# COVID-19 Financial Response

## Technical Assistance:
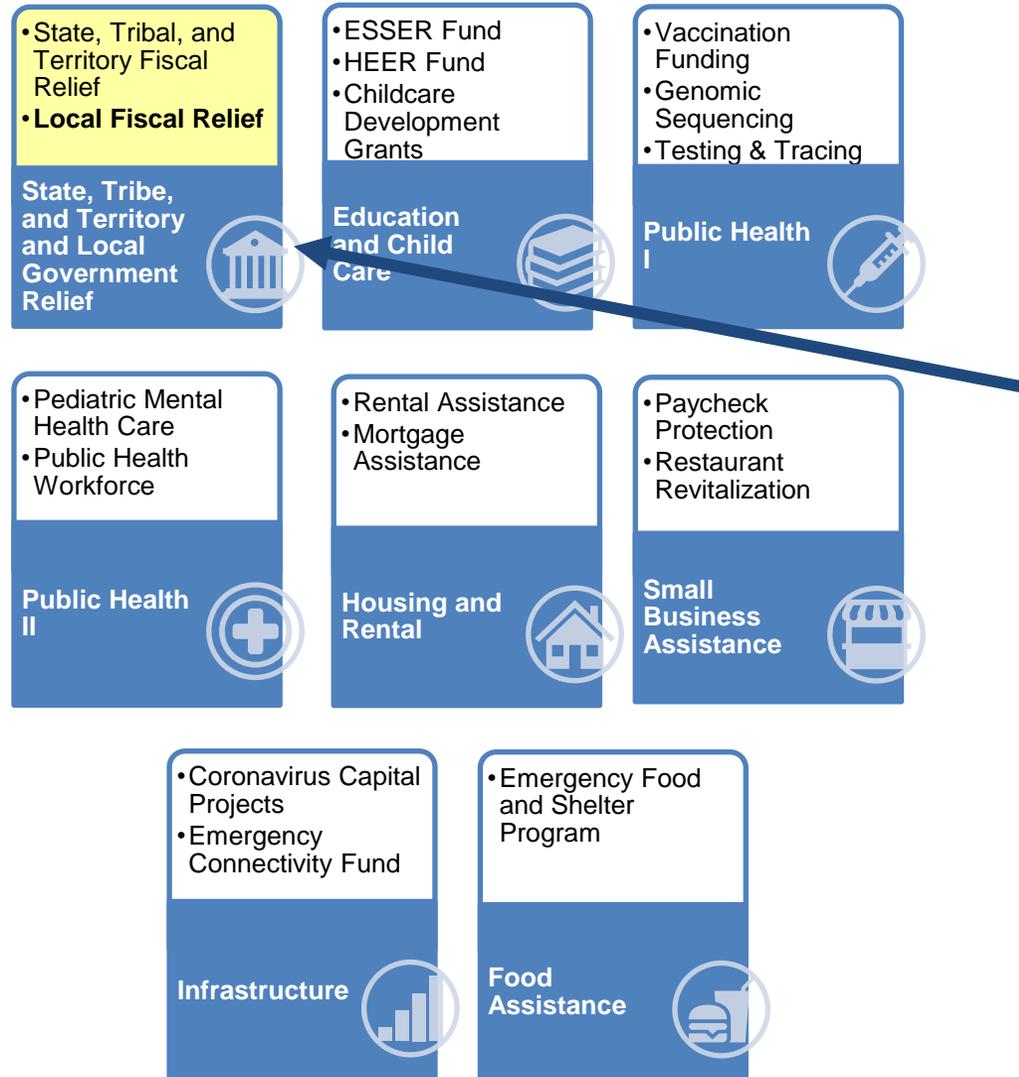## SLFRF – Interim Report

August 4, 2021

# Agenda

1. Introductions

2. ARPA Background

3. Overall Reporting Requirements

4. Interim Report

# Required Reporting

All Cook County municipalities fall into 3 recipient categories and are required to submit the following reports:

| | Interim Report | Recovery Plan Performance Report ("Recovery Plan") | Project and Expenditure Report |
|---|---|---|---|
| **Large Counties/Cities** Only Cook County + City of Chicago | ✔ | ✔ | ✔ Quarterly |
| **Metro Cities** <250k population + >$5m in FRF funds | ✔ | | ✔ Quarterly |
| **NEUs** | | | ✔ Annually |
| | August 31, 2021 | August 31, 2021 | October 31, 2021 |

