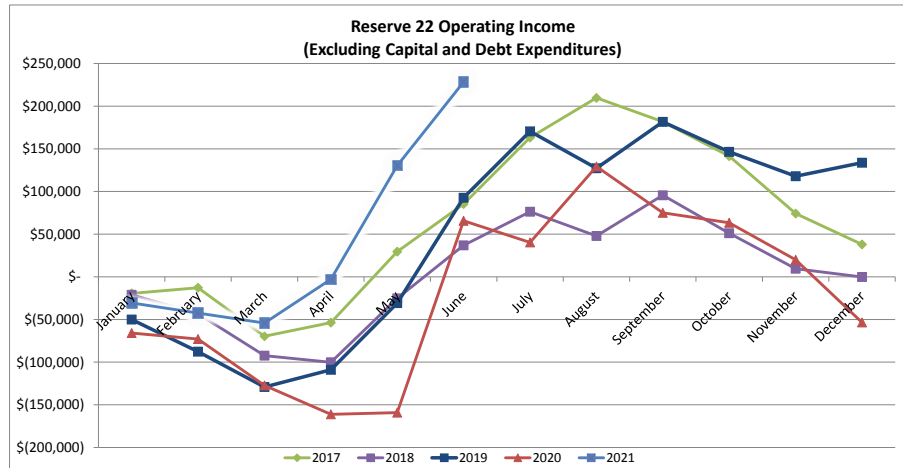
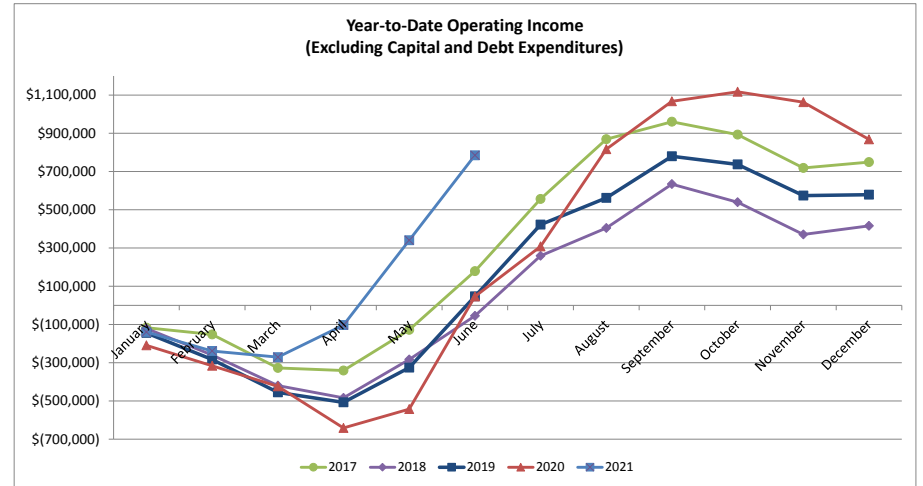
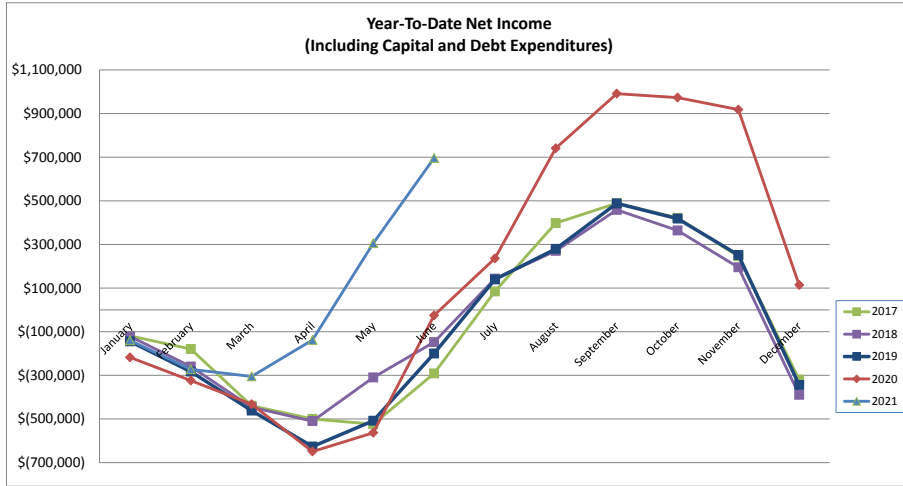
RESERVE 22
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
As of June 30, 2021

ORG/ OBJECT	DESCRIPTION	2021 BUDGET	MONTH				YEAR-TO-DATE			
			2021	2020	DIFF	% DIFF	2021	2020	DIFF	% DIFF
5520	RESERVE 22 REVENUES:									
441100	Food	\$ 1,500,000	\$ 224,141	\$ 156,055	\$ 68,086	44%	\$ 588,360	\$ 385,044	\$ 203,316	53%
441101	Liquor	260,000	46,125	30,153	15,971	53%	112,712	63,661	49,051	77%
441102	Beer	485,000	74,498	71,224	3,274	5%	198,006	110,848	87,158	79%
441103	Wine	235,000	33,276	26,289	6,987	27%	86,609	62,247	24,362	39%
441104	NA Beverages	85,000	15,633	15,843	(210)	-1%	33,980	22,628	11,352	50%
441106	Room Charges	4,000	2,441	-	2,441	0%	2,871	1,950	921	47%
441107	Service Charges	160,000	15,941	-	15,941	0%	32,625	21,663	10,962	51%
489000	Miscellaneous Revenue	2,000	2,470	43	2,427	5632%	3,478	1,651	1,827	111%
	Total Revenues	\$ 2,731,000	\$ 414,525	\$ 299,607	\$ 114,918	38%	\$ 1,058,641	\$ 669,692	\$ 388,950	58%
55730	COST OF GOODS SOLD:									
530400	Cost of Goods Sold - Beer	\$ 135,800	\$ 15,924	\$ 4,264	\$ 11,660	273%	\$ 49,900	\$ 15,985	\$ 33,915	212%
530401	Cost of Goods Sold - Wine	72,850	5,060	(845)	5,904	-699%	22,574	11,097	11,478	103%
530402	Cost of Goods Sold - Liquor	52,000	9,323	(3,540)	12,863	-363%	22,081	3,229	18,852	584%
530405	Cost of Goods Sold - NA Beverages	35,700	11,408	1,033	10,375	1005%	20,945	4,492	16,454	366%
530420	Cost of Goods Sold - Food	480,000	106,518	(116)	106,634	-91823%	205,424	75,837	129,588	171%
	Total Cost of Goods Sold	\$ 776,350	\$ 148,233	\$ 796	\$ 147,438	18531%	\$ 320,925	\$ 110,639	\$ 210,286	190%
	Gross Profit	\$ 1,954,650	\$ 266,292	\$ 298,812	\$ (32,520)	-11%	\$ 737,716	\$ 559,052	\$ 178,664	32%
	Gross Profit Percentage	72%	64%	100%			70%	83%		
55730	OTHER OPERATING EXPENSES:									
510100	Salaries - Pensionable	\$ 607,800	\$ 48,704	\$ 35,564	\$ 13,140	37%	\$ 200,544	\$ 240,369	\$ (39,825)	-17%
510120	Salaries - Non-Pensionable	460,000	62,367	19,630	42,737	218%	127,815	79,917	47,898	60%
510200	Salaries - Overtime	5,000	4,770	2,107	2,663	126%	6,267	2,507	3,760	150%
510399	Tips Paid Through Payroll	-	(2,411)	(10,157)	7,745	-76%	(15,270)	(7,581)	(7,689)	101%
510400	FICA Taxes	115,440	12,268	6,018	6,250	104%	33,207	29,208	3,999	14%
510500	IMRF	53,520	5,697	3,872	1,825	47%	21,210	24,124	(2,914)	-12%
590600	Health Insurance	73,900	5,574	4,877	696	14%	33,441	31,703	1,738	5%
52XXXX	Contractual Services	179,246	13,059	6,597	6,462	98%	48,604	54,823	(6,219)	-11%
53XXXX	Commodities	149,000	18,199	5,531	12,668	229%	53,527	38,366	15,161	40%
	Total Operating Expenses	\$ 1,643,906	\$ 168,227	\$ 74,041	\$ 94,187	127%	\$ 509,346	\$ 493,436	\$ 15,909	3%
	Operating Income	\$ 310,744	\$ 98,065	\$ 224,771	\$ (126,706)	-56%	\$ 228,371	\$ 65,616	\$ 162,754	248%
	Operating Income Percentage	11%	24%	75%			22%	10%		

RESERVE 22
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
As of June 30, 2021

ORG/ OBJECT	DESCRIPTION	2021 BUDGET	MONTH				YEAR-TO-DATE			
			2021	2020	DIFF	% DIFF	2021	2020	DIFF	% DIFF
KEY METRICS										
		Goal								
Revenue Source:										
Restaurant/Bar	N/A		\$ 270,831	\$ 254,592	\$ 16,239	6%	\$ 748,770	\$ 487,998	\$ 260,772	53%
Banquets	N/A		98,757	-	98,757	0%	202,845	125,958	76,888	61%
Other	N/A		44,937	45,015	(78)	0%	107,026	55,736	51,290	92%
Total	\$ 2,731,000		\$ 414,525	\$ 299,607	\$ 114,918	38%	\$ 1,058,641	\$ 669,692	\$ 388,950	58%
Reserve 22 Revenues (Last 12 Months)	\$ 2,731,000						\$ 2,332,638	\$ 2,121,572	\$ 211,065	10%
Reserve 22 Expenses (Last 12 Months)	\$ 2,420,256						\$ 2,223,382	\$ 2,014,891	\$ 208,492	10%
# Guest Checks (Restaurant/Bar)	N/A		7,039	5,651	1,388		18,810	11,896	6,914	
Revenue Per Guest Check	N/A		\$ 38.48	\$ 45.05	\$ (6.58)		\$ 39.81	\$ 41.02	\$ (1.22)	
# Guests (Restaurant/Bar)	N/A		12,409	10,441	1,968		32,029	20,240	11,789	
Average Guest Spend	N/A		\$ 21.83	\$ 24.38	\$ (2.56)		\$ 23.38	\$ 24.11	\$ (0.73)	
Cost of Goods Sold %	28%		36%	0%	35%		30%	17%	14%	
Cost of Goods Sold % (By Category):										
Cost of Goods Sold - Beer	28%		21%	6%	15%		25%	14%	11%	
Cost of Goods Sold - Wine	31%		15%	-3%	18%		26%	18%	8%	
Cost of Goods Sold - Liquor	20%		20%	-12%	32%		20%	5%	15%	
Cost of Goods Sold - NA Beverages	42%		73%	7%	66%		62%	20%	42%	
Cost of Goods Sold - Food	32%		48%	0%	48%		35%	20%	15%	
Personnel Expenses as % of Sales	48%		32%	24%	8%		39%	61%	-22%	
Prime Cost (Cost of Goods Sold + Personnel Expenses) as % of Sales										
	77%		69%	24%	45%		70%	77%	-7%	

Village Links / Reserve 22
Dashboard Financial Report
As of June 30, 2021





Glen Ellyn Finance Commission
535 Duane Street
Glen Ellyn, IL 60137

Meeting 8/11/2021 7:00 AM
Department: Finance
Department Head:
Category: Discussion Item
Prepared By:

**AGENDA ITEM (ID # 2021-
1322)**

DOC ID: 2021-1322

Finance Director Coyle will update the Finance Commission on the American Rescue Plan funding.

Statement of the Issue:

Analysis:

Budget Impact:

Action Requested:

Attachments:

1. American Rescue Plan Spending Proposal
2. IML Coronavirus Local Fiscal Recovery Fund Resource Guide
3. IML How Can Municipalities Spend ARPA Funds
4. Dept of Treasury FAQ as of July 19 2021



MEMORANDUM

DATE: August 8, 2021

TO: Finance Commission

FROM: Christina Coyle, Finance Director

SUBJECT: American Rescue Plan Act – Spending Proposal

Background

At the June 11, 2021, Finance Commission meeting, staff provided the Commission background information on the American Rescue Plan Act (ARPA). Staff has again attached some documents about ARPA from other sources which should provide the Commission with good background on this legislation. These documents are:

Attachment 1: Illinois Municipal League, “Coronavirus Local Fiscal Recovery Fund Resource Guide”

Attachment 2: Illinois Municipal League, “How can Municipalities Spend ARPA Funds?”

Attachment 3: US Department of Treasury, “Compliance and Reporting Guidance”

Attachment 4: US Department of Treasury, “Coronavirus State and Local Fiscal Recovery Funds, Frequently Asked Questions, as of July 19, 2021

Funding Amount/Time Period

The Village has been designated as a non-entitlement unit of local government (NEU). This means that the Village’s funding will be passed through to the Village from the State rather than directly from the federal government. The Village received notification on July 21, 2021 that the Village is currently estimated to receive \$3.77 million in ARPA Funds. Our prior estimation was \$3.4 million. The state’s portal to request these funds opened on July 22, 2021. The Village has begun the process of requesting these funds and is reviewing the documentation being requested. The first payment is anticipated to be received approximately 30 days after the portal submission is completed and then the second payment 12 months after that. Funds must be obligated by December 2024 and must be spent by December 2026.

High Level Funding Principals

Staff believes it is important for the Commission and Village Board to adopt high level funding principals. These should guide all decisions in how to allocate funds:

1. The ARPA funds are one-time funds and should be spent in a way to avoid reoccurring costs and should not be used to replace operating funds, except to the extent that that they mitigate the short-term economic impact of the pandemic to the Village.
2. Outside of costs directly related to a response to the Covid-19 pandemic, to the extent possible, the funds should be used to achieve long-lasting benefits for the Village’s residents and businesses. Projects with long-term benefits should be favored over those that have a short-term benefit.
3. Funds should be used in a manner consistent with the guidance and intent of the Act and effort should be made to reduce administrative cost and burden of using the funds.

