

**CORONAVIRUS LOCAL FISCAL RECOVERY FUND
GUIDANCE ON COUNTIES THAT ARE NOT UNITS OF GENERAL LOCAL GOVERNMENT**

U.S. DEPARTMENT OF THE TREASURY

JULY 30, 2021¹

Section 603 of the Social Security Act (the Act), as added by the American Rescue Plan Act of 2021 (ARPA) established the Coronavirus Local Fiscal Recovery Fund (CLFRF), which allocates \$65.1 billion to counties and county equivalents. In general, these funds are to be paid directly from Treasury to eligible counties. However, the ARPA further states that:

In the case of an amount to be paid to a county that is not a unit of general local government, the amount shall instead be paid to the State in which such county is located, and such State shall distribute such amount to each unit of general local government within such county in an amount that bears the same proportion to the amount to be paid to such county as the population of such units of general local government bears to the total population of such county.²

On May 10, 2021, Treasury published allocation amounts for payments to county governments.³ As part of that announcement, Treasury identified an initial list of counties that are not units of general local government (non-UGLG counties). Treasury is issuing the following guidance to provide an updated list of non-UGLG counties and assist States and territories with the distribution of funds to units of general local government that are located within non-UGLG counties.

This guidance is organized into five sections:

- I. Identifying Non-UGLG Counties
- II. Identifying Units of General Local Government Within Non-UGLG Counties
- III. Allocating Funds
- IV. Operations and Restrictions
- V. Recordkeeping and Reporting for States and Recipients

I. Identifying Non-UGLG Counties

As noted above, the CLFRF provides that, for each non-UGLG county, Treasury should pay the State in which such non-UGLG county is located for distribution by the State in accordance with the statute. For the purposes of CLFRF, the term “unit of general local government” is defined to have the same meaning as in section 102(a)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(1)).

¹ Please see page 8 for updates made since the July 30, 2021 publication date.

² Section 603(b)(3)(B)(ii) of the Social Security Act, as amended by the ARPA.

³ https://home.treasury.gov/system/files/136/fiscalrecoveryfunds_countyfunding_2021.05.10-1a-508A.pdf. For more information on the allocation methodology for counties, see *Coronavirus State and Local Fiscal Recovery Funds: Allocations to Counties*, <https://home.treasury.gov/system/files/136/Allocation-Methodology-for-Counties-508A.pdf>.

Treasury has interpreted this definition, as applied to non-UGLGs, to refer to counties that are not general-purpose political subdivisions of a State.⁴

To determine which counties are not general purpose subdivisions of a State, Treasury analyzed public data for 2019 posted by the U.S. Census Bureau on the functional status of county and county-equivalent governments.⁵ Specifically, Treasury determined that a county was a non-UGLG county if it is classified by the U.S. Census Bureau as either:

- A nonfunctioning legal entity; or
- A statistical entity.

Based on this approach, 32 counties can be classified as non-UGLG counties.⁶ Treasury has conducted a further review in the case of the specific circumstance in which counties are not classified as either nonfunctioning nor as statistical entities but are described by the Census Bureau's Census of Governments as having "limited" authorities.⁷ Based on this review, Treasury identified Vermont's 14 counties as non-UGLG counties based on the very limited extent of their authority under state law. As summarized by the Census of Governments, Vermont's counties "perform very limited functions, which consist chiefly of maintaining the courthouse and county jail."⁸ As Treasury understands the term general purpose political subdivision to refer to a political subdivision such as a county that has a broad array of functions, such as providing a broad array of services, it would not be appropriate to classify Vermont's counties as units of general local government given the extent of their functions.

Because U.S. territories are not included in the 2019 Census data referenced above, for U.S. territories, Treasury reviewed a separate Census dataset, the 2020 TIGER/Line Shapefiles data for counties and

⁴ As section 603(b)(3)(B)(ii) of the Act applies in the case of a "county that is not a unit of general local government," read literally, this provision would mean that Treasury may not make a payment to a county that is not a county. Under this reading, every county would satisfy the UGLG definition, and all counties would receive a payment. To avoid a reading that would deprive this clause of meaning, Treasury believes that the clause should be read as intending to apply to any city, county, town, township, parish or village that is a general purpose political subdivision and any other local government that also constitutes a general purpose political subdivision of a State or territory. This reading is supported by the use of the word "other" in the last clause suggesting that the preceding list of governmental organizations must be "general purpose political subdivision[s]." The Act incorporates the term "unit of general local government" from the Housing and Community Development Act of 1974, but the latter does not define "general purpose political subdivision of a state." A plain meaning of "general purpose" is having various purposes rather than a specific purpose. As applied more specifically to ARPA, Treasury understands "general purpose political subdivision" to refer to a political subdivision such as a county that has a broad array of functions, such as providing a broad array of services. This interpretation gives meaning to this provision and is consistent with the intent of Congress to provide payments to counties, as general-purpose political subdivisions, that have the ability to accept and expend funds.