# ARPA Background

**State, Tribe, and Territory and Local Government Relief**
- State, Tribal, and Territory Fiscal Relief
- **Local Fiscal Relief**

**Education and Child Care**
- ESSER Fund
- HEER Fund
- Childcare Development Grants

**Public Health I**
- Vaccination Funding
- Genomic Sequencing
- Testing & Tracing

**Public Health II**
- Pediatric Mental Health Care
- Public Health Workforce

**Housing and Rental**
- Rental Assistance
- Mortgage Assistance

**Small Business Assistance**
- Paycheck Protection
- Restaurant Revitalization

**Infrastructure**
- Coronavirus Capital Projects
- Emergency Connectivity Fund

**Food Assistance**
- Emergency Food and Shelter Program

- On March 11, 2021, President Joe Biden signed into law the $1.9 trillion American Rescue Plan Act (ARPA) package

- The ARPA package includes **$362 billion** in direct federal fiscal recovery aid for state and local governments through the **State & Local Fiscal Recovery Fund (SLFRF)**

- Outside of the SLFRF, ARPA also provides billions to education, public health, housing, small business, infrastructure, and food assistance *(graphic is not an exhaustive list of programs)*
  - Local governments may be able to apply for grants to access other ARPA-funded programs

# SLFRF Overview – Eligible Uses

## Support Public Health Response

› **COVID-19 Mitigation & Containment:** vaccination programs, ventilation improvements in congregate or health care settings, contract tracing

› **Medical Expenses:** care and services to address near-and longer-term needs

› **Behavioral Healthcare:** mental health treatment, crisis intervention, substance misuse treatment

› **Public Health & Safety Staff:** payroll & benefits

## Address Negative Economic Impacts

› **Workers & Families:** assistance to unemployed workers, job training, food, housing, survivor's benefits

› **Small Business:** loans, grants, in-kind and technical assistance

› **Public Sector:** rehire staff, replenish state unemployment insurance, economic relief programs

› **Impacted Industries:** tourism, travel and hospitality, and other affected sectors

## Premium Pay for Essential Workers

Provide premium pay to eligible workers performing essential work or to provide grants to third party employers with eligible workers

› **Essential Employees:** janitors/sanitation, public health, social service & safety, childcare & educators, nursing home/hospital staff, government

› **Essential Work:** involving regular in-person interactions

› **Other Provisions:** including retroactive premium pay

## Replace Public Sector Revenue Loss

Use funds to provide government services to the extent of the reduction in revenue experienced due to the pandemic

› Lost revenues may be used to **support general government services and infrastructure**

## Water and Sewer Infrastructure

Make necessary investment to improve access to clean drinking water and invest in wastewater and stormwater infrastructure

Eligible uses aligned to EPA project categories in:

› Clean Water State Revolving Fund (CWSRF)

› Drinking Water State Revolving Fund (DWSRF)

## Broadband Infrastructure

Make necessary investment to provide unserved or underserved locations with new or expanded broadband access

› Fund projects that deliver reliable services – **minimum 100 Mbps download/upload speed**

# SLFRF Overview – Ineligible Uses

**Deposits to 'rainy day' funds or financial reserves**
Contributions to rainy day funds and similar financial reserves would not meet pandemic response needs but would rather constitute savings for future spending needs

