



# Illinois NEU Allocations from ARPA: SLFRF vs CRF – Understanding Differences Between the Stimulus Programs



**Illinois**  
**Department of Commerce**  
& Economic Opportunity

JB Pritzker, Governor





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# Federal Stimulus Package Overview

## 2020: CARES Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided \$2.2 trillion for direct economic aid to help the US tackle the COVID-19 pandemic crisis. The CARES Act established the \$150 billion **Coronavirus Relief Fund (CRF)** to provide direct payments to State and local governments navigating the impact of COVID-19.



**CRF Program**

## 2021: ARPA

The American Rescue Plan Act (ARPA) provides an additional \$1.9 trillion in aid to recover from the COVID-19 pandemic. The **State and Local Fiscal Recovery Funds (SLFRF)** provides a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.



**SLFRF Program**



# Federal Stimulus Package Overview

For comparative perspective:

## American Rescue Plan Act (ARPA), 2021

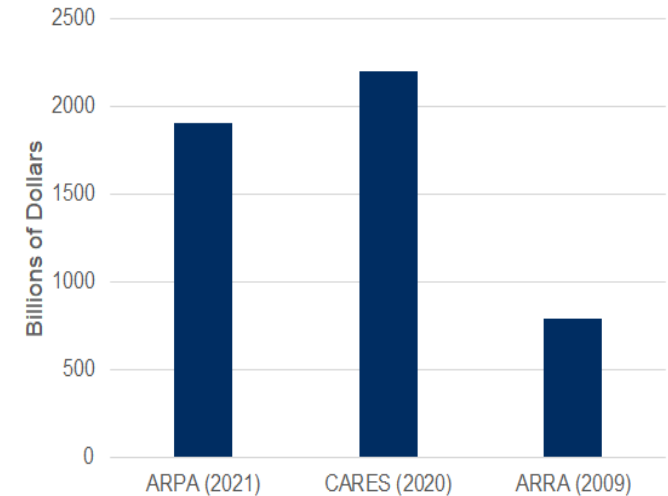
- \$1.9 trillion to recovery from the COVID-19 pandemic

## Coronavirus Aid, Relief, and Economic Security Act (CARES), 2020

- \$2.2 trillion to economic aid to mitigate the COVID-19 pandemic

## American Recovery & Reinvestment Act (ARRA), 2009

- \$787 billion to stimulate economy following 2008 recession





# Coronavirus Relief Fund (CRF) Program Overview







- The CARES Act provided that payments from the CRF may only be used to cover costs that:
  1. Are necessary expenditures incurred due to the public health emergency with respect to COVID-19
  2. Were not accounted for in the budget most recently approved as of March 27, 2020, for the State or Government; and
  3. Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020 (Extended to 12/31/2021)
- Local CURE was funded by the CRF

Examples of *Ineligible* expenditures included, but were not limited to:

- Expenses for the State share of Medicaid
- Damages covered by insurance
- Workforce bonuses other than hazard pay or overtime
- Severance pay
- Legal settlements



# Coronavirus Relief Fund (CRF) Eligible Uses

-  Medical expenses
-  Public health expenses
-  Payroll expenses for public safety, health, human services, or others substantially dedicated to mitigating and/or responding to the public health emergency
-  Expenses to facilitate compliance with COVID-19 related public health measures (e.g., distance learning, telework, care for homeless populations, and for providing paid sick or medical leave)
-  Expenses associated with provision of economic support in connection with the COVID-19 public health emergency
-  Any other COVID-19-related expenses reasonably necessary to the function of government that satisfies eligibility criteria



# State and Local Fiscal Recovery Fund (SLFRF) Program Overview

- ARPA appropriates \$19.53 billion to States through the State and Local Fiscal Relief Funds Program, for distribution to tens of thousands of non-entitlement units of local government (NEUs).
- 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.



## SLFRF Eligible Uses



ALL eligible use categories as CRF, and the following, additional 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



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





## Administration of ARPA SLFRF Funds

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

- Salaries and benefits for individuals administering 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.



## CARES and ARPA Program Similarities

- ✓ Program oversight, management and administration from the U.S. Treasury Department
- ✓ Provides direct aid and payments to state, local, tribal and territorial governments to respond and recovery from the economic and public health impacts of COVID-19
- ✓ SLFRF reporting requirements leverage the existing reporting regime used for CRF to foster continuity and provide many recipients with a familiar reporting mechanism
- ✓ The data elements for the Project and Expenditure Report will largely mirror those used for CRF, with some minor exceptions.



