



### **General Summary**

The American Rescue Plan (ARP) provides \$350 billion that will be allocated to state and local governments. This funding stream will be administered by the U.S. Department of Treasury (UST) with Iowa counties receiving an estimated direct allocation of \$617.3 million. It is anticipated that Iowa counties who have completed the UST pre-award certification requirements will receive half of their allocation in May 2021 and the remaining half in May 2022. The State of Iowa and cities will also be receiving their own direct allocations. Allowable uses as outlined in the ARP include (**but are not limited to**):

1. Responding to or mitigating the public health emergency with respect to the COVID-19 pandemic public health emergency or its negative economic impacts.
2. Providing government services to the extent of the reduction in revenue.
3. Making necessary investments in water, sewer, or broadband infrastructure; and
4. Responding to workers performing essential work during the COVID-19 pandemic public health emergency by providing premium pay to eligible workers of the county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work.

UST will be issuing full guidance on use of ARP funds by counties in the near future.

### **What Should we Do? Five Ideas!**

While many of you may already have begun planning for how these funds will be used in your county and communities, here are five things you should consider:

1. **Complete pre-award certification requirements.** UST on April 15 issued initial guidance on what counties would need to do to become certified to receive the first allocation of funds. As soon as possible, county governments should complete the steps below:
  - a. Ensure they have a valid DUNS number. A DUNS number is a unique nine-character number used to identify an organization and is issued by Dun & Bradstreet. The federal government uses the DUNS number to track how federal money is allocated. A DUNS number is required prior to registering with the SAM database, which is outlined below. Registering for a DUNS number is free of charge. If your county does not have a valid DUNS number, please [click here](#) or call 1.866.705.5711 to register.
  - b. Ensure they have an active SAM registration. [SAM](#) is the official government-wide database to register with in order to do business with the U.S. government. All federal financial assistance recipients must register on [SAM.gov](#) and renew their SAM registration annually to maintain an active status to be eligible to receive federal

financial assistance. There is no charge to register or maintain your entity SAM registration. If your county does not have an active SAM registration, please visit [SAM.gov](https://sam.gov) for registration or renewal. SAM registration can take up to three weeks; delay in registering could impact timely payment of funds. Please note that some counties have received scam emails related to SAM registrations. Any email communication regarding your SAM registration will come from an e-mail address ending in .gov, so make sure to check this carefully before clicking on any links or responding to an email.

- c. Gather payment information, including:
  - 1. Entity Identification Number (EIN), name, and contact information.
  - 2. Name and title of an authorized representative of the county
  - 3. Financial institution information (e.g., routing and account number, financial institution name, and contact information)

One final note, obtaining a DUNS number and SAM registration are free. There is no cost for either of these actions. Beware of entities that may try to help with a fee!

**2. Consider creating an ARP workgroup within your county.** While the board of supervisors will be the ultimate decision-making authority on the use of ARP funds, your county should consider establishing a workgroup to gather information and ideas on the best use of funds in your county. Each county will be different, but here are some ideas to consider:

- a. Does your county have an existing management or leadership committee that meets regularly to discuss or plan for county-wide issues? If so, you may consider starting your discussion with this group and building from there.
- b. If your county does not have an existing group, you should consider including the following:
  - 1. All elected county officials or their designee.
  - 2. Appointed department heads.
  - 3. Directors or designee from county boards and commissions – e.g., assessor, conservation, public health, emergency management, veterans affairs.
  - 4. Budget director, finance director.
  - 5. Legal counsel.
  - 6. Media relations officer.
  - 7. Identify and recruit subject matter expertise from your community.
  - 8. Representative from your council of governments, regional planning agency, and economic development agency.
- c. One of the first tasks that your workgroup could take is to establish a preliminary timeline for workgroup activities. During this task, you could determine the frequency and whether these are open or closed meetings.

- d. As your workgroup is evaluating use of ARP funds, your group should make sure they investigate the many other funding areas included in the American Rescue Plan.
- e. Cities in your county will also be receiving ARP funds, it would be worthwhile having a discussion with them about projects that could be accomplished by combining your funds.