**Deposits into defined benefit pension funds**
Funds cannot be used for deposits into defined benefit pension funds; however, funds may be used for routine payroll contributions to pensions of employees whose wages are an eligible use

**Debt service**
Funds cannot be used to pay debt service for any obligation incurred prior to March 3, 2021

**Legal settlements or judgements**
Funds cannot be used on legal settlements or judgements except to the extent the judgment or settlement requires the provision of services that would respond to the public health emergency

**General infrastructure spending**
General infrastructure spending is not covered as an eligible use of funds outside of water, sewer, and broadband investments or above the amount allocated under the revenue loss provision

**Non-Federal match for Federal programs**
May not be used as non-Federal match for other programs whose statute or regulation bar the use of Federal funds to meet matching requirements

# Reporting Requirements

# Reporting Overview

Counties, metro cities, and municipalities may be required to submit up to 3 separate report types

**1**

## Interim Report

- First Report Due: **August 31, 2021**

- Reporting Frequency: **One-time**

- 1st Period Covered: March 3 – July 31, 2021

- Expenditures and obligations by Expenditure Category at the summary level, *not project level*

**2**

## Recovery Plan Performance Report ("Recovery Plan")

- First Report Due: **August 31, 2021**

- Reporting Frequency: **Annually**

- 1st Period Covered: March 3 – July 31, 2021

- **RPPs will cover a 12-month period (July – June).** The County will be required to submit the report to Treasury and post the report on its public-facing website within 30 days after each 12-month period

- Key performance indicators identified by the recipient and some mandatory indicators identified by Treasury

**3**

## Project and Expenditure Report

- First Report Due: **October 31, 2021**

- Reporting Frequency: **Annually (NEUs); Quarterly (Metro Cities)**

- 1st Period Covered: March 3 – September 30, 2021

- Subsequent reports **due within 30 days** after the end of each calendar quarter

- Report on projects funded, expenditures, contracts, and subawards over $50,000

- Same general data as the reports submitted for CRF, with some modifications to classifications and additions of data elements related to eligible uses

# Required Reporting

All Cook County municipalities fall into 3 recipient categories and are required to submit the following reports:

| | Interim Report | Recovery Plan Performance Report ("Recovery Plan") | Project and Expenditure Report |
|---|---|---|---|
| **Large Counties/Cities** Only Cook County + City of Chicago | ✓ | ✓ | ✓ Quarterly |
| **Metro Cities** <250k population + >$5m in FRF funds | ✓ | | ✓ Quarterly |
| **NEUs** | | | ✓ Annually |
| | August 31, 2021 | August 31, 2021 | October 31, 2021 |

# Reporting Concepts

Reporting required at the Expenditure Category and/or Project Level, depending on the report.

**Expenditure Category**
- Coding system to track how funding is used and identify where additional programmatic data is required
- 66 total subcategories within 7 larger categories

**Project Level**
- Multiple projects within an Expenditure Category
- Each project may only be aligned to a single Expenditure Category
- Projects should be defined to include only closely related activities directed toward a common purpose