4. The Village should maintain flexibility to reallocate funding consistent with the program guidelines.

ARPA Spending Categories

The Act highlights five spending categories:

1. Supporting Public Health Expenditures
2. Addressing negative economic impacts caused by the public health emergency
3. Replace lost public sector revenue
4. Premium pay for essential workers
5. Invest in water, sewer and broadband infrastructure

Unallowable Expenses

The Act highlights the following expenses as NOT allowable:

1. Replacing revenues due to a local tax cut or a local tax refund
2. Making pension payments
3. Funding debt service
4. Paying for legal settlements or judgements
5. Depositing funds into a rainy day or creating financial reserves
6. Spending on general infrastructure projects not authorized such as park improvements, playground equipment, or road or bridge maintenance

Recommendation

Staff recommends first replacing the Village's lost revenue. Ensuring the Village remains whole keeps the services that the Village has funded and avoids any necessary tax increases to mitigate lost revenue. This category is also a practical expedient which allows the Village to claim the most revenue with the least amount of administrative burden. The lost revenue amount for 2020 is \$1 million. Conservatively, staff would estimate \$500,000 for fiscal years 2021, 2022, and 2023. This lost revenue would total \$2.5 million. Once the Village has allocated the funding towards lost revenue, it can then use those funds as directed by the Treasury. The Department of Treasury guidance states, "...gives the recipients broad latitude to use funds for the provision of government services to the extent of reduction of revenue. Government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for new 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."

If \$2.5 million was directed towards lost revenue over the next three years, there would be \$1.2 million remaining. Some other suggestions for use could be:

Business Funding – estimate \$250K – Staff could develop another business program. Guidelines would have to be in line with the ARPA requirements.

Amnesty Program for Water & Sewer – estimate \$100K - At the beginning of the pandemic, staff ceased water shut-offs for past due payment. In late summer 2020, staff reinstituted shut-offs for non-payment. However, staff did not assess the shut off fee and staff also would turn water on with some payment (rather than payment in full). The goal was to draw attention to the customer that the account was past due, but to not penalize or create additional financial hardship for that customer. Staff believes that this was accomplished. However, normal procedures are to assess a \$75 shut off fee and to not turn water back on till the account is paid in full. As a reminder, those accounts that are shut-off have a bill that has not been paid for three months. Staff will also not shut any customer off that contacts the Village to arrange payment plans prior to shut off. Staff would like to return to normal shut-off policies and procedures. The ARPA funds could be used to create an amnesty program for those that have fallen behind in their Water & Sewer bill. This would then allow the Village to resume normal policies and procedures.

Other entities - \$250k - As noted below, the Village has received a request from the Park District for an allocation of ARPA Funds. Other entities that did not receive direct funding would be the Library and GWA. The Village could consider providing those entities with an allocation of funds. Again, those entities would have to justify allowable expenditures in accordance with the ARPA legislation.

Water & Sewer Infrastructure Projects – remaining funds - Any water or sewer project the Village has in its capital plan are eligible. One notable project is the CBD underground utility improvements as part of the street and streetscape project. Also, the replacement of lead lines is another project that the Village could undertake with these funds.

Requests for Funding

The Glen Ellyn Park District has approached the Village requesting to be considered by the Village in its use of ARPA Funds. DuPage County is directing special purpose governments (park district, library, fire protection, etc) to check with local municipalities before requesting funding from the County. The County received \$179M of ARPA Funding and currently has \$77M of this funding unallocated.

Next Steps

Staff requests feedback from the Finance Commission on the proposal above. Depending on Commission feedback and questions, the Commission could discuss again at its September meeting. Staff anticipates discussing this with the Village Board in September.



AMERICAN RESCUE PLAN

Coronavirus Local Fiscal Recovery Fund Resource Guide

On March 11, 2021, President Joseph R. Biden, Jr. signed [H.R. 1319, entitled the American Rescue Plan Act \(ARPA\) of 2021](#). The law will provide \$1.9 trillion in economic stimulus and COVID-19 relief. [A complete summary of provisions relevant to municipalities is available on the National League of Cities' website \(nlc.org\) via this link.](#)

As a resource for our members, the Illinois Municipal League (IML) has developed this overview of how ARPA funds may be utilized by municipalities. **Generally, IML recommends that municipalities use this funding to provide short-term economic stimulus that will have long-term positive economic and community impacts.**

This guide provides the following: 1) what the Act says; 2) what steps municipalities should take first; 3) how municipalities may spend the money in line with federal guidelines; and, 4) recommendations regarding how to utilize this funding in compliance with federal guidelines and best practices.

What Does the Act Say?

Included in ARPA is \$65.1 billion in financial assistance for all municipalities, nationwide.

Of that, \$45.57 billion will be allocated to metropolitan (also known as, entitlement) municipalities, which either are the central city of a metropolitan area or have a population above 50,000. Funds will be distributed based on the Community Development Block Grant (CDBG) formula. The remaining \$19.53 billion will be sent to state governments to distribute directly to non-metropolitan municipalities (also known as, non-entitlement) based on population. For non-metropolitan municipalities, the amount of funding they may receive is capped at 75% of the municipality's pre-pandemic budget as of January 27, 2020.

[The allocations for metropolitan municipalities in Illinois are available via this link.](#)

[More information regarding the distribution of ARPA funds to non-metropolitan units of local government in Illinois is available via this link.](#) Population data from the U.S. Department of the Treasury for non-metropolitan units of local government is [available via this link](#).

[Linked here are the allocations for non-metropolitan municipalities](#) from the Illinois Department of Commerce and Economic Opportunity (DCEO).

Based on the Act, municipalities will be allowed to use ARPA funds on eligible costs incurred by December 31, 2024.

Eligible costs include:

1. Costs to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses and nonprofits, or aid to impacted industries such as tourism, travel and hospitality;
2. Costs to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the municipality that perform essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
3. Costs for the provision of government services to the extent of the reduction in revenue of a municipality due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the municipality; or,
4. Costs to make necessary investments in water, sewer and broadband infrastructure.

What Should Municipalities Do First?

On April 15, 2021, the U.S. Treasury Department released [steps \(available via this link\)](#) that units of local governments should take to receive their funds in a timely fashion once the funds become available.

Metropolitan (entitlement) cities should take the following steps as soon as possible:

- Ensure your community has a valid DUNS number. A DUNS number is a unique nine-character number used to identify an organization and is issued by Dun & Bradstreet. The federal government uses the DUNS number to track how federal money is allocated. A DUNS number is required prior to registering with the federal System for Award Management (SAM) database, which is outlined below. Registering for a DUNS number is free of charge.

If an entity does not have a valid DUNS number, please visit [Dun & Bradstreet's website \(available via this link\)](#) or call 1-866-705-5711 to begin the registration process.

- Ensure your community has an active SAM registration. SAM is the official government-wide database to register with in order to do business with the U.S. government. All federal financial assistance recipients must register on SAM.gov and renew their SAM registration annually to maintain an active status, to be eligible to receive federal financial assistance. There is no charge to register or maintain an entity's SAM registration.

Non-metropolitan (non-entitlement) cities, which will receive their distribution from the State of Illinois, should take the following steps as soon as possible:

- Ensure your community has a valid DUNS number. A DUNS number is a unique nine-character number used to identify an organization and is issued by Dun & Bradstreet. The federal government uses the DUNS number to track how federal money is allocated. Registering for a DUNS number is free of charge.

If an entity does not have a valid DUNS number, please visit [Dun & Bradstreet's website \(available via this link\)](#) or call 1-866-705-5711 to begin the registration process.

- The State of Illinois has recommended that non-metropolitan communities also ensure an active SAM registration. SAM is the official government-wide database to register with in order to do business with the U.S. government. All federal financial assistance recipients must register on SAM.gov and renew their SAM registration annually to maintain an active status, to be eligible to receive federal financial assistance. There is no charge to register or maintain an entity's SAM registration.

If an entity does not have an active SAM registration, please visit [SAM.gov \(available via this link\)](#) to begin the registration or renewal process. Please note that SAM registration can take up to three weeks; delay in registering could impact the timely payment of funds. The Governor's Office of Management and Budget (GOMB) has provided an [overview presentation \(available via this link\)](#) regarding how to create a SAM registration.



If an entity does not have an active SAM registration, please visit [SAM.gov \(available via this link\)](#) to begin the registration or renewal process. Please note that SAM registration can take up to three weeks; delay in registering could impact the timely payment of funds.

The Governor's Office of Management and Budget (GOMB) has provided an [overview presentation \(available via this link\)](#) regarding how to create a SAM registration.

- Gather the community's payment information, including:
 - a) Entity Identification Number (EIN), name and contact information;
 - b) Name and title of an authorized representative of the entity; and,
 - c) Financial institution information (e.g., routing and account number, financial institution name and contact information).

Where Can Municipalities Request their ARPA Funding?

Metropolitan units of government, are eligible to request their funding directly from the U.S. Department of the Treasury. [To submit a request to the Treasury Department, visit their website via this link.](#)

Non-metropolitan units of government must claim their ARPA allotment from the State of Illinois. **The [portal \(available via this link\)](#) is maintained by the Department of Commerce and Economic Opportunity (DCEO).** NEUs must complete the request for funding and submit the required materials through the portal by 5:00 p.m. on September 30, 2021. **NEUs that do not submit their claim to DCEO by 5:00 p.m. on September 30, 2021, will lose their allotment, which may be reallocated by the state.**

After the state has actually received the federal funds and after NEUs have submitted their request and the required materials to DCEO, those NEUs should begin to receive their first funding disbursement from the Illinois Department of Revenue (IDOR). **There could be a delay of approximately 30 days between when everything has been submitted by the NEU to DCEO and when DCEO has authorized IDOR to make the disbursement to the NEU; IDOR will make disbursements promptly once authorized by DCEO.**

How Can Municipalities Spend Their ARPA Funds?

On May 10, 2021, the [U.S. Treasury Department released guidance \(available via this link\)](#) that details the eligible uses for ARPA funds received by municipalities. The main provisions of that guidance are listed below.

Non-metropolitan municipalities in Illinois will receive their allocations, based on population, through the State of Illinois, subject to a cap of not more than 75% of their most recent pre-pandemic annual budget. Non-metropolitan municipalities without formal budgets as of January 27, 2020, will be permitted to self-certify their most recent annual expenditures as of January 27, 2020, for the purpose of calculating the cap.

Local governments will receive funds in two distributions, with 50% provided as early as May 2021 and the balance delivered approximately one year later. The state will not be authorized to restrict or regulate the distribution of funding to non-metropolitan municipalities beyond those required by ARPA and the Treasury Department's implementing regulations and guidance. Recipient municipalities have broad flexibility to decide how best to use this funding to meet the needs of those communities.

Within these overall categories, [the Treasury Department's Interim Final Rule \(available via this link\)](#) provides guidelines and principles for determining the types of programs and services that this funding can support, together with examples of allowable uses that recipients may consider.

Additional information, including examples of eligible uses, on the State and Local Fiscal Recovery Funds is also summarized in [the Treasury Department's Fact Sheet \(available via this link\)](#).

ELIGIBLE USES

Recipients may use Coronavirus State and Local Fiscal Recovery Funds to:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- Invest in water, sewer and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure and to expand access to broadband Internet.

INELIGIBLE USES

The [Treasury Department's Fact Sheet \(available via this link\)](#) identifies ineligible uses, including:

- A prohibition against funding to directly or indirectly offset reductions in tax revenue due to a change in law from March 3, 2021, through the last day of the fiscal year in which the funds have been spent (i.e., new state or local tax cuts); and,
- A prohibition against making a deposit into a pension fund for the purpose of reducing an accrued, unfunded liability.

The [Treasury Department's Interim Final Rule \(available via this link\)](#) identifies several other ineligible uses, including:

- Funding debt service;
- Funding legal settlements or judgments;
- Deposits to rainy day funds or financial reserves; and,
- General infrastructure spending is not covered as an eligible use unless the spending is on water, sewer and broadband investments, addressing a specific pandemic public health need or a specific negative economic impact.

REPORTING REQUIREMENTS

Financial records and supporting documents related to ARPA funding must be retained for a period of five years after all funds have been expended or returned to the U.S. Treasury Department, whichever is later. This includes records and documents that demonstrate the funds were used for eligible purposes in accordance with ARPA, Treasury Department regulations implementing those sections and Treasury Department guidance on eligible uses of funds.

Metropolitan cities will be required to submit quarterly project and expenditure reports to the Treasury Department. This report will include financial data, information on contracts and sub-awards in excess of \$50,000, types of projects funded and other information regarding an entity's utilization of funds. An interim report on expenditures through July 31, 2021, is due on August 31, 2021. The initial quarterly project and expenditure report is due October 31, 2021, and subsequent reports are due within 30 days of the end of each calendar quarter. Metropolitan cities with a population in excess of 250,000 residents will also be required to submit an annual recovery plan performance report to the Treasury Department. Local governments with fewer than 250,000 residents are not required to submit a recovery plan performance report.

Non-metropolitan cities will be required to submit annual project and expenditure reports to the Treasury Department. The initial annual project and expenditure report for non-metropolitan cities will cover activity from the date of funding to September 30, 2021, and must be submitted to the Treasury Department by October 31, 2021. Subsequent annual reports must be submitted to the Treasury Department by October 31 of each year.

Most of the provisions of the federal Uniform Guidance (2 CFR 200) apply to this program, including the Cost Principles and Single Audit Act requirements. Recipients should refer to the Assistance Listing for detail on the specific provisions of the Uniform Guidance that do not apply to this program. The Assistance Listing is available on [beta.SAM.gov via this link](#).

What Should Municipalities Do With This Funding?

ARPA funding will be critical for communities as they continue to respond to and recover from the COVID-19 public health emergency. IML encourages municipalities to utilize their funding in a way that both addresses short-term economic needs and provides long-term benefits to their communities. **IML urges communities to remember some basic principles when it comes to utilizing this one-time funding:**

- **Review the Guidance.** It is important for municipal officials and staff to review the U.S. Treasury Department's guidance in full before making any funding decisions. IML recommends community leaders consult with their finance officer or treasurer and legal counsel regarding the eligible uses of ARPA funding.
- **Don't be Afraid to Ask Questions.** Asking questions about this funding will help ensure all of the important issues are addressed before funding is depleted. The Treasury Department has already answered many questions related to their guidance in their [Frequently Asked Questions document \(available via this link\)](#). General inquiries regarding the guidance can be submitted to the Treasury Department by email at SLFRP@treasury.gov. IML will continue to provide new information as it is developed and available, as a resource to IML member municipalities.
- **Engage with Stakeholders and the Public.** Listen to stakeholders and provide ample, open opportunity for the public to discuss how ARPA funding for your community could be utilized. Public engagement on the programs and projects funded will be important to ensure short- and long-term benefits and transparency.
- **Ensure Compliance with all Reporting Requirements.** The Treasury Department requires that both metropolitan and non-metropolitan municipalities meet various reporting requirements and deadlines. Not meeting those requirements could subject a municipality to repayment of funds to the federal government that have already been spent.
- **Take Your Time.** These funds are not required to be spent right away. Per the [Treasury Department's Interim Final Rule \(available via this link\)](#), local governments have until December 31, 2024, to obligate the funding. There is time to plan and implement an open and thorough process that ensures the funding is being used in a way that provides the best short-term stimulus that has long-term positive impacts in each community.