⁵ The data Treasury used to identify non-UGLG counties is available at: https://www2.census.gov/programs-surveys/popest/datasets/2010-2019/cities/totals/sub-est2019_all.csv. For more information on the functional status of geographic entities in the Census data, see: <https://www.census.gov/library/reference/code-lists/functional-status-codes.html>.

⁶ On May 10, 2021, Treasury published an initial list of non-UGLG counties that designated Kalawao County, Hawaii as a non-UGLG county. Kalawao County is classified by the U.S. Census Bureau as an "active government that is subordinate to another unit of government" (see note 5 for data sources). Under state law, Kalawao County "is constituted a county by itself" and "shall be under the jurisdiction and control of the department of health and be governed by the laws, and rules relating to the department and the care and treatment of persons affected with Hansen's disease, except as otherwise provided by law" (HAW. REV. STAT. § 326-31, available at https://www.capitol.hawaii.gov/hrscurrent/vol06_ch0321-0344/hrs0326/hrs_0326-0034.htm). Because the county is under the jurisdiction of the Hawaii Department of Health, Treasury will coordinate with that Department regarding payment of the county's \$16,704 allocation and monitoring of the use of funds in accordance with CLFRF program rules.

⁷ See <https://www.census.gov/content/dam/Census/library/publications/2017/econ/2017isd.pdf>.

⁸ Census of Governments at 280.

county equivalents.⁹ This dataset includes functional status codes which allow Treasury to identify counties that are nonfunctioning legal entities within U.S. territories. Based on this approach, Treasury is identifying five additional county-equivalents located in U.S. territories as non-UGLG counties.

The updated list of non-UGLG counties identified by Treasury and the allocations to those counties are provided in the Appendix.

II. Identifying Units of General Local Government Within Non-UGLG Counties

For the purposes of CLFRF, the term “unit of general local government” is defined to have the same meaning as in section 102(a)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(1)). Treasury analyzed the CLFRF definitions of “unit of general local government” and “nonentitlement unit of local government,” consistent with the approach discussed in Treasury’s *Nonentitlement Unit of Local Government Definitional and Data Methodology*.¹⁰ Treasury has determined that the units of general local government in non-UGLG counties eligible to receive a distribution by the State are:

- Metropolitan cities that are eligible to receive funds under CLFRF;¹¹ and
- Non-entitlement units of local government (NEUs) that are eligible to receive funds under CLFRF, in accordance with *the Guidance on Distribution of Funds to Non-Entitlement Units of Local Government*.¹²

States should use the list of eligible metropolitan cities plus their own lists of NEUs receiving funds to develop lists of units of general local government within each non-UGLG county.

U.S. territories should identify NEUs within non-UGLG counties in a manner consistent with the guidance specified in FAQ 7.8 of the *Frequently Asked Questions on Distribution of Funds to Non-entitlement Units of Local Government*.¹³

III. Allocating Funds

Once a State has developed a list of units of general local government within each non-UGLG county, it should allocate funds to the units of general local government based on their population share of the non-UGLG county’s population. Specifically, under this guidance, a unit of general local government’s total allocation will equal:

$$\frac{\text{Population of the unit of general local government}}{\text{Population of the non-UGLG county}} \times \text{non-UGLG county total allocation}$$

If a unit of general local government spans multiple counties, a State should consider only the portion of the population that falls within the non-UGLG county for the purpose of applying the formula above. In some States, the boundaries of some units of general local government overlap with or encompass other

⁹ For additional information on the dataset, see: <https://www.census.gov/geographies/mapping-files/time-series/geo/tiger-line-file.html>. To access the data set, see: <https://www.census.gov/cgi-bin/geo/shapefiles/index.php> (select ‘Counties (and equivalent)’ from drop-down).