**Classification of Funds**



Expenditure Category
- Project A
  - Obligation / Expenditure
  - Subaward
- Project B
  - Obligation / Expenditure
  - Subaward
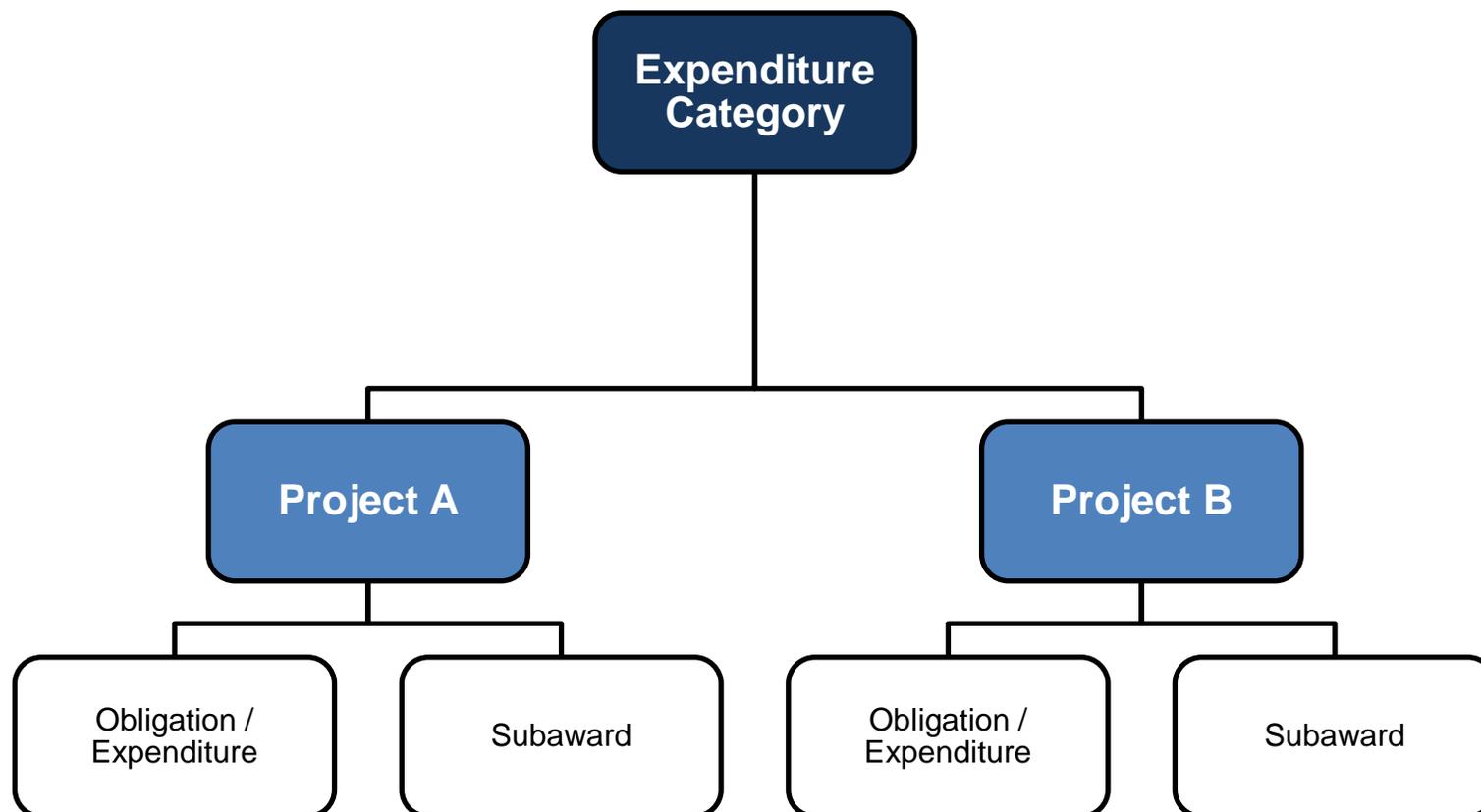
# Reporting Tips

Some tips to ensure that you meet the reporting requirements:

1. Develop and implement internal controls to ensure that funding decisions constitute eligible uses of funds and document determinations

2. Determine a subrecipient monitoring process. Federal funding guidelines require management and monitoring of subrecipients to ensure compliance

3. Develop an approach to track expenditure activity. Questions to consider:

   • How are expenditures tracked by category and by project? What system is used?

   • How are direct costs *(ex: contract support, materials, and supplies for a project)* **and** indirect costs *(ex: overhead, facilities, or administrative functional costs)* tracked?

   • Are reports easily run for projects or subawards which provides necessary reporting details?

   • How are performance reporting metrics that are required captured?