Treasury Department Resources

- [U.S. Department of the Treasury Website Regarding Coronavirus State and Local Fiscal Recovery Funds](#)
- [Interim Final Rule for Coronavirus State and Local Fiscal Recovery Funds](#)
- [Coronavirus State and Local Fiscal Recovery Funds Fact Sheet](#)
- [Coronavirus State and Local Fiscal Recovery Funds Quick Reference Guide](#)
- [Compliance and Reporting Guidance for the State and Local Fiscal Recovery Funds](#)
- [Coronavirus Local Fiscal Recovery Fund Guidance Regarding Distribution of Funds to Non-Metropolitan Units of Local Government](#)
- [Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions](#)
- [Frequently Asked Questions Regarding Distribution of Funds to Non-Entitlement Units of Local Government](#)

Other ARPA Resources

- [Illinois Municipal League COVID-19 Resources Website](#)
- [Illinois Department of Commerce and Economic Opportunity's ARPA Website for Non-Metropolitan Units of Government](#)
- [National League of Cities Website on COVID-19 Pandemic Response & Relief](#)
- [U.S. Conference of Mayors American Rescue Plan Resource Center](#)
- [National Association of Counties COVID-19 Recovery Clearinghouse](#)





AMERICAN RESCUE PLAN

How Can Municipalities Spend ARPA Funds?

Municipalities across the state either have been or will be receiving federal funding due to the passage of the American Rescue Plan Act (ARPA) of 2021. ARPA funding can be utilized in various ways and is fully described in the [U.S. Department of the Treasury's Guidance \(available via this link\)](#). Municipalities have until December 31, 2024, to obligate ARPA funds and all ARPA funds must be spent by December 31, 2026.

Below are some examples of how municipalities can utilize ARPA funding.

Municipalities CAN Spend ARPA Funds on:

- PROVIDING SERVICES AND PROGRAMS TO CONTAIN AND MITIGATE THE SPREAD OF COVID-19:
 - Testing and contact tracing efforts
 - Enforcement of public health orders
 - Purchasing personal protective equipment
 - Capital investments in public facilities to meet pandemic operational needs
- PROVIDING SERVICES TO ADDRESS BEHAVIORAL HEALTHCARE NEEDS EXACERBATED BY THE PANDEMIC:
 - Hotlines and warmlines
 - Crisis intervention
- COVERING PAYROLL AND BENEFITS FOR EMPLOYEES TO THE EXTENT THEY WORK ON COVID-19 RESPONSE:
 - Full payroll and benefits for public safety employees
- PROVIDING ECONOMIC AID:
 - Providing aid and job training to unemployed residents
 - Providing survivor's benefits for family members of COVID-19 victims
 - Supporting small businesses
 - Providing aid to tourism, travel and hospitality sectors
 - Rebuilding public sector capacity
- REPLACING LOST REVENUE:
 - Municipalities seeking to replace lost revenue will have to follow additional guidance. [More information about that guidance is available from IML's federal partner, the National League of Cities, via this link.](#)
- SERVING THE HARDEST-HIT COMMUNITIES AND FAMILIES
- PROVIDING PREMIUM PAY TO ESSENTIAL WORKERS
- INVESTING IN WATER AND SEWER INFRASTRUCTURE:
 - Replacing lead service lines
 - Building or upgrading facilities and transmission, distribution and storage systems
 - Constructing publicly-owned wastewater treatment infrastructure
 - Managing and treating stormwater or subsurface drainage water
 - Facilitating water reuse
 - Securing publicly-owned treatment works
- INVESTING IN BROADBAND INFRASTRUCTURE

Municipalities CANNOT Spend ARPA Funds on:

- Replacing revenues due to a local tax cut or local tax refund enacted after March 3, 2021.
- Making pension payments.
- Funding debt service.
- Paying for legal settlements or judgments.
- Depositing into a rainy day fund or creating financial reserves.
- Spending on general infrastructure projects not authorized above, such as:
 - Park improvements;
 - Playground equipment; or,
 - Road and bridge maintenance.



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Coronavirus State and Local Fiscal Recovery Funds

Frequently Asked Questions

AS OF JULY 19, 2021

This document contains answers to frequently asked questions regarding the Coronavirus State and Local Fiscal Recovery Funds (CSFRF / CLFRF, or Fiscal Recovery Funds). Treasury will be updating this document periodically in response to questions received from stakeholders. Recipients and stakeholders should consult the [Interim Final Rule](#) for additional information.

- For overall information about the program, including information on requesting funding, please see <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments>
- For general questions about CSFRF / CLFRF, please email SLFRP@treasury.gov
- Treasury is seeking comment on all aspects of the Interim Final Rule. Stakeholders are encouraged to submit comments electronically through the Federal eRulemaking Portal (<https://www.regulations.gov/document/TREAS-DO-2021-0008-0002>) on or before July 16, 2021. Please be advised that comments received will be part of the public record and subject to public disclosure. Do not disclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Questions added 5/27/21: 1.5, 1.6, 2.13, 2.14, 2.15, 3.9, 4.5, 4.6, 10.3, 10.4 (noted with “[5/27]”)

Questions added 6/8/21: 2.16, 3.10, 3.11, 3.12, 4.7, 6.7, 8.2, 9.4, 9.5, 10.5 (noted with “[6/8]”)

Questions added 6/17/21: 6.8, 6.9, 6.10, 6.11 (noted with “[6/17]”)

Questions added 6/23/21: 1.7, 2.17, 2.18, 2.19, 2.20, 3.1 (appendix), 3.13, 4.8, 6.12 (noted with “[6/23]”)

Question added 6/24/21: 2.21 (noted with “[6/24]”)

Questions added 7/14/21: 1.8, 3.14, 3.15, 4.9, 4.10, 4.11, 4.12, 6.13, 6.14, 6.15, 6.16, 6.17, 10.3 updated (noted with “[7/14]”)

Answers to frequently asked questions on distribution of funds to non-entitlement units of local government (NEUs) can be found in this [FAQ supplement](#), which is regularly updated.

1. Eligibility and Allocations

1.1. Which governments are eligible for funds?

The following governments are eligible:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities
- Non-entitlement units, or smaller local governments

1.2. Which governments receive funds directly from Treasury?

Treasury will distribute funds directly to each eligible state, territory, metropolitan city, county, or Tribal government. Smaller local governments that are classified as non-entitlement units will receive funds through their applicable state government.

1.3. Are special-purpose units of government eligible to receive funds?

Special-purpose units of local government will not receive funding allocations; however, a state, territory, local, or Tribal government may transfer funds to a special-purpose unit of government. Special-purpose districts perform specific functions in the community, such as fire, water, sewer or mosquito abatement districts.

1.4. How are funds being allocated to Tribal governments, and how will Tribal governments find out their allocation amounts?¹

\$20 billion of Fiscal Recovery Funds was reserved for Tribal governments. The American Rescue Plan Act specifies that \$1 billion will be allocated evenly to all eligible Tribal governments. The remaining \$19 billion will be distributed using an allocation methodology based on enrollment and employment.

There will be two payments to Tribal governments. Each Tribal government's first payment will include (i) an amount in respect of the \$1 billion allocation that is to be divided equally among eligible Tribal governments and (ii) each Tribal government's pro rata share of the Enrollment Allocation. Tribal governments will be notified of their allocation amount and delivery of payment 4-5 days after completing request for funds in the Treasury Submission Portal. The deadline to make the initial request for funds is June 21, 2021.

The second payment will include a Tribal government's pro rata share of the Employment Allocation. There is a \$1,000,000 minimum employment allocation for Tribal governments. In late-June, Tribal governments will receive an email notification to re-enter the Treasury Submission Portal to confirm or amend their 2019 employment numbers that were submitted to the Department of the Treasury for the CARES Act's Coronavirus Relief Fund. To receive an Employment Allocation, including the minimum employment allocation, Tribal governments must confirm employment numbers by July

¹ The answer to this question was updated on July 19, 2021.

23, 2021. Treasury will calculate employment allocations for those Tribal governments that confirmed or submitted amended employment numbers by the deadline. In August, Treasury will communicate to Tribal governments the amount of their portion of the Employment Allocation and the anticipated date for the second payment.

1.5. My county is a unit of general local government with population under 50,000. Will my county receive funds directly from Treasury? [5/27]

Yes. All counties that are units of general local government will receive funds directly from Treasury and should apply via the [online portal](#). The list of county allocations is available [here](#).

1.6. My local government expected to be classified as a non-entitlement unit. Instead, it was classified as a metropolitan city. Why? [5/27]

The American Rescue Plan Act defines, for purposes of the Coronavirus Local Fiscal Recovery Fund (CLFRF), metropolitan cities to include those that are currently metropolitan cities under the Community Development Block Grant (CDBG) program but also those cities that relinquish or defer their status as a metropolitan city for purposes of the CDBG program. This would include, by way of example, cities that are principal cities of their metropolitan statistical area, even if their population is less than 50,000. In other words, a city that is eligible to be a metropolitan city under the CDBG program is eligible as a metropolitan city under the CLFRF, regardless of how that city has elected to participate in the CDBG program.

Unofficial allocation estimates produced by other organizations may have classified certain local governments as non-entitlement units of local government. However, based on the statutory definitions, some of these local governments should have been classified as metropolitan cities.

1.7. In order to receive and use Fiscal Recovery Funds, must a recipient government maintain a declaration of emergency relating to COVID-19? [6/23]

No. Neither the statute establishing the CSFRF/CLFRF nor the Interim Final Rule requires recipients to maintain a local declaration of emergency relating to COVID-19.

1.8. Can non-profit or private organizations receive funds? If so, how? [7/14]

Yes. Under section 602(c)(3) of the Social Security Act, a State, territory, or Tribal government may transfer funds to a “private nonprofit organization . . . , a Tribal organization . . . , a public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of State or local government.” Similarly, section 603(c)(3) authorizes a local government to transfer funds to the same entities (other than Tribal organizations). The Interim Final Rule clarifies that the lists of transferees in sections 602(c)(3) and 603(c)(3) are not exclusive, and recipients may transfer funds to constituent units of government or private entities beyond those

specified in the statute. A transferee receiving a transfer from a recipient under sections 602(c)(3) and 603(c)(3) will be considered to be a subrecipient and will be expected to comply with all subrecipient reporting requirements.

The ARPA does not authorize Treasury to provide CSFRF/CLFRF funds directly to non-profit or private organizations. Thus, non-profit or private organizations should seek funds from CSFRF/CLFRF recipient(s) in their jurisdiction (e.g., a State, local, territorial, or Tribal government).

2. Eligible Uses – Responding to the Public Health Emergency / Negative Economic Impacts

2.1. What types of COVID-19 response, mitigation, and prevention activities are eligible?

A broad range of services are needed to contain COVID-19 and are eligible uses, including vaccination programs; medical care; testing; contact tracing; support for isolation or quarantine; supports for vulnerable populations to access medical or public health services; public health surveillance (e.g., monitoring case trends, genomic sequencing for variants); enforcement of public health orders; public communication efforts; enhancement to health care capacity, including through alternative care facilities; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (e.g., nursing homes, incarceration settings, homeless shelters, group living facilities) and other key settings like schools; ventilation improvements in congregate settings, health care settings, or other key locations; enhancement of public health data systems; and other public health responses. Capital investments in public facilities to meet pandemic operational needs are also eligible, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics.

2.2. 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 under CSFRF/CLFRF?

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.

2.3. If a use of funds is not explicitly permitted in the Interim Final Rule as a response to the public health emergency and its negative economic impacts, does that mean it is prohibited?

The Interim Final Rule contains a non-exclusive list of programs or services that may be funded as responding to COVID-19 or the negative economic impacts of the COVID-19 public health emergency, along with considerations for evaluating other potential uses of Fiscal Recovery Funds not explicitly listed. The Interim Final Rule also provides flexibility for recipients to use Fiscal Recovery Funds for programs or services that are not identified on these non-exclusive lists but which meet the objectives of section 602(c)(1)(A) or 603(c)(1)(A) by responding to the COVID-19 public health emergency with respect to COVID-19 or its negative economic impacts.

2.4. May recipients use funds to respond to the public health emergency and its negative economic impacts by replenishing state unemployment funds?

Consistent with the approach taken in the CRF, recipients may make deposits into the state account of the Unemployment Trust Fund up to the level needed to restore the pre-pandemic balances of such account as of January 27, 2020, or to pay back advances received for the payment of benefits between January 27, 2020 and the date when the Interim Final Rule is published in the Federal Register.

2.5. What types of services are eligible as responses to the negative economic impacts of the pandemic?

Eligible uses in this category include assistance to households; small businesses and non-profits; and aid to impacted industries.

Assistance to households includes, but is not limited to: 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; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training.

Assistance to small business and non-profits includes, but is not limited to:

- 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; and
- Technical assistance, counseling, or other services to assist with business planning needs

2.6. May recipients use funds to respond to the public health emergency and its negative economic impacts by providing direct cash transfers to households?

Yes, provided the recipient considers whether, and the extent to which, the household has experienced a negative economic impact from the pandemic. Additionally, cash transfers must be reasonably proportional to the negative economic impact they are intended to address. Cash transfers grossly in excess of the amount needed to address the negative economic impact identified by the recipient would not be considered to be a response to the COVID-19 public health emergency or its negative impacts. In particular, when considering appropriate size of permissible cash transfers made in response to the COVID-19 public health emergency, state, local, territorial, and Tribal governments may consider and take guidance from the per person amounts previously provided by the federal government in response to the COVID crisis.

2.7. May funds be used to reimburse recipients for costs incurred by state and local governments in responding to the public health emergency and its negative economic impacts prior to passage of the American Rescue Plan?

Use of Fiscal Recovery Funds is generally forward looking. The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021.

2.8. May recipients use funds for general economic development or workforce development?

Generally, not. Recipients must demonstrate that funding uses directly address a negative economic impact of the COVID-19 public health emergency, including funds used for economic or workforce development. For example, job training for unemployed workers may be used to address negative economic impacts of the public health emergency and be eligible.

2.9. How can recipients use funds to assist the travel, tourism, and hospitality industries?

Aid provided to tourism, travel, and hospitality industries should respond to the negative economic impacts of the pandemic. For example, a recipient may provide aid to support safe reopening of businesses in the tourism, travel and hospitality industries and to districts that were closed during the COVID-19 public health emergency, as well as aid a planned expansion or upgrade of tourism, travel and hospitality facilities delayed due to the pandemic.