¹⁰ https://home.treasury.gov/system/files/136/NEU_Methodology.pdf

¹¹ <https://home.treasury.gov/system/files/136/fiscalrecoveryfunds-metrocitiesfunding1-508A.pdf>

¹² https://home.treasury.gov/system/files/136/NEU_Guidance.pdf

¹³ <https://home.treasury.gov/system/files/136/NEU-FAQs.pdf>

units of general local government within the State, typically resulting in overlapping populations between the larger “parent” unit and the subsidiary unit. An example is a township that encompasses a city. If a State has overlapping units of general local government within a non-UGLG county, States should determine the population of these units in a manner consistent with the approach described in the *Guidance on Distribution of Funds to Non-Entitlement Units of Local Government*.¹⁴

A State may adjust allocations within a particular non-UGLG county on a pro rata basis to ensure that all available funds are distributed to units of general local government within a given non-UGLG county.

Consistent with section 603(b)(6) of the Act, for the purpose of determining populations to calculate allocations to units of general local government within non-UGLG counties, States should use “the most recent data [that] are available from the Bureau of the Census or, if not available, from such other data as a State determines appropriate.” For non-UGLGs in States, States receiving funds should use the U.S. Census Bureau’s City and Town Population Subcounty Resident Population Estimates file from the 2019 Vintage.¹⁵ Each territory should use the population data it deems most appropriate, consistent with the guidance specified in FAQ 7.8 of the *Frequently Asked Questions on Distribution of Funds to Non-entitlement Units of Local Government*.¹⁶

IV. Operations and Restrictions

A State’s submission of a request for payment from the Coronavirus State Fiscal Recovery Fund (CSFRF) under section 602 of the Act will suffice for Treasury to initiate payment to the State from the CLFRF for distribution to the units of general local government within non-UGLG counties. Payment of this amount will be made to the bank account designated by the State with respect to the CSFRF.

Treasury expects to begin paying the non-UGLG county allocations to States in the days following the publication of this guidance or a State’s submission of a request for payment under section 602, whichever occurs later. Consistent with section 603(b)(7), the payment of these funds to States will occur in two equal tranches, with the second tranche paid no earlier than 12 months after the date on which the first tranche is paid. A State’s distribution of these funds to units of general local government within non-UGLG counties should also occur in two equal tranches.

Once a State receives a payment for distribution to units of general local government within non-UGLG counties, it should calculate the allocations to those units of general local government within 60 days. Once a State has calculated the allocations, payments to units of general local government should proceed as follows:

- For units of general local government that are NEUs under CLFRF: In order to receive funds under section 603(b)(3)(B)(ii) of the Act, an NEU must be eligible to receive funds under section 603(b)(2) of the Act, as implemented by the *Guidance on Distribution of Funds to Non-Entitlement Units of Local Government*.¹⁷ States should begin making the section 603(b)(3)(B)(ii) payments to NEUs as soon as practicable after NEUs have accepted the award terms and conditions described in the *Guidance on Distribution of Funds to Non-Entitlement Units of Local*

¹⁴ See note 12.

¹⁵ https://www2.census.gov/programs-surveys/popest/datasets/2010-2019/cities/totals/sub-est2019_all.csv

¹⁶ See note 13.

¹⁷ See note 12.

Government. NEUs receiving funds under section 603(b)(3)(B)(ii) are bound by the same terms and conditions that apply to section 603(b)(2) payments, as described in the *Guidance on Distribution of Funds to Non-Entitlement Units of Local Government*, and States should make payments using the same financial institution information that was collected and verified in the first tranche distribution process described in the *Guidance on Distribution of Funds to Non-Entitlement Units of Local Government*.

- For units of general local government that are metropolitan cities under CLFRF: In order to receive funds under section 603(b)(3)(B)(ii) of the Act, a metropolitan city must have received funds under section 603(b)(1) of the Act. Metropolitan cities receiving funds under section 603(b)(3)(B)(ii) are bound by the same terms and conditions that apply to the section 603(b)(1) payments. Treasury expects to provide notification to States when metropolitan cities in non-UGLG counties have accepted the terms and conditions and received section 603(b)(1) payment. Prior to initiating payment to metropolitan cities under section 603(b)(3)(B)(ii), States should collect and verify the following information:
 - Local government name, Entity’s Taxpayer Identification Number, DUNS number, and address
 - Authorized representative name, title, and email
 - Contact person name, title, phone, and email
 - Financial institution information (e.g., routing and account number, financial institution name and contact information)

For States making payments to units of general local government, Treasury encourages States to implement best practices, and recommends ongoing consultation with relevant state agencies, such as the state auditor’s office, on ways to proactively prevent, detect, and respond to threats to program integrity. State partners should also consult resources available from the federal government.¹⁸ Treasury expects states to fulfill their legal obligation under the statute and Treasury’s implementing regulations and guidance to issue accurate and proper payments to units of general local government.