4. Maintain all financial records

   • Financial records and supporting documents related to the award must be retained for 5 years after all funds have been expended or returned to Treasury, whichever is later

# Internal Controls

Internal Controls Best Practices:

| Best Practice | Description | Example |
|---|---|---|
| 1. **Written policies and procedures** | Formal documentation of recipient policies and procedures | Documented procedure for determining worker eligibility for premium pay |
| 2. **Written standards of conduct** | Formal statement of mission, values, principles, and professional standards | Documented code of conduct / ethics for subcontractors |
| 3. **Risk-based due diligence** | Pre-payment validations conducted according to an assessed level of risk | Enhanced eligibility review of subrecipient with imperfect performance history |
| 4. **Risk-based compliance monitoring** | Ongoing validations conducted according to an assessed level of risk | Higher degree of monitoring for projects that have a higher risk of fraud, given program characteristics |
| 5. **Record maintenance and retention** | Creation and storage of financial and non-financial records | Storage of all subrecipient payment information |

*Source: Compliance and Reporting Guidelines*

# Interim Report

One-time report providing an initial overview of status and uses of funding between **Mar 3 – July 31, 2021**.

- Report must provide a breakdown of obligations & expenditures by each of the 66 Expenditure Categories
- Report appears similar to the CARES Act Coronavirus Relief Fund

*Example:*

| ID | Expenditure Category | Cumulative Obligations | Cumulative Expenditures |
|----|---------------------|------------------------|-------------------------|
| 2 | Negative Economic Impacts | | |
| 2.1 | Household Assistance: Food Programs | $1,000,000 | $1,000,000 |
| 2.2 | Household Assistance: Rent, Mortgage, and Utility Aid | $2,000,000 | $500,000 |
| 2.3 | Household Assistance: Cash Transfers | $5,000,000 | $0 |

## Expenditure Categories

**1: Public Health**
- 1.1 COVID-19 Vaccination ^
- 1.2 COVID-19 Testing ^
- 1.3 COVID-19 Contact Tracing
- 1.4 Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
- 1.5 Personal Protective Equipment
- 1.6 Medical Expenses (including Alternative Care Facilities)
- 1.7 Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
- 1.8 Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
- 1.9 Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
- 1.10 Mental Health Services*
- 1.11 Substance Use Services*
- 1.12 Other Public Health Services

**2: Negative Economic Impacts**
- 2.1 Household Assistance: Food Programs* ^
- 2.2 Household Assistance: Rent, Mortgage, and Utility Aid* ^
- 2.3 Household Assistance: Cash Transfers* ^
- 2.4 Household Assistance: Internet Access Programs* ^
- 2.5 Household Assistance: Eviction Prevention* ^
- 2.6 Unemployment Benefits or Cash Assistance to Unemployed Workers*
- 2.7 Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)* ^
- 2.8 Contributions to UI Trust Funds
- 2.9 Small Business Economic Assistance (General)* ^
- 2.10 Aid to Nonprofit Organizations*
- 2.11 Aid to Tourism, Travel, or Hospitality
- 2.12 Aid to Other Impacted Industries
- 2.13 Other Economic Support* ^
- 2.14 Rehiring Public Sector Staff

**3: Services to Disproportionately Impacted Communities**
- 3.1 Education Assistance: Early Learning* ^
- 3.2 Education Assistance: Aid to High-Poverty Districts ^
- 3.3 Education Assistance: Academic Services* ^
- 3.4 Education Assistance: Social, Emotional, and Mental Health Services* ^
- 3.5 Education Assistance: Other* ^
- 3.6 Healthy Childhood Environments: Child Care* ^
- 3.7 Healthy Childhood Environments: Home Visiting* ^
- 3.8 Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System* ^
- 3.9 Healthy Childhood Environments: Other* ^
- 3.10 Housing Support: Affordable Housing* ^
- 3.11 Housing Support: Services for Unhoused Persons* ^
- 3.12 Housing Support: Other Housing Assistance* ^
- 3.13 Social Determinants of Health: Other* ^
- 3.14 Social Determinants of Health: Community Health Workers or Benefits Navigators* ^
- 3.15 Social Determinants of Health: Lead Remediation ^
- 3.16 Social Determinants of Health: Community Violence Interventions* ^

