FY 2023 OMNIBUS & CORNYN/PADILLA AMENDMENT

- The FY 2023 omnibus appropriations packet included the bipartisan *State, Local, Tribal and Territorial Fiscal Recovery, Infrastructure and Disaster Relief Flexibility Act*. Key highlights include:
  - Permits counties to invest the greater of $10 million or 30 percent of their total ARPA SLFRF allocation in infrastructure-related and Community Development Block Grant projects
  - Permit counties to invest funds to provide relief from natural disasters or the negative economic impacts of natural disasters
  - Expands eligibility to receive payments from the LATCF to include consolidated city-county governments
  - Unlocks administrative funds for Treasury to continue working with counties to implement this historic investment
  - **KEY CHANGE**: SLFRF dollars used under this provision still need to be obligated by December 31, 2024, BUT now expended by September 30, 2026 – only applies to infrastructure-related projects
FY 2023 OMNIBUS & CORNYN/PADILLA AMENDMENT

Transportation & CDBG Projects

- Permits counties to invest the greater of $10 million or 30 percent of their total ARPA SLFRF allocation in infrastructure-related and Community Development Block Grant projects.

- If a county previously claimed the $10 million revenue loss standard allowance, the C/P amendment can be used IN ADDITION to that previous investment.

- Funds can be used for 28 different infrastructure-related projects:
  - Funds can be used as the local match for 4 programs under the Bipartisan Infrastructure Law.

- Treasury plans to release an Interim Final Rule in May 2023.
## WHAT WE WANT: TREASURY IFR FOR CORNYN/PADILLA

### REQUESTS FROM NACO TO TREASURY FOR CORNYN/PADILLA

**INTERIM FINAL RULE**

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<th>Debris cleanup:</th>
<th>Removal of debris from disaster-affected areas</th>
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<td>Mental health services:</td>
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<td>Emergency response:</td>
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<td>Power grid back online:</td>
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<td>Hardening of lifelines:</td>
<td>Strengthening roads, bridges, hospitals, and communication infrastructure before and after a disaster</td>
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<td>Insurance deductibles:</td>
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<td>Staff pay:</td>
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<td>Secondary home relief:</td>
<td>Providing relief to individuals with secondary homes</td>
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<td>Individual assistance:</td>
<td>Getting relief to individuals that fall through the cracks</td>
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STATE AND LOCAL FISCAL RECOVERY FUND

Reporting Requirements Updates & Resources

- All counties MUST submit a Project and Expenditure (P&E) Report by April 30, 2023
- Treasury has provided reminders to recipients to ensure the P&E report submission runs smoothly:
  - Adding new contacts: If a new individual needs access to the portal from your jurisdiction, Treasury will provide your county with a unique code to login to https://portal.treasury.gov/compliance to register
  - Updating roles: If your county needs to update POC or other roles, review Accessing Treasury's Portal section of the reporting website
    - Account Administrator – can update roles as needed
    - Point of Contact
    - Authorized Representative
  - Confirm contact information: Counties should confirm that the contact information in the portal is correct for authorized representative and point of contact
STATE AND LOCAL FISCAL RECOVERY FUND

Reporting Requirements Updates & Resources

1. Unique Entity ID Requirements for Subrecipients and Contractors: All subrecipients and contractors are required to have a Unique Entity ID (UEI) and have that number included as part of the reporting process (otherwise the report will return as an error). **This was previously not explicitly required, but strongly urged by Treasury:**
   - For the April P&E Report, if a pre-existing subrecipient or contractor record does not have a UEI, the system will simply flag it as a warning but not prevent them from submission of the entire P&E report
   - However, **ANY NEW** subrecipient or contractor records will be required to have their UEIs provided and they cannot create those entities without one
   - Treasury has stated they **DO NOT KNOW** how long they will be able to keep this flexibility available after April 2023 – subrecipients and contractors should obtain a UEI ASAP

2. NEW: Subaward/Direct Payments Entity Type: All Subawards/Direct Payments records will be required to have an “entity type” selected before a subaward can be created. This field will capture whether the entity receiving the award or payment is a Subrecipient, Contractor, or Beneficiary.
   - If a county attempts to create a new subaward for a subrecipient without a populated entity type field will result in an error
SLFRF OBLIGATION & EXPENDITURE DEADLINES

• Current obligation deadline is Dec. 31, 2024 and current expenditure deadline is Dec. 31, 2026

• Major inhibitors of ARPA investment:
  • Supply chain shortages
  • Workforce shortages – public sector recovery remains lower than other industries that have recovered
  • Delay in Treasury’s Interim Final Rule for Cornyn/Padilla amendment
  • Unsettled administrative differences between state and local budget laws and Treasury’s Dec. 2024 and Dec. 2026 deadlines

• NACo is working with bipartisan group of congressional offices to garner support for an extension

Obligation deadline is Dec. 31, 2024 and the expenditure deadline is Dec. 31, 2026
SLFRF OBLIGATION & EXPENDITURE DEADLINES

NACo’s primary argument for Dec. 31, 2024 deadline extension is that the application of SLFRF funds as budgeted vs. obligated vs. expended needs to be refined.

- For state and local governments, the process is as follows:
  - Budget the funds: Annual policy decision of the resource appropriation (budgets last one year)
  - Obligate the funds: Contractual obligation to spend, according to the law, by Dec. 31, 2024
  - Expend the funds: Funds must be spent, required by the law by Dec. 31, 2026

- One-year budget cycle doesn’t allow for an “obligation” that must last two years, according to the law

- Under current timelines, counties will have to work with contractors and subcontractors to carry out investments

- Following both the state or local laws, along with Treasury’s Dec. 2024 obligation deadline and Dec. 2026 expenditure deadline has created an administrative burden on recipients due to the majority of budgets being decided on an annual basis

- **Solution:** Extending the Dec. 2024 obligation deadline to Dec. 2026 would simply ensure that recipients have the flexibility to invest funds as needed and not be limited due to arbitrary deadlines
QUESTIONS?

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