



Illinois ARPA Compliance Webinar



Illinois
Department of Commerce
& Economic Opportunity

JB Pritzker, Governor





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Program Overview

The American Rescue Plan Act of 2021 (ARPA) appropriates \$19.53 billion to States for distribution to tens of thousands of non-entitlement units of local government (NEUs). ARPA directs the U.S. Department of the Treasury (Treasury) to make payments to each State for distribution to NEUs within the State as a cash advance. Illinois' NEU allocation is \$742 million. In Illinois, qualifying NEUs include more than 1,250 cities, towns and villages that each serve a population under 50,000.

These funds provide a critical source of relief for local governments, including smaller governments which have not received direct fiscal assistance from the federal government since the onset of the COVID-19 pandemic.

An NEU is a ***Non-entitlement unit of local government***, as defined in section 603(g)(5) of the Social Security Act, as added by section 9901 of the American Rescue Plan Act of 2021 and are local governments typically serving populations of less than 50,000.



NEU Participation Process Overview

The following outlines the process for an IL NEU to receive an ARPA allocation:



Review & Prepare

- Review [US Treasury Guidance](#), collect required information



Register

- Submit required information via NEU Portal by **September 30th**



Certify

- Certify and acknowledge all assurances and terms and conditions



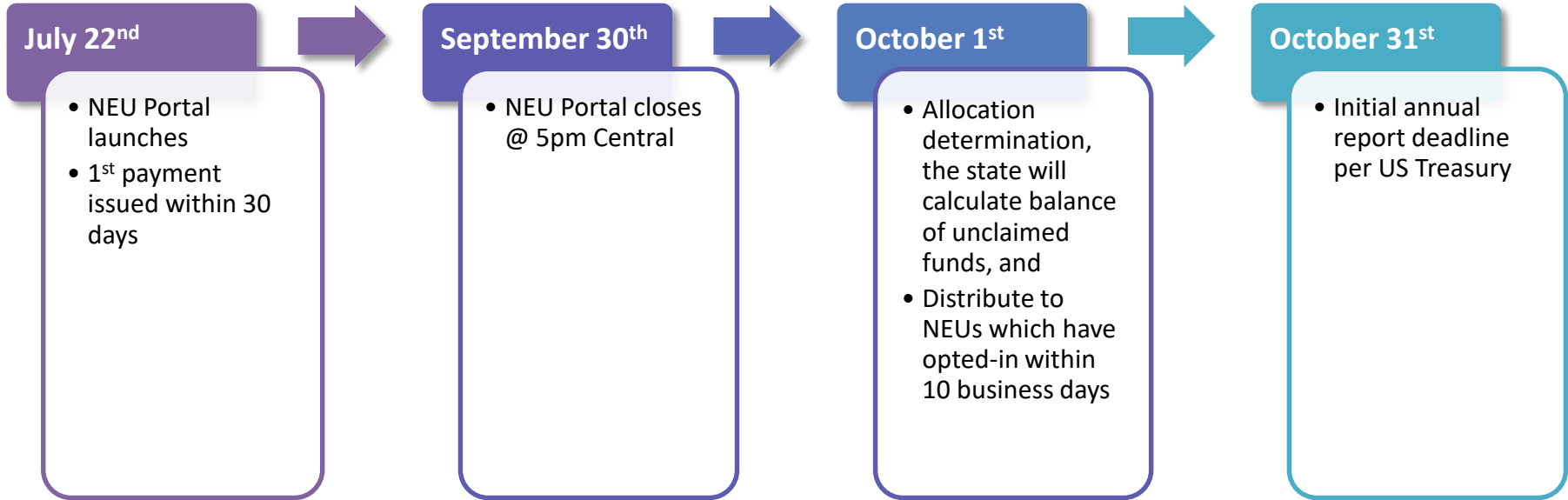
Payment

- After portal registration completion, receive funds within 30 days



NEU Participation Process Timeline

Visit <http://illinois.gov/dceo/neu> for details on the full program timeline. The following provides key dates for the 1st tranche of funds:





Eligible and Ineligible Uses



State and Local Fiscal Recovery Fund (SLFRF) Eligible Uses



To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel and hospitality



To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers



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



To make necessary investments in water, sewer, or broadband infrastructure



SLFRF Eligible Uses



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

Public Health

Assistance to Unemployed Workers and Households

Assistance to Small Businesses and Non-Profits

Aid to Impacted Industries



SLFRF Eligible Uses



To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers

Nursing homes, hospitals and home care

Farms, food production, grocery stores and restaurants

Janitors, sanitation, transit

Public Health and safety staff

Childcare workers, educators and other school staff

Social Service and human services staff



SLFRF Eligible Uses



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

Requires determining revenue lost due to COVID-19

Provide government services that would have been jeopardized due to the lost revenue



SLFRF Eligible Uses



To make necessary investments in water, sewer, or broadband infrastructure

Projects that align with Clean Water and/or Drinking Water State Revolving Funds

Replacing lead service lines

Cybersecurity measures to protect water or sewer infrastructure

Providing broadband (100 Mbps) to unserved and underserved households and businesses



Administrative Expenses

Funds can be used to cover the cost of any administrative work necessary to effectively distribute these funds, including:

Salaries and benefits for individuals administrating the funds

Technology costs associated with fund distribution

Third party fees associated with fund administration

Financial records and supporting documents must be retained for five years after all funds have been expended or returned to Treasury (whichever is later).

This includes documentation showing the funds were used for eligible purposes and meet Treasury's guidance.



Ineligible Uses

Federal Matching Requirements

Premium Pay (Non-Essential)

Pensions

Infrastructure Not Directly Addressed in ARPA

Rainy Day Funds

Financial Reserves

Outstanding Debt



Reporting and Compliance



Guidance from Treasury

- On June 24, 2021, Treasury released an updated FAQ document and *Guidance on Recipient Compliance and Reporting Responsibilities* for the CSLFRF.
 - Guidance provides additional detail and clarification for recipient compliance and reporting responsibilities under the CSLFRF program.
 - Guidance should be read in concert with the Award Terms and Conditions, the authorizing statute, the CSLFRF implementing regulation, and other regulatory and statutory requirements, including regulatory requirements under the Uniform Guidance (2 CFR Part 200).

Please note: This guidance document applies to the CSLFRF program only and does not change reporting and compliance requirements for the Coronavirus Relief Fund established by the CARES Act.