**4: Premium Pay**
- 4.1 Public Sector Employees
- 4.2 Private Sector: Grants to Other Employers

**5: Infrastructure[27]**
- 5.1 Clean Water: Centralized Wastewater Treatment
- 5.2 Clean Water: Centralized Wastewater Collection and Conveyance
- 5.3 Clean Water: Decentralized Wastewater
- 5.4 Clean Water: Combined Sewer Overflows
- 5.5 Clean Water: Other Sewer Infrastructure
- 5.6 Clean Water: Stormwater
- 5.7 Clean Water: Energy Conservation
- 5.8 Clean Water: Water Conservation
- 5.9 Clean Water: Nonpoint Source
- 5.10 Drinking water: Treatment
- 5.11 Drinking water: Transmission & Distribution
- 5.12 Drinking water: Transmission & Distribution: Lead Remediation
- 5.13 Drinking water: Source
- 5.14 Drinking water: Storage
- 5.15 Drinking water: Other water infrastructure
- 5.16 Broadband: "Last Mile" projects
- 5.17 Broadband: Other projects

**6: Revenue Replacement**
- 6.1 Provision of Government Services

**7: Administrative**
- 7.1 Administrative Expenses
- 7.2 Evaluation and Data Analysis
- 7.3 Transfers to Other Units of Government
- 7.4 Transfers to Non-entitlement Units (States and territories only)
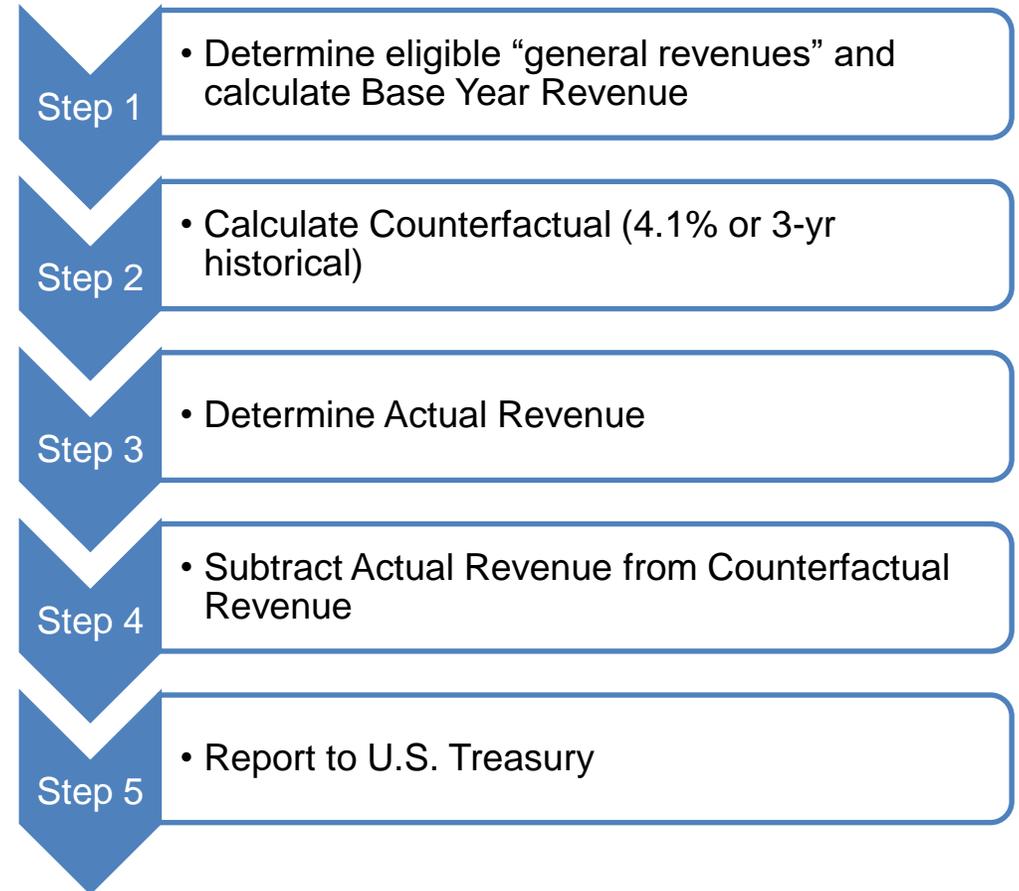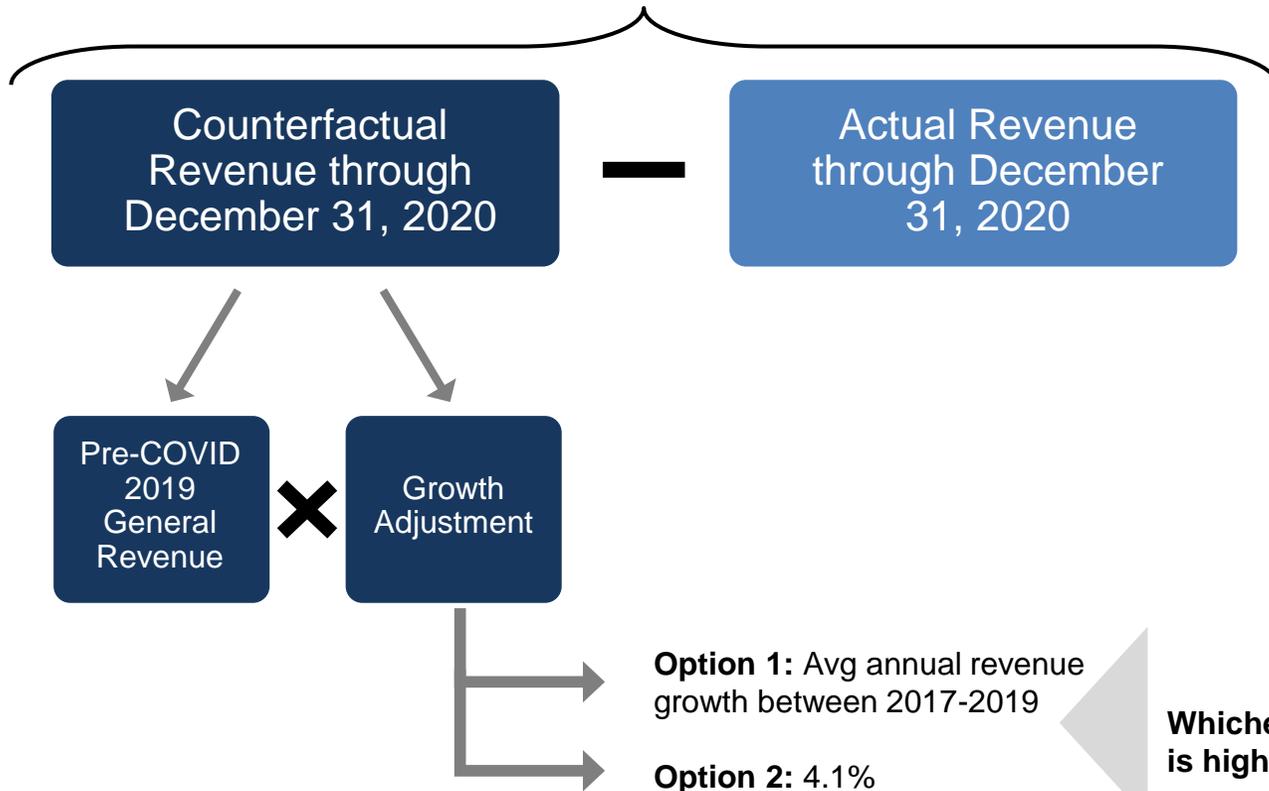
# Interim Report – Revenue Replacement