Tribal development districts are considered the commercial centers for tribal hospitality, gaming, tourism and entertainment industries.

2.10. May recipients use funds to assist impacted industries other than travel, tourism, and hospitality?

Yes, provided that recipients consider the extent of the impact in such industries as compared to tourism, travel, and hospitality, the industries enumerated in the statute. For example, nationwide the leisure and hospitality industry has experienced an

approximately 17 percent decline in employment and 24 percent decline in revenue, on net, due to the COVID-19 public health emergency. Recipients should also consider whether impacts were due to the COVID-19 pandemic, as opposed to longer-term economic or industrial trends unrelated to the pandemic.

Recipients should maintain records to support their assessment of how businesses or business districts receiving assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts.

2.11. How does the Interim Final Rule help address the disparate impact of COVID-19 on certain populations and geographies?

In recognition of the disproportionate impacts of the COVID-19 virus on health and economic outcomes in low-income and Native American communities, the Interim Final Rule identifies a broader range of services and programs that are considered to be in response 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 living in QCTs, or when these services are provided by Tribal governments.

Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately-impacted communities, recipients should be able to support their determination for how the pandemic disproportionately impacted the populations, households, or geographic areas to be served.

Eligible services include:

- Addressing health disparities and the social determinants of health, including: community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs;
- Building stronger neighborhoods and communities, including: supportive housing and other services for individuals experiencing homelessness, development of affordable housing, and housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity;
- Addressing educational disparities exacerbated by COVID-19, including: early learning services, increasing resources for high-poverty school districts, educational services like tutoring or afterschool programs, and supports for students' social, emotional, and mental health needs; and
- Promoting healthy childhood environments, including: child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth.

2.12. May recipients use funds to pay for vaccine incentive programs (e.g., cash or in-kind transfers, lottery programs, or other incentives for individuals who get vaccinated)?

Yes. Under the Interim Final Rule, recipients may use Coronavirus State and Local Fiscal Recovery Funds to respond to the COVID-19 public health emergency, including expenses related to COVID-19 vaccination programs. See 31 CFR 35.6(b)(1)(i). Programs that provide incentives reasonably expected to increase the number of people who choose to get vaccinated, or that motivate people to get vaccinated sooner than they otherwise would have, are an allowable use of funds so long as such costs are reasonably proportional to the expected public health benefit.

2.13. May recipients use funds to pay “back to work incentives” (e.g., cash payments for newly employed workers after a certain period of time on the job)? [5/27]

Yes. Under the Interim Final Rule, recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to unemployed workers. See 31 CFR 35.6(b)(4). This assistance can include job training or other efforts to accelerate rehiring and thus reduce unemployment, such as childcare assistance, assistance with transportation to and from a jobsite or interview, and incentives for newly employed workers.

2.14. The Coronavirus Relief Fund (CRF) included as an eligible use: "Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency." What has changed in CSFRF/CLFRF, and what type of documentation is required under CSFRF/CLFRF? [5/27]

Many of the expenses authorized under the Coronavirus Relief Fund are also eligible uses under the CSFRF/CLFRF. However, in the case of payroll expenses for public safety, public health, health care, human services, and similar employees (hereafter, public health and safety staff), the CSFRF/CLFRF does differ from the CRF. This change reflects the differences between the ARPA and CARES Act and recognizes that the response to the COVID-19 public health emergency has changed and will continue to change over time. In particular, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, including first responders, to the extent that the employee's time that is dedicated to responding to the COVID-19 public health emergency.

For administrative convenience, the recipient may consider a public health and safety employee to be entirely devoted to mitigating or responding to the COVID-19 public health emergency, and therefore fully covered, if the employee, or his or her operating unit or division, is primarily dedicated (e.g., more than half of the employee's time is dedicated) to responding to the COVID-19 public health emergency.

Recipients may use presumptions for assessing whether an employee, division, or operating unit is primarily dedicated to COVID-19 response. The recipient should

maintain records to support its assessment, such as payroll records, attestations from supervisors or staff, or regular work product or correspondence demonstrating work on the COVID-19 response. Recipients need not routinely track staff hours. Recipients should periodically reassess their determinations.

2.15. What staff are included in “public safety, public health, health care, human services, and similar employees”? Would this include, for example, 911 operators, morgue staff, medical examiner staff, or EMS staff? [5/27]

As discussed in the Interim Final Rule, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, for the portion of the employee’s time that is dedicated to responding to the COVID-19 public health emergency.

Public safety employees would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel. Human services staff include employees providing or administering social services; public benefits; child welfare services; and child, elder, or family care, as well as others.

2.16. May recipients use funds to establish a public jobs program? [6/8]

Yes. The Interim Final Rule permits a broad range of services to unemployed or underemployed workers and other individuals that suffered negative economic impacts from the pandemic. That can include public jobs programs, subsidized employment, combined education and on-the-job training programs, or job training to accelerate rehiring or address negative economic or public health impacts experienced due to a worker’s occupation or level of training. The broad range of permitted services can also include other employment supports, such as childcare assistance or assistance with transportation to and from a jobsite or interview.

The Interim Final Rule includes as an eligible use re-hiring public sector staff up to the government’s level of pre-pandemic employment. “Public sector staff” would not include individuals participating in a job training or subsidized employment program administered by the recipient.

2.17. The Interim Final Rule states that “assistance or aid to individuals or businesses that did not experience a negative economic impact from the public health emergency would not be an eligible use under this category.” Are recipients

required to demonstrate that each individual or business experienced a negative economic impact for that individual or business to receive assistance? [6/23]

Not necessarily. The Interim Final Rule allows recipients to demonstrate a negative economic impact on a population or group and to provide assistance to households or businesses that fall within that population or group. In such cases, the recipient need only demonstrate that the household or business is within the population or group that experienced a negative economic impact.

For assistance to households, the Interim Final Rule states, “In assessing whether a household or population experienced economic harm as a result of the pandemic, a recipient may presume that a household or population that experienced unemployment or increased food or housing insecurity or is low- or moderate-income experienced negative economic impacts resulting from the pandemic.” This would allow, for example, an internet access assistance program for all low- or moderate-income households, but would not require the recipient to demonstrate or document that each individual low- or -moderate income household experienced a negative economic impact from the COVID-19 public health emergency apart from being low- or -moderate income.

For assistance to small businesses, the Interim Final Rule states that assistance may be provided to small businesses, including loans, grants, in-kind assistance, technical assistance or other services, to respond to the negative economic impacts of the COVID-19 public health emergency. In providing assistance to small businesses, recipients must design a program that responds to the negative economic impacts of the COVID-19 public health emergency, including by identifying how the program addresses the identified need or impact faced by small businesses. This can include assistance to adopt safer operating procedures, weather periods of closure, or mitigate financial hardship resulting from the COVID-19 public health emergency.

As part of program design and to ensure that the program responds to the identified need, recipients may consider additional criteria to target assistance to businesses in need, including to small businesses. Assistance may be targeted to businesses facing financial insecurity, with substantial declines in gross receipts (e.g., comparable to measures used to assess eligibility for the Paycheck Protection Program), or facing other economic harm due to the pandemic, as well as businesses with less capacity to weather financial hardship, such as the smallest businesses, those with less access to credit, or those serving disadvantaged communities. For example, a recipient could find based on local data or research that the smallest businesses faced sharply increased risk of bankruptcy and develop a program to respond; such a program would only need to document a population or group-level negative economic impact, and eligibility criteria to limit access to the program to that population or group (in this case, the smallest businesses).

In addition, recognizing the disproportionate impact of the pandemic on disadvantaged communities, the Interim Final Rule also identifies a set of services that are presumptively eligible when provided in a Qualified Census Tract (QCT); to families and individuals living in QCTs; to other populations, households, or geographic areas

identified by the recipient as disproportionately impacted by the pandemic; or when these services are provided by Tribal governments. For more information on the set of presumptively eligible services, see the Interim Final Rule section on *Building Stronger Communities through Investments in Housing and Neighborhoods* and FAQ 2.11.

2.18. Would investments in improving outdoor spaces (e.g. parks) be an eligible use of funds as a response to the public health emergency and/or its negative economic impacts? [6/23]

There are multiple ways that investments in improving outdoor spaces could qualify as eligible uses; several are highlighted below, though there may be other ways that a specific investment in outdoor spaces would meet eligible use criteria.

First, in recognition of the disproportionate negative economic impacts on certain communities and populations, the Interim Final Rule identifies certain types of services that are eligible uses when provided in a Qualified Census Tract (QCT), to families and individuals living in QCTs, or when these services are provided by Tribal governments. Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic.

These programs and services include services designed to build stronger neighborhoods and communities and to address health disparities and the social determinants of health. The Interim Final Rule provides a non-exhaustive list of eligible services to respond to the needs of communities disproportionately impacted by the pandemic, and recipients may identify other uses of funds that do so, consistent with the Rule’s framework. For example, investments in parks, public plazas, and other public outdoor recreation spaces may be responsive to the needs of disproportionately impacted communities by promoting healthier living environments and outdoor recreation and socialization to mitigate the spread of COVID-19.

Second, recipients may provide assistance to small businesses in all communities. Assistance to small businesses could include support to enhance outdoor spaces for COVID-19 mitigation (e.g., restaurant patios) or to improve the built environment of the neighborhood (e.g., façade improvements).

Third, many governments saw significantly increased use of parks during the pandemic that resulted in damage or increased maintenance needs. The Interim Final Rule recognizes that “decrease[s to] a state or local government’s ability to effectively administer services” can constitute a negative economic impact of the pandemic.

2.19. Would expenses to address a COVID-related backlog in court cases be an eligible use of funds as a response to the public health emergency? [6/23]

The Interim Final Rule recognizes that “decrease[s to] a state or local government’s ability to effectively administer services,” such as cuts to public sector staffing levels, can constitute a negative economic impact of the pandemic. During the COVID-19 public

health emergency, many courts were unable to operate safely during the pandemic and, as a result, now face significant backlogs. Court backlogs resulting from inability of courts to safely operate during the COVID-19 pandemic decreased the government's ability to administer services. Therefore, steps to reduce these backlogs, such as implementing COVID-19 safety measures to facilitate court operations, hiring additional court staff or attorneys to increase speed of case resolution, and other expenses to expedite case resolution are eligible uses.

2.20. Can funds be used to assist small business startups as a response to the negative economic impact of COVID-19? [6/23]

As discussed in the Interim Final Rule, recipients may provide assistance to small businesses that responds to the negative economic impacts of COVID-19. The Interim Final Rule provides a non-exclusive list of potential assistance mechanisms, as well as considerations for ensuring that such assistance is responsive to the negative economic impacts of COVID-19.

Treasury acknowledges a range of potential circumstances in which assisting small business startups could be responsive to the negative economic impacts of COVID-19, including for small businesses and individuals seeking to start small businesses after the start of the COVID-19 public health emergency. For example:

- A recipient could assist small business startups with additional costs associated with COVID-19 mitigation tactics (e.g., barriers or partitions; enhanced cleaning; or physical plant changes to enable greater use of outdoor space).
- A recipient could identify and respond to a negative economic impact of COVID-19 on new small business startups; for example, if it could be shown that small business startups in a locality were facing greater difficulty accessing credit than prior to the pandemic, faced increased costs to starting the business due to the pandemic, or that the small business had lost expected startup capital due to the pandemic.
- The Interim Final Rule also discusses eligible uses that provide support for individuals who have experienced a negative economic impact from the COVID-19 public health emergency, including uses that provide job training for unemployed individuals. These initiatives also may support small business startups and individuals seeking to start small businesses.

2.21. Can funds be used for eviction prevention efforts or housing stability services? [6/24]

Yes. Responses to the negative economic impacts of the pandemic include “rent, mortgage, or utility assistance [and] counseling and legal aid to prevent eviction or homelessness.” This includes housing stability services that enable eligible households to maintain or obtain housing, such as housing counseling, fair housing counseling, case management related to housing stability, outreach to households at risk of eviction or promotion of housing support programs, housing related services for survivors of

domestic abuse or human trafficking, and specialized services for individuals with disabilities or seniors that supports their ability to access or maintain housing.

This also includes legal aid such as legal services or attorney's fees related to eviction proceedings and maintaining housing stability, court-based eviction prevention or eviction diversion programs, and other legal services that help households maintain or obtain housing.

Recipients may transfer funds to, or execute grants or contracts with, court systems, non-profits, and a wide range of other organizations to implement these strategies.

3. Eligible Uses – Revenue Loss

3.1. How is revenue defined for the purpose of this provision? [appendix added 6/23]

The Interim Final Rule adopts a definition of “General Revenue” that is based on, but not identical, to the Census Bureau’s concept of “General Revenue from Own Sources” in the Annual Survey of State and Local Government Finances.

General Revenue includes revenue from taxes, current charges, and miscellaneous general revenue. It 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. General revenue also includes intergovernmental transfers between state and local governments, but excludes intergovernmental transfers from the Federal government, including Federal transfers made via a state to a locality pursuant to the CRF or the Fiscal Recovery Funds.

Tribal governments may include all revenue from Tribal enterprises and gaming operations in the definition of General Revenue.

Please see the appendix for a diagram of the Interim Final Rule’s definition of General Revenue within the Census Bureau’s revenue classification structure.

3.2. Will revenue be calculated on an entity-wide basis or on a source-by-source basis (e.g. property tax, income tax, sales tax, etc.)?

Recipients should calculate revenue on an entity-wide basis. This approach minimizes the administrative burden for recipients, provides for greater consistency across recipients, and presents a more accurate representation of the net impact of the COVID- 19 public health emergency on a recipient’s revenue, rather than relying on financial reporting prepared by each recipient, which vary in methodology used and which generally aggregates revenue by purpose rather than by source.

3.3. Does the definition of revenue include outside concessions that contract with a state or local government?

Recipients should classify revenue sources as they would if responding to the U.S. Census Bureau's Annual Survey of State and Local Government Finances. According to the Census Bureau's [Government Finance and Employment Classification manual](#), the following is an example of current charges that would be included in a state or local government's general revenue from own sources: "Gross 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."

3.4. What is the time period for estimating revenue loss? Will revenue losses experienced prior to the passage of the Act be considered?

Recipients are permitted to calculate the extent of reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023. This approach recognizes that some recipients may experience lagged effects of the pandemic on revenues.

Upon receiving Fiscal Recovery Fund payments, recipients may immediately calculate revenue loss for the period ending December 31, 2020.