States may not place additional conditions or requirements on distributions to units of general local government within non-UGLG counties, beyond those required by the Act and Treasury’s implementing regulations and guidance.

V. Recordkeeping and Reporting for States and Recipients

States should keep records regarding the lists of units of general local government within non-UGLG counties; the allocations to those units of general local government, including the population data used to calculate the allocations; and the payments made to those units of general local government.

As stated above, metropolitan cities and NEUs receiving funds disbursed to units of general local government within non-UGLG counties are subject to all restrictions and compliance and reporting obligations applicable to other prime recipients that receive CLFRF allocations and disbursements,

¹⁸ Examples of available resources include the United States Chief Financial Officers Council’s [Program Integrity: The Antifraud Playbook](#), which provides an overview of practical and actionable guidance to reduce fraud risk, and the Government Accountability Office’s [Standards for Internal Control in the Federal Government](#) (“Green Book”).

including those described in the award terms,¹⁹ Interim Final Rule²⁰ and the *Compliance and Reporting Guidance*.²¹

The following subsections describe the reporting obligations for: (A) states acting as pass-through entities for section 603(b)(3)(B)(ii) payments; and (B) the recipients of section 603(b)(3)(B)(ii) payments.

A. State Reporting on section 603(b)(3)(B)(ii) Payments

Relevant States must provide information about all section 603(b)(3)(B)(ii) payments in the quarterly Project and Expenditure Report immediately following such payments. Note that, like the CLFRF payments to counties, the section 603(b)(3)(B)(ii) payments will occur in two tranches such that States must furnish section 603(b)(3)(B)(ii) payments data more than once.

Treasury will provide a template to report information on payments to units of general local government within non-UGLG counties in a forthcoming user guide. This will resemble the process for NEU distributions in the Interim Report as described in Part 2, Section A.1.b. of the *Compliance and Reporting Guidance*.

B. Reporting Obligations for Units of Government Receiving Section 603(b)(3)(B)(ii) Payments

Generally, the reporting obligations for a recipient of a section 603(b)(3)(B)(ii) payment are determined according to the reporting tiers included in Part 2 of the *Compliance and Reporting Guidance*. It is important to note that if a recipient receives both non-UGLG and direct payment of funds, then it must prepare and submit consolidated reports covering combined program funds and data collection.

In addition, a section 603(b)(3)(B)(ii) payment recipient's status as either an NEU or a metropolitan city will ultimately determine its reporting obligations to Treasury as a prime recipient. Metropolitan cities also have varying reporting obligations based on population size and the total amount of CLFRF funding received. The following subsections describe the different reporting requirements for each type of section 603(b)(3)(B)(ii) payment recipient.

i. Non-Entitlement Units of Local Government

Any recipient of a section 603(b)(3)(B)(ii) payment that is an NEU retains the same reporting requirements as other NEUs described in Part 2 of the *Compliance and Reporting Guidance*. Note that each annual Project & Expenditure report must cover the combined funding received under the program including non-UGLG and other payments, as necessary.

For example, if an NEU received an allocation of \$250,000 under the *Guidance on Distribution of Funds to Non-Entitlement Units of Local Government* and a section

¹⁹ https://home.treasury.gov/system/files/136/NEU_Award_Terms_and_Conditions.pdf

²⁰ <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>

²¹ <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>

603(b)(3)(B)(ii) payment of \$120,000, then the NEU will report on \$370,000 of funding in its annual Project and Expenditure report.

ii. Metropolitan Cities

Metropolitan cities must also report on the combined total of all funding received under the program – including both the section 603(b)(3)(B)(ii) and other payments – according to the reporting tiers included in Part 2 of the *Compliance and Reporting Guidance*. For example, if a metropolitan city received \$3 million of program funding and an additional \$1 million as a section 603(b)(3)(B)(ii) payment, then it would provide a combined report covering \$4 million of total program funding.

In addition, any recipient of a section 603(b)(3)(B)(ii) payment that is a metropolitan city with a population greater than 250,000 residents will have the same obligations to provide Interim, Recovery Plan, and Project and Expenditure reports to Treasury as other qualifying cities.

Metropolitan cities with less than 250,000 residents must provide Interim and Project and Expenditure reports, but are not required to provide a Recovery Plan. The frequency of the Project and Expenditure reporting depends on whether the recipient's total CLFRF funding exceeds \$5 million.