If Metro Cities plan to or already have expenditures in the Revenue Replacement category, they will be required to provide the following programmatic data*:

1. Base year general revenue (e.g., revenue in the last full fiscal year prior to the public health emergency)

2. Fiscal year end date

3. Growth adjustment used (either 4.1 percent or average annual general revenue growth over 3 years prior to pandemic)

4. Actual general revenue as of the twelve months ended December 31, 2020

5. Estimated revenue loss due to the Covid-19 public health emergency as of December 31, 2020

6. An explanation of how revenue replacement funds were allocated to government services

*Note: Additional revenue loss data will need to be reported in the 4th quarter Project & Expenditure Reports

# Revenue Reduction Calculation

## 2020 Revenue Reduction Calculation Overview

| Counterfactual Revenue through December 31, 2020 | — | Actual Revenue through December 31, 2020 |
|---|---|---|

Pre-COVID 2019 General Revenue **✕** Growth Adjustment

**Option 1:** Avg annual revenue growth between 2017-2019

**Option 2:** 4.1%

**Whichever is higher**

**Step 1**
- Determine eligible "general revenues" and calculate Base Year Revenue

**Step 2**
- Calculate Counterfactual (4.1% or 3-yr historical)

**Step 3**
- Determine Actual Revenue

**Step 4**
- Subtract Actual Revenue from Counterfactual Revenue

**Step 5**
- Report to U.S. Treasury

**Losses are determined by calculating counterfactual revenue to estimate revenue growth absent the pandemic**

# Interim Report – FAQs

1. **Question:** We are an NEU – do we need to submit an Interim Report?

   *Answer: No. Only states, metro cities, and counties are required to submit an Interim Report*

2. **Question:** We have not spent any ARPA funds between March 3 and July 31, 2021. Are we still required to submit an Interim Report?

   *Answer: Yes, you will still need to submit an Interim Report, which will show $0 funds spent for each Expenditure Category*

# Upcoming Technical Assistance Webinars

- **ARPA Overview:** Overview of ARPA funds and requirements, changes and differences from CRF, allocation methodology, accessing SLFRF funds from the State, overview of eligible grant opportunities, high level reporting requirements, and subaward process

    Dates: **August 10th from 10-11am**

- **SLFRF – Interim Report:** Deep dive into the Interim Report requirements for Cook County Metro Cities. The report is due to the Treasury by August 31st. NEUs, or Cook County municipalities with populations of less than 50,000, do NOT submit an Interim Report

    Dates: **August 4th; August 11th from 10-11am**

- **SLFRF – Calculating Revenue Replacement:** The webinar will explain the revenue loss calculation, which is one of the broad-use categories under SLFRF and share key considerations

    Dates: **August 5th; August 12th from 10-11am**

- **Open Office Hours:** Open hour for anyone to come with questions

    Dates: **August 6th; August 13th from 10-11am**

| August | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

# Questions?

You may submit any additional questions by scanning the QR code or using this link:
https://forms.office.com/r/3wK94kCCfi

Or send us an email at: SuburbanCOVIDFundingQuestions@cookcountyil.gov

# Appendix

# Resources

- [U.S. Treasury State and Local Fiscal Recovery Fund Webpage](#)

- [U.S. Treasury State and Local Fiscal Recovery Fund FAQs](#)

- [State of Illinois Non-Entitlement Unit Webpage](#)

- [Cook County ARPA Webpage](#)

- [Cook County Policy Roadmap](#)