3.5. What is the formula for calculating the reduction in revenue?

A reduction in a recipient's General Revenue equals:

$$\text{Max } \{ [\text{Base Year Revenue} * (1 + \text{Growth Adjustment})^{\left(\frac{n_t}{12}\right)}] - \text{Actual General Revenue}_t ; 0 \}$$

Where:

Base Year Revenue is General Revenue collected in the most recent full fiscal year prior to the COVID-19 public health emergency.

Growth Adjustment is equal to the greater of 4.1 percent (or 0.041) and the recipient's average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency.

n equals the number of months elapsed from the end of the base year to the calculation date.

Actual General Revenue is a recipient's actual general revenue collected during 12-month period ending on each calculation date.

Subscript *t* denotes the calculation date.

3.6. Are recipients expected to demonstrate that reduction in revenue is due to the COVID-19 public health emergency?

In the Interim Final Rule, any diminution in actual revenue calculated using the formula above would be presumed to have been “due to” the COVID-19 public health emergency. This presumption is made for administrative ease and in recognition of the broad-based economic damage that the pandemic has wrought.

3.7. May recipients use pre-pandemic projections as a basis to estimate the reduction in revenue?

No. Treasury is disallowing the use of projections to ensure consistency and comparability across recipients and to streamline verification. However, in estimating the revenue shortfall using the formula above, recipients may incorporate their average annual revenue growth rate in the three full fiscal years prior to the public health emergency.

3.8. Once a recipient has identified a reduction in revenue, are there any restrictions on how recipients use funds up to the amount of the reduction?

The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. Government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for building new 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.

However, paying interest or principal on outstanding debt, replenishing rainy day or other reserve funds, or paying settlements or judgments would not be considered provision of a government service, since these uses of funds do not entail direct provision of services to citizens. This restriction on paying interest or principal on any outstanding debt instrument, includes, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt. In addition, the overarching restrictions on all program funds (e.g., restriction on pension deposits, restriction on using funds for non-federal match where barred by regulation or statute) would apply.

3.9. How do I know if a certain type of revenue should be counted for the purpose of computing revenue loss? [5/27]

As discussed in FAQ #3.1, the Interim Final Rule adopts a definition of “General Revenue” that is based on, but not identical, to the Census Bureau’s concept of “General Revenue from Own Sources” in the Annual Survey of State and Local Government Finances.

Recipients should refer to the definition of “General Revenue” included in the Interim Final Rule. See 31 CFR 35.3. If a recipient is unsure whether a particular revenue source is included in the Interim Final Rule’s definition of “General Revenue,” the recipient may consider the classification and instructions used to complete the Census Bureau’s Annual Survey.

For example, parking fees would be classified as a Current Charge for the purpose of the Census Bureau’s Annual Survey, and the Interim Final Rule’s concept of “General Revenue” includes all Current Charges. Therefore, parking fees would be included in the Interim Final Rule’s concept of “General Revenue.”

The Census Bureau’s Government Finance and Employment Classification manual is available [here](#).

3.10. In calculating revenue loss, are recipients required to use audited financials? [6/8]

Where audited data is not available, recipients are not required to obtain audited data. Treasury expects all information submitted to be complete and accurate. See 31 CFR 35.4(c).

3.11. In calculating revenue loss, should recipients use their own data, or Census data? [6/8]

Recipients should use their own data sources to calculate general revenue, and do not need to rely on published revenue data from the Census Bureau. Treasury acknowledges that due to differences in timing, data sources, and definitions, recipients’ self-reported general revenue figures may differ somewhat from those published by the Census Bureau.

3.12. Should recipients calculate revenue loss on a cash basis or an accrual basis? [6/8]

Recipients may provide data on a cash, accrual, or modified accrual basis, provided that recipients are consistent in their choice of methodology throughout the covered period and until reporting is no longer required.

3.13. In identifying intergovernmental revenue for the purpose of calculating General Revenue, should recipients exclude all federal funding, or just federal funding related to the COVID-19 response? How should local governments treat federal funds that are passed through states or other entities, or federal funds that are intermingled with other funds? [6/23]

In calculating General Revenue, recipients should exclude all intergovernmental transfers from the federal government. This includes, but is not limited to, federal transfers made via a state to a locality pursuant to the Coronavirus Relief Fund or Fiscal Recovery Funds. To the extent federal funds are passed through states or other entities or intermingled with other funds, recipients should attempt to identify and exclude the

federal portion of those funds from the calculation of General Revenue on a best-efforts basis.

3.14. What entities constitute a government for the purpose of calculating revenue loss? [7/14]

In determining whether a particular entity is part of a recipient's government for purposes of measuring a recipient's government revenue, recipients should identify all the entities included in their government and the general revenue attributable to these entities on a best-efforts basis. Recipients are encouraged to consider how their administrative structure is organized under state and local statutes. In cases in which the autonomy of certain authorities, commissions, boards, districts, or other entities is not readily distinguishable from the recipient's government, recipients may adopt the Census Bureau's criteria for judging whether an entity is independent from, or a constituent of, a given government. For an entity to be independent, it generally meets all four of the following conditions:

- The entity is an organized entity and possesses corporate powers, such as perpetual succession, the right to sue and be sued, having a name, the ability to make contracts, and the ability to acquire and dispose of property.
- The entity has governmental character, meaning that it provides public services, or wields authority through a popularly elected governing body or officers appointed by public officials. A high degree of responsibility to the public, demonstrated by public reporting requirements or by accessibility of records for public inspection, also evidences governmental character.
- The entity has substantial fiscal independence, meaning it can determine its budget without review and modification by other governments. For instance, the entity can determine its own taxes, charges, and debt issuance without another government's supervision.
- The entity has substantial administrative independence, meaning it has a popularly elected governing body, or has a governing body representing two or more governments, or, in the event its governing body is appointed by another government, the entity performs functions that are essentially different from those of, and are not subject to specification by, its creating government.

If an entity does not meet all four of these conditions, a recipient may classify the entity as part of the recipient's government and assign the portion of General Revenue that corresponds to the entity.

To further assist recipients in applying the forgoing criteria, recipients may refer to the Census Bureau's [*Individual State Descriptions: 2017 Census of Governments*](#) publication, which lists specific entities and classes of entities classified as either independent (defined by Census as "special purpose governments") or constituent (defined by Census as "dependent agencies") on a state-by-state basis. Recipients should note that the Census Bureau's lists are not exhaustive and that Census classifications are based on an analysis of state and local statutes as of 2017 and subject to the Census Bureau's judgement. Though not included in the Census Bureau's publication, state

colleges and universities are generally classified as dependent agencies of state governments by the Census Bureau.

If an entity is determined to be part of the recipient's government, the recipient must also determine whether the entity's revenue is covered by the Interim Final Rule's definition of "general revenue." For example, some cash flows may be outside the definition of "general revenue." In addition, note that the definition of general revenue includes Tribal enterprises in the case of Tribal governments. Refer to FAQ 3.1 (and the Appendix) for the components included in General Revenue.

3.15. The Interim Final Rule's definition of General Revenue excludes revenue generated by utilities. Can you please clarify the definition of utility revenue? [7/14]

As noted in FAQs 3.1 and 3.9, the Interim Final Rule adopts a definition of "general revenue" that is based on, but not identical to, the Census Bureau's concept of "General Revenue from Own Sources" in the Annual Survey of State and Local Government Finances. Recipients should refer to the definition of "general revenue" included in the Interim Final Rule. See 31 CFR 35.3. If a recipient is unsure whether a particular revenue source is included in the Interim Final Rule's definition of "general revenue," the recipient may consider the classification and instructions used to complete the Census Bureau's Annual Survey.

According to the Census Bureau's [Government Finance and Employment Classification manual](#), utility revenue is defined as "[g]ross receipts from sale of utility commodities or services to the public or other governments by publicly-owned and controlled utilities." This includes revenue from operations of publicly-owned and controlled water supply systems, electric power systems, gas supply systems, and public mass transit systems (see pages 4-45 and 4-46 of the manual for more detail).

Except for these four types of utilities, revenues from all commercial-type activities of a recipient's government (e.g., airports, educational institutions, lotteries, public hospitals, public housing, parking facilities, port facilities, sewer or solid waste systems, and toll roads and bridges) are covered by the Interim Final Rule's definition of "general revenue." If a recipient is unsure whether a particular entity performing one of these commercial-type activities can be considered part of the recipient's government, please see FAQ 3.14.

4. Eligible Uses – General

4.1. May recipients use funds to replenish a budget stabilization fund, rainy day fund, or similar reserve account?

No. Funds made available to respond to the public health emergency and its negative economic impacts are intended to help meet pandemic response needs and provide immediate stabilization for households and businesses. Contributions to rainy day funds

and similar reserves funds would not address these needs or respond to the COVID-19 public health emergency, but would rather be savings for future spending needs. Similarly, funds made available for the provision of governmental services (to the extent of reduction in revenue) are intended to support direct provision of services to citizens. Contributions to rainy day funds are not considered provision of government services, since such expenses do not directly relate to the provision of government services.

4.2. May recipients use funds to invest in infrastructure other than water, sewer, and broadband projects (e.g. roads, public facilities)?

Under 602(c)(1)(C) or 603(c)(1)(C), recipients may use funds for maintenance of infrastructure or pay-go spending for building of new infrastructure as part of the general provision of government services, to the extent of the estimated reduction in revenue due to the public health emergency.

Under 602(c)(1)(A) or 603(c)(1)(A), a general infrastructure project typically would not be considered a response to the public health emergency and its negative economic impacts unless the project responds to a specific pandemic-related public health need (e.g., investments in facilities for the delivery of vaccines) or a specific negative economic impact of the pandemic (e.g., affordable housing in a Qualified Census Tract).

4.3. May recipients use funds to pay interest or principal on outstanding debt?

No. Expenses related to financing, including servicing or redeeming notes, would not address the needs of pandemic response or its negative economic impacts. Such expenses would also not be considered provision of government services, as these financing expenses do not directly provide services or aid to citizens.

This applies to paying interest or principal on any outstanding debt instrument, including, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt.

4.4. May recipients use funds to satisfy nonfederal matching requirements under the Stafford Act? May recipients use funds to satisfy nonfederal matching requirements generally?

Fiscal Recovery Funds are subject to pre-existing limitations in other federal statutes and regulations and may not be used as non-federal match for other Federal programs whose statute or regulations bar the use of Federal funds to meet matching requirements. For example, expenses for the state share of Medicaid are not an eligible use. For information on FEMA programs, please [see here](#).

4.5. Are governments required to submit proposed expenditures to Treasury for approval? [5/27]

No. Recipients are not required to submit planned expenditures for prior approval by Treasury. Recipients are subject to the requirements and guidelines for eligible uses contained in the Interim Final Rule.

4.6. How do I know if a specific use is eligible? [5/27]

Fiscal Recovery Funds must be used in one of the four eligible use categories specified in the American Rescue Plan Act and implemented in the Interim Final Rule:

- a) 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;
- b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- c) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- d) To make necessary investments in water, sewer, or broadband infrastructure.

Recipients should consult Section II of the Interim Final Rule for additional information on eligible uses. For recipients evaluating potential uses under (a), the Interim Final Rule contains a non-exclusive list of programs or services that may be funded as responding to COVID-19 or the negative economic impacts of the COVID-19 public health emergency, along with considerations for evaluating other potential uses of Fiscal Recovery Funds not explicitly listed. See Section II of the Interim Final Rule for additional discussion.

For recipients evaluating potential uses under (c), the Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. See FAQ #3.8 for additional discussion.

For recipients evaluating potential uses under (b) and (d), see Sections 5 and 6.

4.7. Do restrictions on using Coronavirus State and Local Fiscal Recovery Funds to cover costs incurred beginning on March 3, 2021 apply to costs incurred by the recipient (e.g., a State, local, territorial, or Tribal government) or to costs incurred by households, businesses, and individuals benefiting from assistance provided using Coronavirus State and Local Fiscal Recovery Funds? [6/8]

The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021. This limitation applies to costs incurred by the recipient (i.e., the state, local, territorial, or Tribal government receiving funds). However, recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to households, businesses, and individuals within the eligible use categories described in the Interim

Final Rule for economic harms experienced by those households, businesses, and individuals prior to March 3, 2021. For example,

- Public Health/Negative Economic Impacts – Recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to households – such as rent, mortgage, or utility assistance – for economic harms experienced or costs incurred by the household prior to March 3, 2021 (e.g., rental arrears from preceding months), provided that the cost of providing assistance to the household was not incurred by the recipient prior to March 3, 2021.
- Premium Pay – Recipients may provide premium pay retrospectively for work performed at any time since the start of the COVID-19 public health emergency. Such premium pay must be “in addition to” wages and remuneration already received and the obligation to provide such pay must not have been incurred by the recipient prior to March 3, 2021.
- Revenue Loss – The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. The calculation of lost revenue begins with the recipient’s revenue in the last full fiscal year prior to the COVID-19 public health emergency and includes the 12-month period ending December 31, 2020. However, use of funds for government services must be forward looking for costs incurred by the recipient after March 3, 2021.
- Investments in Water, Sewer, and Broadband – Recipients may use Coronavirus State and Local Fiscal Recovery Funds to make necessary investments in water, sewer, and broadband. See FAQ Section 6. Recipients may use Coronavirus State and Local Fiscal Recovery Funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the Coronavirus State and Local Fiscal Recovery Funds were incurred after March 3, 2021.

4.8. How can I use CSFRF/CLFRF funds to prevent and respond to crime, and support public safety in my community? [6/23]

Under Treasury’s Interim Final Rule, there are many ways in which the State and Local Fiscal Recovery Funds (“Funds”) under the American Rescue Plan Act can support communities working to reduce and respond to increased violence due to the pandemic. Among the eligible uses of the Funds are restoring of public sector staff to their pre-pandemic levels and responses to the public health crisis and negative economic impacts resulting from the pandemic. The Interim Final Rule provides several ways for recipients to “respond to” this pandemic-related gun violence, ranging from community violence intervention programs to mental health services to hiring of public safety personnel.

Below are some examples of how Fiscal Recovery Funds can be used to address public safety:

- In all communities, recipients may use resources to rehire police officers and other public servants to restore law enforcement and courts to their pre-pandemic levels.

Additionally, Funds can be used for expenses to address COVID-related court backlogs, including hiring above pre-pandemic levels, as a response to the public health emergency. See FAQ 2.19.