# CRF and SLFRF Program Variances

## CRF

- Period of Performance for awarded funds was 3/1/2020 – 12/30/2020 (extended to 12/31/2021)
- Reports are due within 10 days of each calendar quarter
- Did not include any program or performance reporting
- Revenue replacement and Infrastructure expenditure are not eligible costs

## SLFRF

- Period of Performance for awarded funds is 3/3/2021 – 12/31/2024, if funds are obligated by 12/31/2024 and expended by 12/31/2026
- Quarterly reporting will be due 30 days from quarter end
  - NEUs Project and Expenditure Reports are due 10/31/2021 and then annually thereafter
- To build public awareness and accountability and allow Treasury to monitor compliance with eligible uses, some program and performance reporting is required
- Revenue replacement and Infrastructure expenditure categories



# Reporting Requirements by Recipient Type

**Table 2: Reporting requirements by recipient type**

Recipient	Interim Report	Project and Expenditure Report	Recovery Plan Performance Report
States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents	By August 31, 2021, with expenditure summary by category	By October 31, 2021, and then 30 days after the end of each quarter thereafter <sup>9</sup>	By August 31, 2021, and annually thereafter by July 31 <sup>10</sup>
Metropolitan cities and counties with a population below 250,000 residents which received more than \$5 million in SLFRF funding			Not required
Tribal Governments		By October 31, 2021, and then annually thereafter <sup>11</sup>	Not required
Metropolitan cities and counties with a population below 250,000 residents which received less than \$5 million in SLFRF funding	Not required		
NEUs	Not required		



# 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 30<sup>th</sup>**



## Certify

- Certify and acknowledge all assurances and terms and conditions



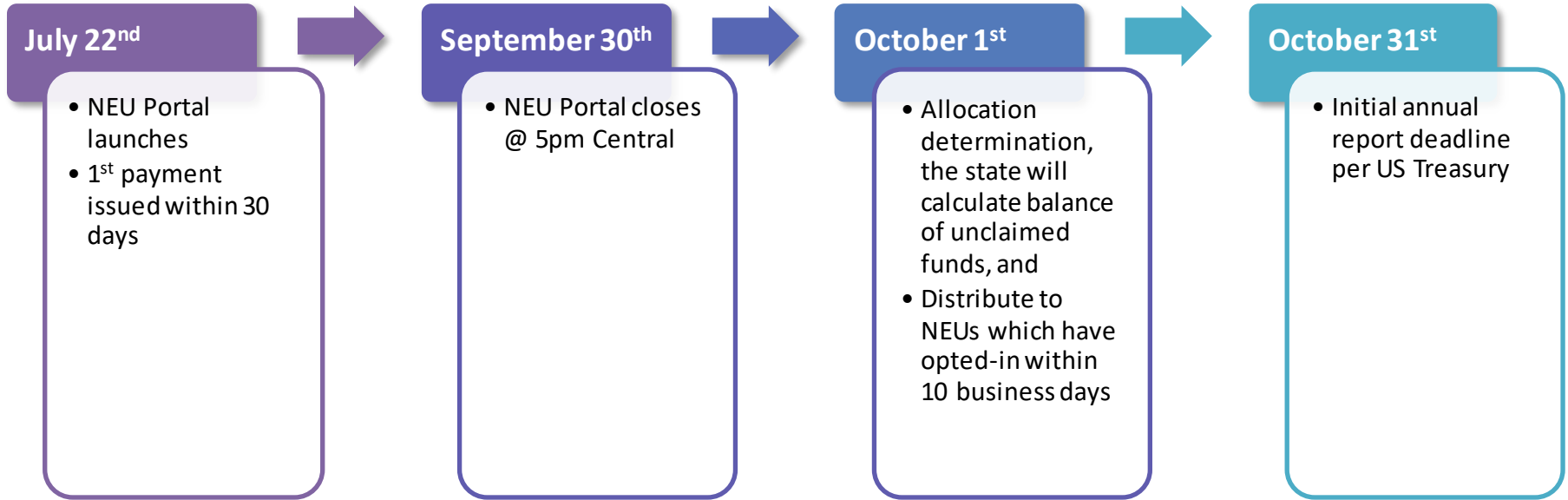
## Payment

- 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 1<sup>st</sup> tranche of funds:





# 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:



ILARPA@crowe.com



217-862-2730

For program information, please visit:

<http://illinois.gov/dceo/neu>