Please note, these are just suggestions, and each county will need to determine for themselves the best course of action.

**3. Establish accounting and reporting guidelines.**

- a. While UST has not issued final guidance on ARP funds, it is expected that counties will have periodic reporting requirements and will be required to provide a detailed accounting of the use of funds.
- b. Existing annual financial reporting requirements to the Iowa Auditor of State and Iowa Department of Management should include reporting on the use of funds. We will be seeking guidance and recommendations on those requirements.
- c. Tracking COVID-19 pandemic-related costs and expenditures. Counties should already have established a system for tracking costs and expenditures related to COVID-19 and to be able to account for previous CARES fund expenditures. It is important that counties maintain a detailed accounting of ARP fund uses.
- d. Iowa counties should make sure that their financial accounting systems provide effective ways to account for and obtain reporting on the use of ARP funds. Establish dedicated codes in your financial management or reporting systems to distinctly track use of funds.
- e. Also, record and save all documentation, invoices, proofs of payments, procurement methodologies, etc.
- f. You may want to consider reaching out to the firm that currently conducts your annual financial audit and request their assistance and advice.
- g. The Department of Management has recommended Intergovernmental Revenues State/ Federal Pass-Thru Revenues: 2347 CARES Act; 2348 American Rescue Plan Act (ARPA). An official code has not been developed for the expenditures, but the area will likely depend on where and how you expend the funds.
- h. Consider developing a budget amendment to develop budgetary authority to expend the federal funds. A budget amendment for FY 2021 must be approved before May 31 by the board of supervisors. Therefore, a budget amendment may need to be established for FY 2022 to enable the legal expenditure of grant receipts.

**4. Are there prohibited uses of ARP funds?** Yes, there are federal restrictions on the use of funds by local governments for reductions in revenue.

- a. No funds shall be deposited into any pension fund.
- b. Any local government, including counties, that fail to comply with the federal law and related guidelines shall be required to repay UST.
- c. The bill currently indicates that funds can be applied to any reductions in revenue based on the most recent full fiscal year and the deadline to spend these funds is December 31, 2024. (the National Association of Counties (NACo) has informed UST of variance in

- how counties make their annual budgets, and it is NACo's hope that UST will accommodate county budgets that do not follow the calendar or traditional fiscal year.)
- d. States are not allowed to use the funds to either directly or indirectly offset a reduction in the net tax revenue that results from a change in law, regulation, or administrative interpretation during the covered period.
  - e. If a state violates this provision, it will be required to repay the amount of the applicable reduction to net tax revenue.

Additionally, while ARP states that a county receiving a payment of ARP funds may transfer these funds to a private nonprofit organization, a public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of state or local government, there are potential state law and state constitutional issues to overcome in order to use the ARP funds in this manner. State laws and the Iowa constitution require that all public dollars support a public purpose and counties may be required to take action to ascertain that the monies are used for a public purpose even after their transfer to a private entity. We anticipate that we will be receiving further guidance on this issue from the Auditor of State, and you should work with your legal counsel if you anticipate that your county will transfer ARP funds to a private entity. Finally, a county receiving ARP funds may transfer such funds to the State in which such entity is located.

5. **What are the next steps?** It is anticipated that final guidance on the American Rescue Plan will be issued by UST soon. The legislation gave UST 60 days to begin releasing funds to counties, but it is likely not going to happen within that time. However, be prepared and do not delay in getting started. You will want to be ready to receive those funds when they are released. Make sure you have your DUNS and SAM registrations in order, you discuss with your financial institutions their ability to accept those funds into your accounts, and you complete the Treasury certification process. Finally, once the final guidance is issued, both ISAC and the NACo will be having webinars and educational sessions on that guidance with the appropriate federal and state agencies. In the meantime, please reach out to us for further assistance.

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*This General Summary was compiled by the Iowa State Association of Counties (ISAC) on May 6, 2021. ISAC is a private, nonprofit corporation whose members are county officials and professionals from the 99 counties in Iowa. ISAC's mission is to promote effective and responsible county government for the people of Iowa. For further information visit the ISAC website at [www.iowacounties.org](http://www.iowacounties.org).*