- In communities where an increase in violence or increased difficulty in accessing or providing services to respond to or mitigate the effects of violence, is a result of the pandemic they may use funds to address that harm. This spending may include:
 - Hiring law enforcement officials – even above pre-pandemic levels – or paying overtime where the funds are directly focused on advancing community policing strategies in those communities experiencing an increase in gun violence associated with the pandemic
 - Community Violence Intervention (CVI) programs, including capacity building efforts at CVI programs like funding and training additional intervention workers
 - Additional enforcement efforts to reduce gun violence exacerbated by the pandemic, including prosecuting gun traffickers, dealers, and other parties contributing to the supply of crime guns, as well as collaborative federal, state, and local efforts to identify and address gun trafficking channels
 - Investing in technology and equipment to allow law enforcement to more efficiently and effectively respond to the rise in gun violence resulting from the pandemic

As discussed in the Interim Final Rule, uses of CSFRF/CLFRF funds that respond to an identified harm must be related and reasonably proportional to the extent and type of harm experienced; uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses.

- Recipients may also use funds up to the level of revenue loss for government services, including those outlined above.

Recognizing that the pandemic exacerbated mental health and substance use disorder needs in many communities, eligible public health services include mental health and other behavioral health services, which are a critical component of a holistic public safety approach. This could include:

- Mental health services and substance use disorder services, including for individuals experiencing trauma exacerbated by the pandemic, such as:
 - Community-based mental health and substance use disorder programs that deliver evidence-based psychotherapy, crisis support services, medications for opioid use disorder, and/or recovery support
 - School-based social-emotional support and other mental health services
- Referrals to trauma recovery services for crime victims.

Recipients also may use Funds to respond to the negative economic impacts of the public health emergency, including:

- Assistance programs to households or populations facing negative economic impacts of the public health emergency, including:

- Assistance to support economic security, including for the victims of crime;
 - Housing assistance, including rent, utilities, and relocation assistance;
 - Assistance with food, including Summer EBT and nutrition programs; and
 - Employment or job training services to address negative economic or public health impacts experienced due to a worker's occupation or level of training.
- Assistance to unemployed workers, including:
 - Subsidized jobs, including for young people. Summer youth employment programs directly address the negative economic impacts of the pandemic on young people and their families and communities;
 - Programs that provide paid training and/or work experience targeted primarily to (1) formerly incarcerated individuals, and/or (2) communities experiencing high levels of violence exacerbated by the pandemic;
 - Programs that provide workforce readiness training, apprenticeship or pre-apprenticeship opportunities, skills development, placement services, and/or coaching and mentoring; and
 - Associated wraparound services, including for housing, health care, and food.

Recognizing the disproportionate impact of the pandemic on certain communities, a broader range of services are eligible in those communities than would otherwise be available in communities not experiencing a pandemic-related increase in crime or gun violence. These eligible uses aim to address the pandemic's exacerbation of public health and economic disparities and include services to address health and educational disparities, support neighborhoods and affordable housing, and promote healthy childhood environments. The Interim Final Rule provides a non-exhaustive list of eligible services in these categories.

These services automatically qualify as eligible uses when provided in Qualified Census Tracts (QCTs), low-income areas designated by HUD; to families in QCTs; or by Tribal governments. Outside of these areas, recipient governments can also identify and serve households, populations, and geographic areas disproportionately impacted by the pandemic.

Services under this category could include:

- Programs or services that address or mitigate the impacts of the COVID-19 public health emergency on education, childhood health and welfare, including:
 - Summer education and enrichment programs in these communities, which include many communities currently struggling with high levels of violence;
 - Programs that address learning loss and keep students productively engaged;
 - Enhanced services for foster youths and home visiting programs; and
 - Summer camps and recreation.
- Programs or services that provide or facilitate access to health and social services and address health disparities exacerbated by the pandemic. This includes Community Violence Intervention (CVI) programs, such as:
 - Evidence-based practices like focused deterrence, street outreach, violence interrupters, and hospital-based violence intervention models, complete with

- wraparound services such as behavioral therapy, trauma recovery, job training, education, housing and relocation services, and financial assistance; and,
- Capacity-building efforts at CVI programs like funding more intervention workers; increasing their pay; providing training and professional development for intervention workers; and hiring and training workers to administer the programs.

Please refer to Treasury's Interim Final Rule for additional information.

4.9. May recipients pool funds for regional projects? [7/14]

Yes, provided that the project is itself an eligible use of funds and that recipients can track the use of funds in line with the reporting and compliance requirements of the CSFRF/CLFRF. In general, when pooling funds for regional projects, recipients may expend funds directly on the project or transfer funds to another government that is undertaking the project on behalf of multiple recipients. To the extent recipients undertake regional projects via transfer to another government, recipients would need to comply with the rules on transfers specified in the Interim Final Rule, Section V. A recipient may transfer funds to a government outside its boundaries (e.g., county transfers to a neighboring county), provided that the recipient can document that its jurisdiction receives a benefit proportionate to the amount contributed.

4.10. May recipients fund a project with both ARP funds and other sources of funding (e.g., blending, braiding, or other pairing funding sources), including in conjunction with financing provided through a debt issuance? [7/14]

Cost sharing or matching funds are not required under CSFRF/CLFRF. Funds may be used in conjunction with other funding sources, provided that the costs are eligible costs under each source program and are compliant with all other related statutory and regulatory requirements and policies. The recipient must comply with applicable reporting requirements for all sources of funds supporting the CSFRF/CLFRF projects, and with any requirements and restrictions on the use of funds from the supplemental funding sources and the CSFRF/CLFRF program. Specifically,

- All funds provided under the CSFRF/CLFRF program must be used for projects, investments, or services that are eligible under the CSFRF/CLFRF statute, Treasury's Interim Final Rule, and guidance. See 31 CFR 35.6-8; FAQ 4.6. CSFRF/CLFRF funds may not be used to fund an activity that is not, in its entirety, an eligible use under the CSFRF/CLFRF statute, Treasury's Interim Final Rule, and guidance. For example,
 - CSFRF/CLFRF funds may be used in conjunction with other sources of funds to make an investment in water infrastructure, which is eligible under the CSLFRF statute, and Treasury's Interim Final Rule.
 - CSFRF/CLFRF funds could not be used to fund the entirety of a water infrastructure project that was partially, although not entirely, an eligible use under Treasury's Interim Final Rule. However, the recipient could use CSFRF/CLFRF funds only for a smaller component project that does

constitute an eligible use, while using other funds for the remaining portions of the larger planned water infrastructure project that do not constitute an eligible use. In this case, the “project” under this program would be only the eligible use component of the larger project.

- In addition, because CSFRF/CLFRF funds must be obligated by December 31, 2024, and expended by December 31, 2026, recipients must be able to, at a minimum, determine and report to Treasury on the amount of CSFRF/CLFRF funds obligated and expended and when such funds were obligated and expended.

4.11. May Coronavirus State and Local Fiscal Recovery Funds be used to make loans or other extensions of credit (“loans”), including loans to small businesses and loans to finance necessary investments in water, sewer, and broadband infrastructure? [7/14]

Yes. Coronavirus State and Local Fiscal Recovery Funds (“Funds”) may be used to make loans, provided that the loan is an eligible use and the cost of the loan is tracked and reported in accordance with the points below. See 31 CFR 35.6. For example, a recipient may use Coronavirus State and Local Fiscal Recovery Funds to make loans to small businesses. See 31 CFR 35.6(b)(6). In addition, a recipient may use Funds to finance a necessary investment in water, sewer or broadband, as described in the Interim Final Rule. See 31 CFR 35.6(e).

Funds must be used to cover “costs incurred” by the recipient between March 3, 2021, and December 31, 2024, and Funds must be expended by December 31, 2026. See Section III.D of the Interim Final Rule; 31 CFR 35.5. Accordingly, recipients must be able to determine the amount of Funds used to make a loan.

- For loans that mature or are forgiven on or before December 31, 2026, the recipient must account for the use of funds on a cash flow basis, consistent with the approach to loans taken in the Coronavirus Relief Fund.
 - Recipients may use Fiscal Recovery Funds to fund the principal of the loan and in that case must track repayment of principal and interest (i.e., “program income,” as defined under 2 CFR 200).
 - When the loan is made, recipients must report the principal of the loan as an expense.
 - Repayment of principal may be re-used only for eligible uses, and subject to restrictions on timing of use of funds. Interest payments received prior to the end of the period of performance will be considered an addition to the total award and may be used for any purpose that is an eligible use of funds under the statute and IFR. Recipients are not subject to restrictions under 2 CFR 200.307(e)(1) with respect to such payments.
- For loans with maturities longer than December 31, 2026, the recipient may use Fiscal Recovery Funds for only the projected cost of the loan. Recipients may estimate the subsidy cost of the loan, which equals the expected cash flows associated

with the loan discounted at the recipient's cost of funding. A recipient's cost of funding can be determined based on the interest rates of securities with a similar maturity to the cash flow being discounted that were either (i) recently issued by the recipient or (ii) recently issued by a unit of state, local, or Tribal government similar to the recipient. Recipients that have adopted the Current Expected Credit Loss (CECL) standard may also treat the cost of the loan as equal to the CECL-based expected credit losses over the life of the loan. Recipients may measure projected losses either once, at the time the loan is extended, or annually over the covered period.

Under either approach for measuring the amount of funds used to make loans with maturities longer than December 31, 2026, recipients would not be subject to restrictions under 2 CFR 200.307(e)(1) and need not separately track repayment of principal or interest.

Any contribution of Fiscal Recovery Funds to a revolving loan fund must follow the approach described above for loans with maturities longer than December 31, 2026. In other words, a recipient could contribute Fiscal Recovery Funds to a revolving loan fund, provided that the revolving loan fund makes loans that are eligible uses and the Fiscal Recovery Funds contributed represent the projected cost of loans made over the life of the revolving loan fund.

4.12. May funds be used for outreach to increase uptake of federal assistance like the Child Tax Credit or federal programs like SNAP? [7/14]

Yes. Eligible uses to address negative economic impacts include work “to improve efficacy of programs addressing negative economic impacts, including through use of data analysis, targeted consumer outreach, improvements to data or technology infrastructure, and impact evaluations.” See 31 CFR 35.6(b)(10). Of note, per the CSFRF/CLFRF [Reporting Guidance](#), allowable use of funds for evaluations may also include other types of program evaluations focused on program improvement and evidence building. In addition, recipients may use funds to facilitate access to health and social services in populations and communities disproportionately impacted by the COVID-19 pandemic, including benefits navigators or marketing efforts to increase consumer uptake of federal tax credits, benefits, or assistance programs that respond to negative economic impacts of the pandemic. See 31 CFR 35.6(b)(12).

5. Eligible Uses – Premium Pay

5.1. What criteria should recipients use in identifying essential workers to receive premium pay?

Essential workers are those in critical infrastructure sectors who regularly perform in-person work, interact with others at work, or physically handle items handled by others.

Critical infrastructure sectors include healthcare, education and childcare, transportation, sanitation, grocery and food production, and public health and safety, among others, as provided in the Interim Final Rule. Governments receiving Fiscal Recovery Funds have the discretion to add additional sectors to this list, so long as the sectors are considered critical to protect the health and well-being of residents.

The Interim Final Rule emphasizes the need for recipients to prioritize premium pay for lower income workers. Premium pay that would increase a worker's total pay above 150% of the greater of the state or county average annual wage requires specific justification for how it responds to the needs of these workers.

5.2. What criteria should recipients use in identifying third-party employers to receive grants for the purpose of providing premium pay to essential workers?

Any third-party employers of essential workers are eligible. Third-party contractors who employ essential workers in eligible sectors are also eligible for grants to provide premium pay. Selection of third-party employers and contractors who receive grants is at the discretion of recipients.

To ensure any grants respond to the needs of essential workers and are made in a fair and transparent manner, the rule imposes some additional reporting requirements for grants to third-party employers, including the public disclosure of grants provided.

5.3. May recipients provide premium pay retroactively for work already performed?

Yes. Treasury encourages recipients to consider providing premium pay retroactively for work performed during the pandemic, recognizing that many essential workers have not yet received additional compensation for their service during the pandemic.

6. Eligible Uses – Water, Sewer, and Broadband Infrastructure

6.1. What types of water and sewer projects are eligible uses of funds?

The Interim Final Rule generally aligns eligible uses of the Funds with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency's Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).

Under the DWSRF, categories of [eligible projects](#) include: treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development.

Under the CWSRF, categories of [eligible projects](#) include: construction of publicly-owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water

conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act.

As mentioned in the Interim Final Rule, eligible projects under the DWSRF and CWSRF support efforts to address climate change, as well as to meet cybersecurity needs to protect water and sewer infrastructure. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury also encourages recipients to consider projects to replace lead service lines.

6.2. May construction on eligible water, sewer, or broadband infrastructure projects continue past December 31, 2024, assuming funds have been obligated prior to that date?

Yes. Treasury is interpreting the requirement that costs be incurred by December 31, 2024 to only require that recipients have obligated the funds by such date. The period of performance will run until December 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with Fiscal Recovery Funds.

6.3. May recipients use funds as a non-federal match for the Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF)?

Recipients may not use funds as a state match for the CWSRF and DWSRF due to prohibitions in utilizing federal funds as a state match in the authorizing statutes and regulations of the CWSRF and DWSRF.

6.4. Does the National Environmental Policy Act (NEPA) apply to eligible infrastructure projects?

NEPA does not apply to Treasury's administration of the Funds. Projects supported with payments from the Funds may still be subject to NEPA review if they are also funded by other federal financial assistance programs.

6.5. What types of broadband projects are eligible?

The Interim Final 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 also 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.

6.6. For broadband investments, may recipients use funds for related programs such as cybersecurity or digital literacy training?

Yes. Recipients may use funds to provide assistance to households facing negative economic impacts due to Covid-19, including digital literacy training and other programs that promote access to the Internet. Recipients may also use funds for modernization of cybersecurity, including hardware, software, and protection of critical infrastructure, as part of provision of government services up to the amount of revenue lost due to the public health emergency.

6.7. How do I know if a water, sewer, or broadband project is an eligible use of funds? Do I need pre-approval? [6/8]

Recipients do not need approval from Treasury to determine whether an investment in a water, sewer, or broadband project is eligible under CSFRF/CLFRF. Each recipient should review the Interim Final Rule (IFR), along with the preamble to the Interim Final Rule, in order to make its own assessment of whether its intended project meets the eligibility criteria in the IFR. A recipient that makes its own determination that a project meets the eligibility criteria as outlined in the IFR may pursue the project as a CSFRF/CLFRF project without pre-approval from Treasury. Local government recipients similarly do not need state approval to determine that a project is eligible under CSFRF/CLFRF. However, recipients should be cognizant of other federal or state laws or regulations that may apply to construction projects independent of CSFRF/CLFRF funding conditions and that may require pre-approval.

