



# Fiscal Recovery Fund (FRF) Overview

Brad Harris, MTAS Finance and Accounting Consultant  
Eric Spencer, MTAS Finance and Accounting Consultant  
Kay Stegall, MTAS Finance and Accounting Consultant  
Tonya Travis, MTAS Finance and Accounting Consultant  
Cassie Wheeler, MTAS Finance and Accounting Consultant

September 2021



Municipal Technical Advisory Service  
INSTITUTE *for* PUBLIC SERVICE

## Fiscal Recovery Fund (FRF) Overview

---

As a result of the COVID-19 pandemic and its effects on economies, the federal government passed the American Rescue Plan Act (ARPA) on March 11, 2021. It provides for a substantial infusion of fiscal recovery funds into state and local governments throughout the United States. Tennessee was allocated \$3.725 billion for use at the state level, and \$2.28 billion to be distributed to local governments as follows:

- Large metropolitan cities (Entitlement Cities):
  - \$516 million - distributed directly from the United States Treasury
- Counties:
  - \$1.326 billion - distributed directly from the United States Treasury
- Non-metro cities (Non-Entitlement cities, also known as NEUs):
  - \$438 million to be distributed through the Tennessee Department of Finance and Administration

### FRF Eligible Expenses

The funding objectives under this program are to:

- Support urgent COVID-19 response efforts to continue to decrease the 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
- Address systemic public health and economic challenges that have contributed to the inequal impact of the pandemic

In order to attain the desired objectives, eligible expenses of Fiscal Recovery Funds must fall within the following categories:

- Support the Public Health Response
- Address Negative Economic Impacts
- Infrastructure (limited to Water, Sewer, and Broadband)
- Premium Pay for Essential Workers
- Replace Public Sector Revenue Loss
- Provide Equity-Based Services for Disproportionately Impacted Populations

The categories of eligible expenses listed above are certainly broad in nature, so it will be imperative that each proposed expenditure be appropriately analyzed and tested for eligibility. To assist local governments with this effort, the Tennessee Department of Finance and Administration is once again partnering with Horne, LLC to provide guidance to local governments across Tennessee. However, **ALL** local governments are directly financially liable for making ineligible expenditures and are responsible for direct reporting to the U.S. Treasury.

## Technical Assistance Program

To ensure that all local governments have access to resources, unified communications from State officials, and a consistent protocol for planning and implementing the ARPA funds, the State has implemented the Local Government Technical Assistance Program. Assistance under this program will consist of the following planned activities at this time:

- A training program made up of a webinar series of 10 courses
- Eligibility review of annual spending plans
- Ongoing communication via the State FRF website and monthly newsletter

The webinar series is set to include an overview of the program as well as an in-depth look into eligible spending opportunities under each of the allowed spending categories. Treasury reporting requirements and spend plan development will also be covered by the webinar series for the Technical Assistance Program. The webinar training series began on September 15, 2021 and will carry on weekly through November 2021.

A key requirement under this program will be the development of Annual Spend Plans. These spend plans should include detailed information regarding COVID-19 impacts addressed by each project that the local government plans to fund using FRF resources. A spend plan template will be provided and reviewed as part of the Technical Assistance Program webinar series.

## Preparation

Local governments must have a DUNS number, SAM registration, TIN number, authorized representative contact information and address, as well as financial institution information, in order to participate in this program. To that end, it may be prudent to discuss the amount of funding your local government may be receiving with your financial institution. This conversation is important in order to determine if there are any collateralization concerns with your financial institution.

## Request of Funds

Entitlement Units will submit requests for funding through the Treasury Submission Portal.

NEU's must submit their request for payment through the State by September 30, 2021.

## Decline of Funds

Some entities may decide to decline their allocation of the Fiscal Recovery Fund and may elect to transfer their allocation back to the State. This can be accomplished by

submitting a Decline of Funds Notice. Also, any non-responsive NEUs will have their allocation transferred back to the State.

## Reporting to the U.S. Treasury

All local governments will be required to report periodically. Project and Expenditure reporting is due by **October 31, 2021** for all local governments.

There are various websites that offer guidance and help to ensure that proper procedures are followed, and reporting deadlines are met. Other organizations such as the Tennessee Comptroller's Office, Tennessee Municipal League, US Treasury, ICMA, and National League of Cities have all established websites to assist local governments.

Some very helpful links are:

<https://www.tn.gov/finance/coronavirus-local-fiscal-recovery-fund---state-guidance-for-local-governments/distribution-information-for-neu-local-governments.html>

<https://comptroller.tn.gov/about-us/learn-about-our-office/administration/covid-19-guidance-for-local-governments.html>

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

<https://www.tml.org/american-rescue-plan-funds>

## Conclusion

The American Rescue Plan Act provides a very unique opportunity for local governments to take advantage of federal resources to assist with the negative impacts endured as a result of the COVID-19 pandemic. MTAS recommends that every local government review all available resources on this program, participate in the State's Technical Assistance Program, and take your time in developing an appropriate eligible spending plan.

Should your municipality have any questions or need assistance regarding ARPA, please feel free to contact your [MTAS consultant](#).



**Municipal Technical Advisory Service**  
INSTITUTE *for* PUBLIC SERVICE

[mtas.tennessee.edu](https://mtas.tennessee.edu)