Accordingly, when a metropolitan city receives (a) a direct payment from Treasury; and (b) a section 603(b)(3)(B)(ii) payment from the State, the \$5 million threshold will apply to the sum of the two payments. For example, if City B has a population of 220,000 residents and receives a direct \$4 million allocation from Treasury and then subsequently receives a section 603(b)(3)(B)(ii) payment of \$1.5 million, then City B must report on \$5.5 million of program funding as a metropolitan city with less than 250,000 residents and funding exceeding the \$5 million threshold for reporting purposes.

For more information on recipient reporting obligations, please refer to “Table 2: Reporting requirements by recipient type” on page 12 of the *Compliance and Reporting Guidance*.

Updates

- October 21, 2021: Based on further analysis of governmental functions in American Samoa, Treasury is identifying three additional county-equivalents in American Samoa as non-UGLG counties. These three county-equivalents in American Samoa are: Eastern District, Manu'a District, and Western District. Allocations to these counties are given in the Appendix.

As outlined above, the special payment rule in section 603(b)(3)(B)(ii) requires Treasury to make payments to the UGLGs within the non-UGLG counties. Since American Samoa does not have UGLGs within these counties, it is necessary to reallocate these funds under the pro rata adjustment authority in section 603(b)(5) to the territory. Therefore, the American Samoa government may receive funds previously allocated to non-UGLG counties and expend those funds in accordance with program requirements.

Additionally, since the U.S. Virgin Islands also does not have UGLGs within non-UGLG counties, the territory may receive funds previously allocated to non-UGLG counties and expend those funds in accordance with program requirements.

Appendix: List of Non-UGLG Counties

State	County or county-equivalent	Allocation
Alaska	Aleutians West Census Area	\$1,094,338
Alaska	Bethel Census Area	\$3,571,265
Alaska	Dillingham Census Area	\$954,875
Alaska	Hoonah-Angoon Census Area	\$417,224
Alaska	Kusilvak Census Area	\$1,614,897
Alaska	Nome Census Area	\$1,943,160
Alaska	Prince of Wales-Hyder Census Area	\$1,204,860
Alaska	Southeast Fairbanks Census Area	\$1,338,884
Alaska	Valdez-Cordova Census Area	\$1,787,381
Alaska	Yukon-Koyukuk Census Area	\$1,015,866
Connecticut	Fairfield County	\$183,231,182
Connecticut	Hartford County	\$173,206,156
Connecticut	Litchfield County	\$35,027,571
Connecticut	Middlesex County	\$31,551,289
Connecticut	New Haven County	\$166,026,527
Connecticut	New London County	\$51,513,156
Connecticut	Tolland County	\$29,275,787
Connecticut	Windham County	\$22,683,534
Massachusetts	Berkshire County	\$24,268,907
Massachusetts	Essex County	\$153,260,605
Massachusetts	Franklin County	\$13,631,642
Massachusetts	Hampden County	\$90,587,294
Massachusetts	Hampshire County	\$31,239,342
Massachusetts	Middlesex County	\$313,053,637
Massachusetts	Nantucket County	\$2,214,122
Massachusetts	Suffolk County	\$156,149,511
Massachusetts	Worcester County	\$161,338,586
Rhode Island	Bristol County	\$9,416,477
Rhode Island	Kent County	\$31,911,795
Rhode Island	Newport County	\$15,943,466
Rhode Island	Providence County	\$124,104,857
Rhode Island	Washington County	\$24,391,860
Vermont	Addison County	\$7,143,501
Vermont	Bennington County	\$6,889,632
Vermont	Caledonia County	\$5,825,789
Vermont	Chittenden County	\$31,811,180
Vermont	Essex County	\$1,197,091
Vermont	Franklin County	\$9,595,759
Vermont	Grand Isle County	\$1,405,314

Vermont	Lamoille County	\$4,926,271
Vermont	Orange County	\$5,611,932
Vermont	Orleans County	\$5,251,620
Vermont	Rutland County	\$11,302,920
Vermont	Washington County	\$11,345,264
Vermont	Windham County	\$8,201,129
Vermont	Windsor County	\$10,695,148
Virgin Islands	St. Croix Island	\$9,828,651
Virgin Islands	St. John Island	\$809,974
Virgin Islands	St. Thomas Island	\$10,029,299
American Samoa	Rose Island	\$0
American Samoa	Swains Island	\$3,302
<i>Added October 21, 2021:</i>		
American Samoa	Eastern District	\$4,473,308
American Samoa	Manu'a District	\$222,014
American Samoa	Western District	\$6,085,291