

MEMORANDUM

TO: Interested Parties
FR: Heath Fahle, A&F FFO
DT: October 18, 2021
RE: Coronavirus Local Fiscal Recovery Fund Program Resources & Sample Next Steps

The American Rescue Plan Act of 2021, Pub. L. 117-2 (March 11, 2021) (ARPA) authorized \$1.8 trillion in federal resources to respond to the Coronavirus Disease 2019 (COVID-19). ARPA allocated \$350 billion in direct aid to state and local governments through the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). Local governments in Massachusetts, including counties, cities, and towns, will receive approximately \$3.4 billion from this fund. This memorandum suggests sample next steps and supporting resources for local governments related to CSLFRF.

Per the guidance provided by the US Department of the Treasury (“US Treasury” or “Treasury”), local governments are considered prime recipients of Treasury and are therefore responsible for compliance with all relevant federal rules and regulations ([FAQ 7.14](#)). Therefore, these resources should be viewed as tools to support local decision-making and not as legal advice or guidance. US Treasury is the administering agency for the CSLFRF program.

Website Links

US Treasury Coronavirus State and Local Recovery Funds website: www.treasury.gov/slfrp

US Treasury Proposed Regulation 31 CFR 35 (the “Interim Final Rule”):
<https://www.federalregister.gov/documents/2021/05/17/2021-10283/coronavirus-state-and-local-fiscal-recovery-funds>

US Treasury FAQ’s: <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>

A&F COVID-19 Federal Funds: www.mass.gov/federalfunds

Massachusetts Municipal Association Federal Funds Resources:
<https://www.mma.org/resources/federal-funds-resources/>

National League of Cities: <https://www.nlc.org/covid-19-pandemic-response/american-rescue-plan-act/>

Sample Next Steps

1. Prepare to Manage the Grant

- a. Assess existing administrative infrastructure to determine capabilities and needs. The CLFRF program requires compliance and reporting efforts that will continue until March 2027. Recipients should determine whether existing financial management systems, resources and processes are adequate to collect and report all required data, retain sufficient documentation for five years after all funds have been expended, and comply with rules related to procurement, audit, internal controls to prevent waste, fraud, and abuse, and other relevant considerations. If a local determination is made that the administrative infrastructure is insufficient, it can be augmented via the use of CSLFRF funds, as administrative expenses are an eligible use.

Suggested supporting materials: [US Treasury Recipient Compliance and Reporting Guidance](#), [A&F FFO Compliance Overview](#), [A&F FFO Comprehensive Guidance](#), [A&F FFO Cost Principles](#), [A&F FFO Subrecipient Determinations and Monitoring](#)

- b. Establish a grant management plan, including necessary legal consultations, accounting and audit support, or other needs.

Suggested supporting materials: [US Treasury Recipient Compliance and Reporting Guidance](#), [A&F FFO Compliance Overview](#), [A&F FFO Comprehensive Guidance](#), [A&F FFO Cost Principles](#), [A&F FFO Subrecipient Determinations and Monitoring](#), [Government Finance Officers Association \(GFOA\) Guiding Principles](#), [Division of Local Services \(DLS\) Bulletin on ARPA Accounting](#)

2. Calculate the revenue loss amount for calendar year 2020

Suggested supporting materials: [A&F FFO Eligible Uses & Revenue Replacement](#)

3. Establish a planning process for determining how to allocate CLFRF resources, including stakeholder engagement efforts

Suggested supporting materials: [A&F FFO Comprehensive Guidance](#)

4. Identify programs and projects to support with CLFRF resources

Suggested supporting materials: [A&F FFO Eligible Uses & Revenue Replacement](#)

5. Write a formal eligibility determination and attach relevant supporting materials (e.g., e-mails, meeting minutes) for each program or project supported by CLFRF

Suggested supporting materials: [US Treasury Recipient Compliance and Reporting Guidance](#), [A&F FFO Compliance Overview](#), [A&F FFO Comprehensive Guidance](#)

6. Implement a process to collect and report financial data and key performance indicators to the federal government

Suggested supporting materials: [US Treasury Recipient Compliance and Reporting Guidance](#), [A&F FFO Compliance Overview](#), and the applicable A&F FFO Reporting Guidance presentation: [Counties, Metropolitan Cities, Non-Entitlement Units](#)