For water and sewer projects, the IFR refers to the EPA [Drinking Water](#) and [Clean Water](#) State Revolving Funds (SRFs) for the categories of projects and activities that are eligible for funding. Recipients should look at the relevant federal statutes, regulations, and guidance issued by the EPA to determine whether a water or sewer project is eligible. Of note, the IFR does not incorporate any other requirements contained in the federal statutes governing the SRFs or any conditions or requirements that individual states may place on their use of SRFs.

6.8. For broadband infrastructure investments, what does the requirement that infrastructure “be designed to” provide service to unserved or underserved households and businesses mean? [6/17]

Designing infrastructure investments to provide service to unserved or underserved households or businesses means prioritizing deployment of infrastructure that will bring service to households or businesses that are not currently serviced by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed. To meet this requirement, states and localities should use funds to deploy broadband infrastructure projects whose objective is to provide service to unserved or underserved households or businesses. These unserved or underserved households or businesses do not need to be the only ones in the service area funded by the project.

6.9. For broadband infrastructure to provide service to “unserved or underserved households or businesses,” must every house or business in the service area be unserved or underserved? [6/17]

No. It suffices that an objective of the project is to provide service to unserved or underserved households or businesses. Doing so may involve a holistic approach that provides service to a wider area in order, for example, to make the ongoing service of unserved or underserved households or businesses within the service area economical. Unserved or underserved households or businesses need not be the *only* households or businesses in the service area receiving funds.

6.10. May recipients use payments from the Funds for “middle mile” broadband projects? [6/17]

Yes. Under the Interim Final Rule, recipients may use payments from the Funds for “middle-mile projects,” but Treasury encourages recipients to focus on projects that will achieve last-mile connections—whether by focusing on funding last-mile projects or by ensuring that funded middle-mile projects have potential or partnered last-mile networks that could or would leverage the middle-mile network.

6.11. For broadband infrastructure investments, what does the requirement to “reliably” meet or exceed a broadband speed threshold mean? [6/17]

In the Interim Final Rule, the term “reliably” is used in two places: to identify areas that are eligible to be the subject of broadband infrastructure investments and to identify expectations for acceptable service levels for broadband investments funded by the Coronavirus State and Local Fiscal Recovery Funds. In particular:

- The IFR defines “unserved or underserved households or businesses” to mean one or more households or businesses that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speeds and 3 Mbps of upload speeds.
- The IFR provides that a recipient may use Coronavirus State and Local Fiscal Recovery Funds to make investments in broadband infrastructure that are designed to provide service to unserved or underserved households or businesses and that are designed to, upon completion: (i) reliably meet or exceed symmetrical 100 Mbps download speed and upload speeds; or (ii) in limited cases, reliably meet or exceed 100 Mbps download speed and between 20 Mbps and 100 Mbps upload speed and be scalable to a minimum of 100 Mbps download and upload speeds.

The use of “reliably” in the IFR provides recipients with significant discretion to assess whether the households and businesses in the area to be served by a project have access to wireline broadband service that can actually and consistently meet the specified thresholds of at least 25Mbps/3Mbps—i.e., to consider the actual experience of current

wireline broadband customers that subscribe to services at or above the 25 Mbps/3 Mbps threshold. Whether there is a provider serving the area that advertises or otherwise claims to offer speeds that meet the 25 Mbps download and 3 Mbps upload speed thresholds is not dispositive.

When making these assessments, recipients may choose to consider any available data, including but not limited to documentation of existing service performance, federal and/or state-collected broadband data, user speed test results, interviews with residents and business owners, and any other information they deem relevant. In evaluating such data, recipients may take into account a variety of factors, including whether users actually receive service at or above the speed thresholds at all hours of the day, whether factors other than speed such as latency or jitter, or deterioration of the existing connections make the user experience unreliable, and whether the existing service is being delivered by legacy technologies, such as copper telephone lines (typically using Digital Subscriber Line technology) or early versions of cable system technology (DOCSIS 2.0 or earlier).

The IFR also provides recipients with significant discretion as to how they will assess whether the project itself has been designed to provide households and businesses with broadband services that meet, or even exceed, the speed thresholds provided in the rule.

6.12. May recipients use Funds for pre-project development for eligible water, sewer, and broadband projects? [6/23]

Yes. To determine whether Funds can be used on pre-project development for an eligible water or sewer project, recipients should consult whether the pre-project development use or cost is eligible under the Drinking Water and Clean Water State Revolving Funds (CWSRF and DWSRF, respectively). Generally, the CWSRF and DWSRF often allow for pre-project development costs that are tied to an eligible project, as well as those that are reasonably expected to lead to a project. For example, the DWSRF [allows](#) for planning and evaluations uses, as well as numerous pre-project development costs, including costs associated with obtaining project authorization, planning and design, and project start-up like training and warranty for equipment. Likewise, the CWSRF [allows](#) for broad pre-project development, including planning and assessment activities, such as cost and effectiveness analyses, water/energy audits and conservation plans, and capital improvement plans.

Similarly, pre-project development uses and costs for broadband projects should be tied to an eligible broadband project or reasonably expected to lead to such a project. For example, pre-project costs associated with planning and engineering for an eligible broadband infrastructure build-out is considered an eligible use of funds, as well as technical assistance and evaluations that would reasonably be expected to lead to commencement of an eligible project (e.g., broadband mapping for the purposes of finding an eligible area for investment).

All funds must be obligated within the statutory period between March 3, 2021 and December 31, 2024, and expended to cover such obligations by December 31, 2026.

6.13. May State and Local Fiscal Recovery Funds be used to support energy or electrification infrastructure that would be used to power new water treatment plants and wastewater systems? [7/14]

The EPA's [Overview of Clean Water State Revolving Fund Eligibilities](#) describes eligible energy-related projects. This includes a "[p]ro rata share of capital costs of offsite clean energy facilities that provide power to a treatment works." Thus, State and Local Fiscal Recovery Funds may be used to finance the generation and delivery of clean power to a wastewater system or a water treatment plant on a pro-rata basis. If the wastewater system or water treatment plant is the sole user of the clean energy, the full cost would be considered an eligible use of funds. If the clean energy provider provides power to other entities, only the proportionate share used by the water treatment plant or wastewater system would be an eligible use of State and Local Fiscal Recovery Funds.

6.14. How should states and local governments assess whether a stormwater management project, such as a culvert replacement, is an eligible project for State and Local Fiscal Recovery Funds? [7/14]

FAQ 6.7 describes the overall approach that recipients may take to evaluate the eligibility of water or sewer projects. For stormwater management projects specifically, as noted in the EPA's [Overview of Clean Water State Revolving Fund Eligibilities](#), "Stormwater projects must have a water quality benefit." Thus, to be eligible under CSFRF/CLFRF, stormwater management projects should be designed to incorporate water quality benefits consistent with the goals of the Clean Water Act. [Summary of the Clean Water Act.](#)

6.15. May recipients use Funds for road repairs and upgrades that occur in connection with an eligible water or sewer project? [7/14]

Yes, recipients may use State and Local Fiscal Recovery Funds for road repairs and upgrades directly related to an eligible water or sewer project. For example, a recipient could use Funds to repair or re-pave a road following eligible sewer repair work beneath it. However, use of Funds for general infrastructure projects is subject to the limitations described in FAQ 4.2. Water and sewer infrastructure projects are often a single component of a broader transportation infrastructure project, for example, the implementation of stormwater infrastructure to meet Clean Water Act established water quality standards. In this example, the components of the infrastructure project that interact directly with the stormwater infrastructure project may be funded by Fiscal Recovery Funds.

6.16. May Funds be used to build or upgrade broadband connections to schools or libraries? [7/14]

As outlined in the IFR, recipients may use Fiscal Recovery Funds to invest in broadband infrastructure that, wherever it is practicable to do so, is designed to deliver service that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps to households or businesses that are not currently serviced by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed. Treasury interprets “businesses” in this context broadly to include non-residential users of broadband, including private businesses and institutions that serve the public, such as schools, libraries, healthcare facilities, and public safety organizations.

6.17. Are eligible infrastructure projects subject to the Davis-Bacon Act? [7/14]

The Davis-Bacon Act requirements (prevailing wage rates) do not apply to projects funded solely with award funds from the CSFRF/CLFRF program, except for CSFRF/CLFRF-funded construction projects undertaken by the District of Columbia. The Davis-Bacon Act specifically applies to the District of Columbia when it uses federal funds (CSFRF/CLFRF funds or otherwise) to enter into contracts over \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Recipients may be otherwise subject to the requirements of the Davis-Bacon Act, when CSFRF/CLFRF award funds are used on a construction project in conjunction with funds from another federal program that requires enforcement of the Davis-Bacon Act. Additionally, corollary state prevailing-wage-in-construction laws (commonly known as “baby Davis-Bacon Acts”) may apply to projects. Please refer to FAQ 4.10 concerning projects funded with both CSFRF/CLFRF funds and other sources of funding.

Treasury has indicated in its Interim Final Rule that it is important that necessary investments in water, sewer, or broadband infrastructure be carried out in ways that produce high-quality infrastructure, avert disruptive and costly delays, and promote efficiency. Treasury encourages recipients 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, not only to promote effective and efficient delivery of high-quality infrastructure projects, but also to support the economic recovery through strong employment opportunities for workers. Using these practices in construction projects may help to ensure a reliable supply of skilled labor that would minimize disruptions, such as those associated with labor disputes or workplace injuries.

Treasury has also indicated in its reporting guidance that recipients will need to provide documentation of wages and labor standards for infrastructure projects over \$10 million, and that these requirements can be met with certifications that the project is in compliance with the Davis-Bacon Act (or related state laws, commonly known as “baby Davis-Bacon Acts”) and subject to a project labor agreement. Please refer to the Reporting and Compliance Guidance, page 21, for more detailed information on the reporting requirement.

7. Non-Entitlement Units (NEUs)

Answers to frequently asked questions on distribution of funds to NEUs can be found in this [FAQ supplement](#), which is regularly updated.

8. Ineligible Uses

8.1. What is meant by a pension “deposit”? Can governments use funds for routine pension contributions for employees whose payroll and covered benefits are eligible expenses?

Treasury interprets “deposit” in this context to refer to an extraordinary payment into a pension fund for the purpose of reducing an accrued, unfunded liability. More specifically, the interim final rule does not permit this assistance to be used to make a payment into a pension fund if both: (1) the payment reduces a liability incurred prior to the start of the COVID-19 public health emergency, and (2) the payment occurs outside the recipient’s regular timing for making such payments.

Under this interpretation, a “deposit” is distinct from a “payroll contribution,” which occurs when employers make payments into pension funds on regular intervals, with contribution amounts based on a pre-determined percentage of employees’ wages and salaries. In general, if an employee’s wages and salaries are an eligible use of Fiscal Recovery Funds, recipients may treat the employee’s covered benefits as an eligible use of Fiscal Recovery Funds.

8.2. May recipients use Fiscal Recovery Funds to fund Other Post-Employment Benefits (OPEB)? [6/8]

OPEB refers to benefits other than pensions (see, e.g., [Governmental Accounting Standards Board, “Other Post-Employment Benefits”](#)). Treasury has determined that Sections 602(c)(2)(B) and 603(c)(2), which refer only to pensions, do not prohibit CSFRF/CLFRF recipients from funding OPEB. Recipients of either the CSFRF/CLFRF may use funds for eligible uses, and a recipient seeking to use CSFRF/CLFRF funds for OPEB contributions would need to justify those contributions under one of the four eligible use categories.

9. Reporting

On June 17, 2021, Treasury released [Guidance on Recipient Compliance and Reporting Responsibilities for the Coronavirus State and Local Fiscal Recovery Funds](#). Recipients should consult this guidance for additional detail and clarification on recipients’ compliance and reporting responsibilities. A users’ guide will be provided with additional information on how and where to submit required reports.

9.1. What records must be kept by governments receiving funds?

Financial records and supporting documents related to the award must be retained for a period of five years after all funds have been expended or returned to Treasury, whichever is later. This includes those which demonstrate the award funds were used for eligible purposes in accordance with the ARPA, Treasury's regulations implementing those sections, and Treasury's guidance on eligible uses of funds.

9.2. What reporting will be required, and when will the first report be due?

Recipients will be 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.

Interim reports: States (defined to include the District of Columbia), territories, metropolitan cities, counties, and Tribal governments will be required to submit one interim report. The interim report will include a recipient's expenditures by category at the summary level and for states, information related to distributions to non-entitlement units of local government must also be included in the interim report. The interim report will cover activity from the date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Non-entitlement units of local government are not required to submit an interim report.

Quarterly Project and Expenditure reports: State (defined to include the District of Columbia), territorial, metropolitan city, county, and Tribal governments will be required to submit quarterly project and expenditure reports. This report will include financial data, information on contracts and subawards over \$50,000, types of projects funded, and other information regarding a recipient's utilization of award funds. Reports will be required quarterly with the exception of non-entitlement units, which will report annually. An interim report is due on August 31, 2021. The reports will include the same general data as those submitted by recipients of the Coronavirus Relief Fund, with some modifications to expenditure categories and the addition of data elements related to specific eligible uses. The initial quarterly Project and Expenditure report will cover two calendar quarters from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to Treasury within 30 days after the end of each calendar quarter.

Non-entitlement units of local government will be required to submit the project and expenditure report annually. The initial annual Project and Expenditure report for non-entitlement units of local government will cover activity from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year.

Recovery Plan Performance Reports: States (defined to include the District of Columbia), territories, metropolitan cities, and counties with a population that exceeds 250,000

residents will also be required to submit an annual Recovery Plan Performance Report to Treasury. This report will include descriptions of the projects funded and information on the performance indicators and objectives of each award, helping local residents understand how their governments are using the substantial resources provided by Coronavirus State and Local Fiscal Recovery Funds program. The initial Recovery Plan Performance Report will cover activity from date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Thereafter, the Recovery Plan Performance Reports will cover a 12-month period and recipients will be required to submit the report to Treasury within 30 days after the end of the 12-month period. The second Recovery Plan Performance Report will cover the period from July 1, 2021 to June 30, 2022 and must be submitted to Treasury by July 31, 2022. Each annual Recovery Plan Performance Report must be posted on the public-facing website of the recipient. Local governments with fewer than 250,000 residents, Tribal governments, and non-entitlement units of local government are not required to develop a Recovery Plan Performance Report.

Please see the [Guidance on Recipient Compliance and Reporting Responsibilities](#) for more information.