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities>



What's New

ARPA will be direct payments from Treasury

- Four permitted uses
- Certain restricted uses

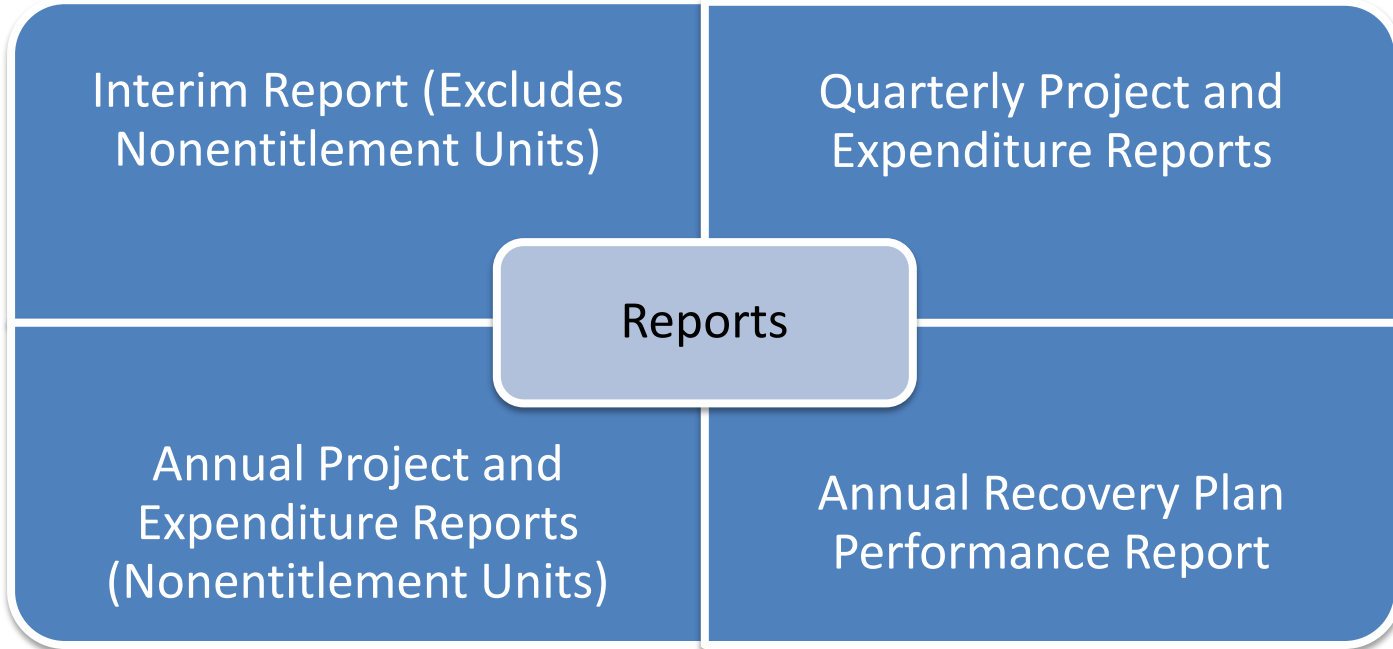
CSLFRF

- Eligible Costs incurred between March 3, 2021, and December 31, 2024
- Funds Obligated by December 31, 2024, and expended by December 31, 2026

REPORTING!!!



Reporting Requirements





Reporting Requirements

Population Size	Annual Project Expenditure Report	One Interim Report	Quarterly Project and Expenditure Report	Annual Recovery Plan Performance Report
< 50,000	X			
> 50,000 and < 250,000		X	X	
> 250,000		X	X	X



Reporting Requirements - Annual Project Expenditure Report

Annual Project Expenditure Reports (no interim or quarterly reports)

Must be done annually until the end of the award period (12/31/26)

The first report will include activity from date of award through 9/30/21

Must be submitted by 10/31/21 each year (including first report)

**Population
Less than
50,000**



Other Reporting Items

- Recipients and subrecipients are the first line of defense, and responsible for ensuring the award funds are not used for ineligible purposes, and there is no fraud, waste, and abuse associated with their award
- 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
- 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
- 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
- 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
- In calculating General Revenue, recipients should exclude all intergovernmental transfers from the federal government
- See U.S. Treasury's *Coronavirus State and Local Fiscal Recovery Funds Guidance on Recipient Compliance and Reporting Responsibilities* for more detail.



Monitoring and Compliance

Conduct periodic reconciliations

Implement new tools and systems to facilitate accurate and complete eligibility documentation, tracking, and reporting

Train personnel regarding indirect and direct cost types and accounting methods

Identify all available sources of funding, eligibility requirements and prioritize use of funds

Establish roles and responsibilities for oversight and monitoring (leverage internal audit / compliance departments; include program and finance staff in the award review process)



U.S. Department of the Treasury information:

- **Non-Entitlement Unit information**
<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/non-entitlement-units>
- **Recipient Compliance and Reporting Responsibilities**
<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities>
- **Interim Rule**
<https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>
- **Fact Sheet**
<https://home.treasury.gov/system/files/136/SLFRP-Fact-Sheet-FINAL1-508A.pdf>
- **Frequently Asked Questions**
<https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>
- **Quick Reference Guide**
<https://home.treasury.gov/system/files/136/SLFRP-Quick-Reference-Guide-FINAL-508a.pdf>

Questions?

Contact a member of the NEU Support Team:



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217-862-2730

For program information, please visit:
<http://illinois.gov/dceo/neu>

