



Coronavirus Local Fiscal Recovery Fund - Non-Entitlement Units (NEUs) Overview

Updated: June 3, 2021

Governor's Office of Strategic Planning and Budgeting (OSPb)

American Rescue Plan Act (ARPA) of 2021

- ARPA signed into law on March 11, 2021
- On May 10th, the U.S. Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the ARPA.
 - To help states and units of local government respond to the COVID-19 pandemic and address its economic impact.
 - Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control;
 - Replace lost public sector revenue to strengthen support for vital public services and help retain jobs;
 - Support immediate economic stabilization for households and businesses; and,
 - Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations

Coronavirus State and Local Fiscal Recovery Fund

- The Coronavirus State and Local Fiscal Recovery Fund provided \$350B in emergency funding for state, local, territorial, and Tribal governments.
 - States & District of Columbia - \$195.3B
 - Counties - \$65.1B
 - Metropolitan Cities - \$45.6B
 - Tribal Governments - \$20.0B
 - Territories - \$4.5B
 - **Non-entitlement Units (NEUs) of Local Government - \$19.5B**
 - Populations under 50,000
 - Will receive funding passed through the State
 - Arizona aggregate allocation for distribution to its NEUs - \$226,731,767
 - As of June 3rd, Arizona has not received its first distribution from Treasury
 - States have 30 days to distribute upon receipt from Treasury

Non-Entitlement Units (NEUs)

The State's NEU fund distribution follows Treasury's allocation guidance and methodology:

$$\frac{\text{Total population of the NEU}}{\text{Total population of all eligible NEUs}} \times \text{Aggregate state NEU payment}$$

Apache Junction	Eagar	Mammoth	San Luis	Wellton
Benson	El Mirage	Marana	Sedona	Wickenburg
Bisbee	Eloy	Miami	Show Low	Willcox
Bullhead City	Florence	Nogales	Snowflake	Williams
Camp Verde	Fountain Hills	Oro Valley	Somerton	Winkelman
Carefree	Fredonia	Page	South Tucson	Winslow
Cave Creek	Gila Bend	Paradise Valley	Springerville	Youngtown
Chino Valley	Globe	Parker	St. Johns	
Clarkdale	Guadalupe	Patagonia	Star Valley	
Clifton	Hayden	Payson	Superior	
Colorado City	Holbrook	Pima	Taylor	
Coolidge	Huachuca City	Pinetop-Lakeside	Thatcher	
Cottonwood	Jerome	Quartzsite	Tolleson	
Dewey-Humboldt	Kearny	Safford	Tombstone	
Duncan	Litchfield Park	Sahuarita	Tusayan	

Allowable Uses

- With these funding categories, Treasury is providing your communities broad flexibility to meet your needs:
 - Support public health expenditures
 - Address negative economic impacts caused by the public health emergency
 - Replace lost public sector revenue
 - Provide premium pay for essential workers
 - Invest in water, sewer, and broadband infrastructure
- Period of performance is March 3, 2021 to December 31, 2026 **but all funds must be incurred/obligated by December 31, 2024**

“Application” Process

- Using the eCivis Sub-Recipient Module (SRM)
 - Same system as AZCares Fund
- 4 required documents to upload:
 1. Total NEU reference budget (defined as the annual total operating budget, including general fund and other funds, in effect as of January 27, 2020) or top-line expenditure total (in exceptional cases in which the NEU does not adopt a formal budget)
 - Certified by an authorized representative of the NEU
 2. Created a Budget Attestation form

“Application” Process

- Required documents:
 3. Award terms and conditions agreement (as provided by Treasury to be signed)
 - Current Treasury terms and conditions document states the Assistance Listing Number (formerly known as the CFDA) as 21.019 but we were informed on May 28th that it is 21.027
 4. Assurances of compliance with Title VI of the Civil Rights Act of 1964 (as provided by Treasury to be signed)

Application Review and “Award”

- The 75% cap rule

“Distributions to NEUs cannot exceed 75% of the NEU’s most recent budget. The most recent budget is defined as the NEU’s most recent annual total operating budget, including its general fund and other funds, as of January 27, 2020. Amounts in excess of such cap and therefore not distributed to the NEU must be returned to Treasury by the State or territory. States and territories may rely for this determination on a certified top-line budget total from the NEU.”

- Your initial allocation calculation amount may change when “awarded” and be lower due to the 75% cap rule
- We will assign a unique NEU Recipient Number to each of you (e.g., Apache Junction will be AZ0001)
 - Treasury wants you to retain this NEU Recipient Number as an identifying number for the lifecycle of the program, including for your reporting purposes

Payment

- 2 equal payment tranches
 - 1st payment - upon your submission of a completed “application,” our review and “award,” and your acceptance in eCivis SRM
 - 2nd payment - TBD
 - No earlier than a year “after the date on which the First Tranche payment is paid to the State”
- Payment method and account paid will be the same as the AZCares Fund
 - We would suggest setting up a unique accounting fund like required for the AZCares Fund for tracking and reporting purposes

Post-Award

- Treasury directs NEUs to section 603 of the ARPA and the Interim Final Rule along with documents on the Treasury website, which include fact sheets and regularly updated FAQs
 - The State may be asked to facilitate Treasury's communications with NEUs, particularly distributing information on NEUs' use of funds and reporting requirements.
- Reporting
 - Treasury specific reporting guidance still to come
 - Your first report is due to Treasury by October 31, 2021
 - In addition to other TBD reporting requirements, NEUs will be asked by Treasury to provide:
 - NEU Recipient Number
 - Copy of signed award terms and conditions agreement
 - Copy of signed assurances of compliance with Title VI of the Civil Rights Act of 1964
 - Copy of actual budget documents validating the top-line budget total provided to the State as part of the request for funding