9.3. What provisions of the Uniform Guidance for grants apply to these funds? Will the Single Audit requirements apply?

Most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program, including the Cost Principles and Single Audit Act requirements. Recipients should refer to the Assistance Listing for detail on the specific provisions of the Uniform Guidance that do not apply to this program. The Assistance Listing will be available on beta.SAM.gov.

9.4. Once a recipient has identified a reduction in revenue, how will Treasury track use of funds for the provision of government services? [6/8]

The ARPA establishes four categories of eligible uses and further restrictions on the use of funds to ensure that Fiscal Recovery Funds are used within the four eligible use categories. The Interim Final Rule implements these restrictions, including the scope of the eligible use categories and further restrictions on tax cuts and deposits into pensions. Reporting requirements will align with this structure.

Consistent with the broad latitude provided to recipients to use funds for government services to the extent of the reduction in revenue, recipients will be required to submit a description of services provided. As discussed in IFR, these services can include a broad range of services but may not be used directly for pension deposits, contributions to reserve funds, or debt service. Recipients may use sources of funding other than Fiscal Recovery Funds to make deposits to pension funds, contribute to reserve funds, and pay debt service, including during the period of performance for the Fiscal Recovery Fund award.

For recipients using Fiscal Recovery Funds to provide government services to the extent of reduction in revenue, the description of government services reported to Treasury may be narrative or in another form, and recipients are encouraged to report based on their existing budget processes and to minimize administrative burden. For example, a recipient with \$100 in revenue replacement funds available could indicate that \$50 were used for personnel costs and \$50 were used for pay-go building of sidewalk infrastructure.

In addition to describing the government services provided to the extent of reduction in revenue, all recipients will also be required to indicate that Fiscal Recovery Funds are not used directly to make a deposit in a pension fund. Further, recipients subject to the tax offset provision will be required to provide information necessary to implement the Interim Final Rule, as described in the Interim Final Rule. Treasury does not anticipate requiring other types of reporting or recordkeeping on spending in pensions, debt service, or contributions to reserve funds.

These requirements are further detailed in the guidance on reporting requirements for the Fiscal Recovery Funds available [here](#).

9.5. What is the Assistance Listing and Catalog of Federal Domestic Assistance (CFDA) number for the program? [6/8]

The [Assistance Listing](#) for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) was published May 28, 2021 on SAM.gov. This includes the final CFDA Number for the program, 21.027.

The assistance listing includes helpful information including program purpose, statutory authority, eligibility requirements, and compliance requirements for recipients. The CFDA number is the unique 5-digit code for each type of federal assistance, and can be used to search for program information, including funding opportunities, spending on [usaspending.gov](#), or audit results through the Federal Audit Clearinghouse.

To expedite payments and meet statutory timelines, Treasury issued initial payments under an existing CFDA number. If you have already received funds or captured the initial CFDA number in your records, please update your systems and reporting to reflect the final CFDA number 21.027. **Recipients must use the final CFDA number for all financial accounting, audits, subawards, and associated program reporting requirements.**

To ensure public trust, Treasury expects all recipients to serve as strong stewards of these funds. This includes ensuring funds are used for intended purposes and recipients have in place effective financial management, internal controls, and reporting for transparency and accountability.

Please see [Treasury's Interim Final Rule](#) and the [Guidance on Recipient Compliance and Reporting Responsibilities](#) for more information.

10. Miscellaneous

10.1. May governments retain assets purchased with Fiscal Recovery Funds? If so, what rules apply to the proceeds of disposition or sale of such assets?

Yes, if the purchase of the asset was consistent with the limitations on the eligible use of funds. If such assets are disposed of prior to December 31, 2024, the proceeds would be subject to the restrictions on the eligible use of payments.

10.2. Can recipients use funds for administrative purposes?

Recipients may use funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID–19 public health emergency and its negative economic impacts. This includes, but is not limited to, costs related to disbursing payments of Fiscal Recovery Funds and managing new grant programs established using Fiscal Recovery Funds.

10.3. Are recipients required to remit interest earned on CSFRF/CLFRF payments made by Treasury? [5/27, updated 7/14]

No. CSFRF/CLFRF payments made by Treasury to states, territories, and the District of Columbia are not subject to the requirement of the Cash Management Improvement Act and Treasury’s implementing regulations at 31 CFR part 205 to remit interest to Treasury. CSFRF/CLFRF payments made by Treasury to local governments and Tribes are not subject to the requirement of 2 CFR 200.305(b)(8)–(9) to maintain balances in an interest-bearing account and remit payments to Treasury. Moreover, interest earned on CSFRF/CLFRF payments is not subject to program restrictions. Finally, States may retain interest on payments made by Treasury to the State for distribution to NEUs that is earned before funds are distributed to NEUs, provided that the State adheres to the statutory requirements and Treasury’s guidance regarding the distribution of funds to NEUs. Such interest is also not subject to program restrictions.

Among other things, States and other recipients may use earned income to defray the administrative expenses of the program, including with respect to NEUs.

10.4. Is there a deadline to apply for funds? [5/27]

The Interim Final Rule requires that costs be incurred by December 31, 2024. Direct recipients are encouraged to apply as soon as possible. For direct recipients other than Tribal governments, there is not a specific application deadline.

Tribal governments do have deadlines to complete the application process and should visit www.treasury.gov/SLFRPTribal for guidance on applicable deadlines.

Non-entitlement units of local government should contact their state government for information on applicable deadlines.

10.5. May recipients use funds to cover the costs of consultants to assist with managing and administering the funds? [6/8]

Yes. Recipients may use funds for administering the CSFRF/CLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.

11. Operations

11.1. How do I know if my entity is eligible?

The Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan Act of 2021 set forth the jurisdictions eligible to receive funds under the program, which are:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities (typically, but not always, those with populations over 50,000)
- Non-entitlement units of local government, or smaller local governments (typically, but not always, those with populations under 50,000)

11.2. How does an eligible entity request payment?

Eligible entities (other than non-entitlement units) must submit their information to the [Treasury Submission Portal](#). Please visit the [Coronavirus State and Local Fiscal Recovery Fund website](#) for more information on the submission process.

11.3. I cannot log into the Treasury Submission Portal or am having trouble navigating it. Who can help me?

If you have questions about the Treasury Submission Portal or for technical support, please email covidreliefitsupport@treasury.gov.

11.4. What do I need to do to receive my payment?

All eligible payees are required to have a DUNS Number previously issued by Dun & Bradstreet (<https://www.dnb.com/>).

All eligible payees are also required to have an active registration with the System for Award Management (SAM) (<https://www.sam.gov>).

And eligible payees must have a bank account enabled for Automated Clearing House (ACH) direct deposit. Payees with a Wire account are encouraged to provide that information as well.

More information on these and all program pre-submission requirements can be found on the [Coronavirus State and Local Fiscal Recovery Fund website](#).

11.5. Why is Treasury employing id.me for the Treasury Submission Portal?

ID.me is a trusted technology partner to multiple government agencies and healthcare providers. It provides secure digital identity verification to those government agencies and healthcare providers to make sure you're you – and not someone pretending to be you – when you request access to online services. All personally identifiable information provided to ID.me is encrypted and disclosed only with the express consent of the user. Please refer to ID.me Contact Support for assistance with your ID.me account. Their support website is <https://help.id.me>.

11.6. Why is an entity not on the list of eligible entities in Treasury Submission Portal?

The ARPA statute lays out which governments are eligible for payments. The list of entities within the Treasury Submission Portal includes entities eligible to receive a direct payment of funds from Treasury, which include states (defined to include the District of Columbia), territories, Tribal governments, counties, and metropolitan cities.

Eligible non-entitlement units of local government will receive a distribution of funds from their respective state government and should not submit information to the Treasury Submission Portal.

If you believe an entity has been mistakenly left off the eligible entity list, please email SLFRP@treasury.gov.

11.7. What is an Authorized Representative?

An Authorized Representative is an individual with legal authority to bind the government entity (e.g., the Chief Executive Officer of the government entity). An Authorized Representative must sign the Acceptance of Award terms for it to be valid.

11.8. How does a Tribal government determine their allocation?

Tribal governments will receive information about their allocation when the submission to the Treasury Submission Portal is confirmed to be complete and accurate.

11.9. How do I know the status of my request for funds (submission)?

Entities can check the status of their submission at any time by logging into [Treasury Submission Portal](#).

11.10. My Treasury Submission Portal submission requires additional information/correction. What is the process for that?

If your Authorized Representative has not yet signed the award terms, you can edit your submission with in the into [Treasury Submission Portal](#). If your Authorized Representative has signed the award terms, please email SLFRP@treasury.gov to request assistance with updating your information.

11.11. My request for funds was denied. How do I find out why it was denied or appeal the decision?

Please check to ensure that no one else from your entity has applied, causing a duplicate submission. Please also review the list of all eligible entities on the [Coronavirus State and Local Fiscal Recovery Fund website](#).

If you still have questions regarding your submission, please email SLFRP@treasury.gov.

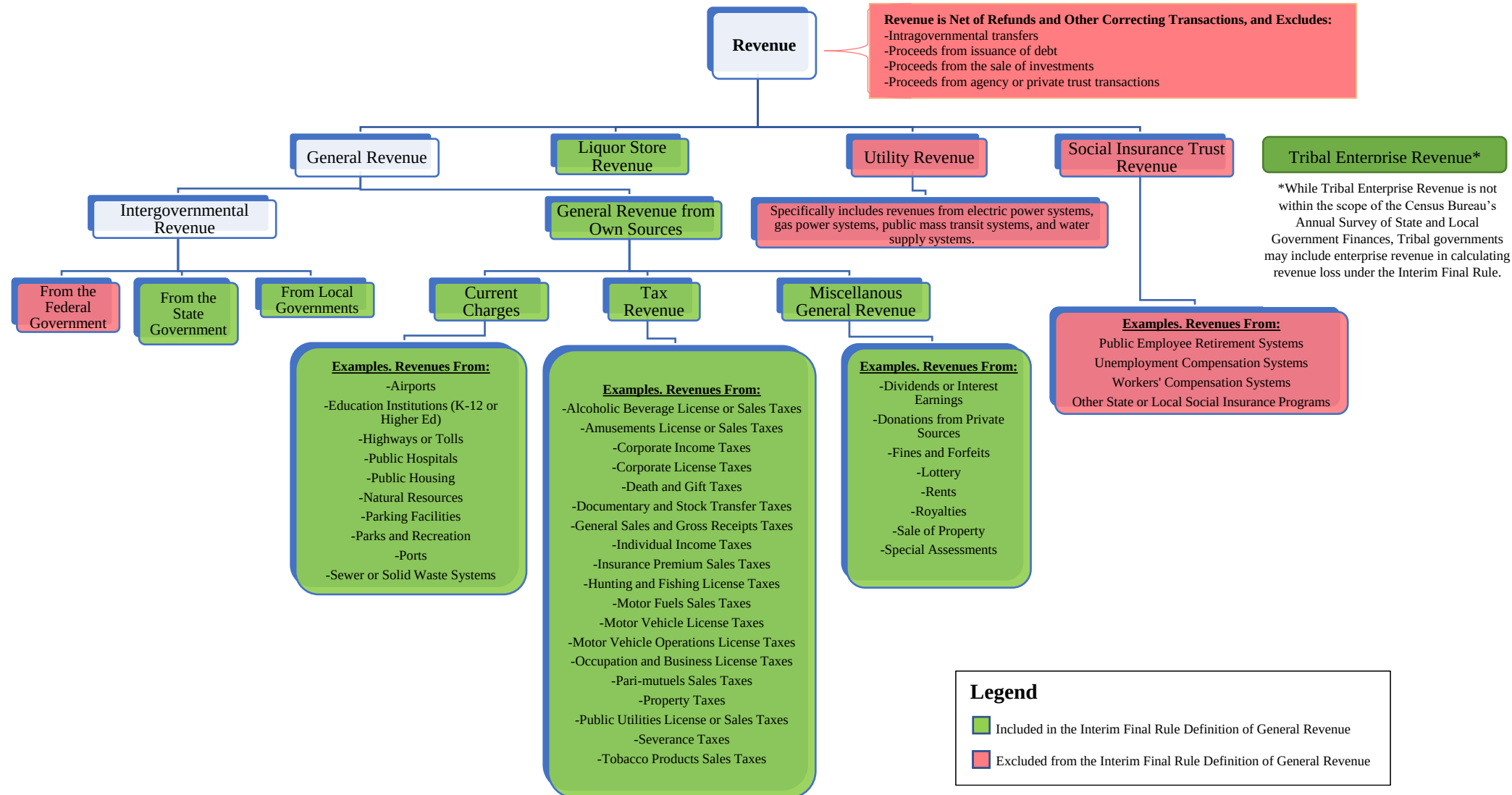
11.12. When will entities get their money?

Before Treasury is able to execute a payment, a representative of an eligible government must submit the government's information for verification through the [Treasury Submission Portal](#). The verification process takes approximately four business days. If any errors are identified, the designated point of contact for the government will be contacted via email to correct the information before the payment can proceed. Once verification is complete, the designated point of contact of the eligible government will receive an email notifying them that their submission has been verified. Payments are generally scheduled for the next business day after this verification email, though funds may not be available immediately due to processing time of their financial institution.

11.13. How does a local government entity provide Treasury with a notice of transfer of funds to its State?

For more information on how to provide Treasury with notice of transfer to a state, please email SLRedirectFunds@treasury.gov.

Appendix: Interim Final Rule Definition of General Revenue Within the Census Bureau Classification Structure of Revenue



Source: [U.S. Bureau of the Census Government Finance and Employment Classification Manual, 2006](#); [Annual Survey of State and Local Government Finances](#)



Glen Ellyn Finance Commission
535 Duane Street
Glen Ellyn, IL 60137

Meeting 8/11/2021 7:00 AM
Department: Finance
Department Head:
Category: Other
Prepared By:

AGENDA ITEM (ID # 2021-1320)

DOC ID: 2021-1320

Economic Development Update

Statement of the Issue:

Analysis:

Budget Impact:

Action Requested:

Attachments:



Glen Ellyn Finance Commission
535 Duane Street
Glen Ellyn, IL 60137

Meeting 8/11/2021 7:00 AM
Department: Finance
Department Head:
Category: Reminder
Prepared By:

**AGENDA ITEM (ID # 2021-
1321)**

DOC ID: 2021-1321

Next Meeting: Friday, September 10, 7:00 am

Statement of the Issue:

Analysis:

Budget Impact:

Action Requested:

Attachments: