



## White Salmon CityLAB Board Meeting

### A G E N D A

March 14, 2022 – 6:00 PM

Via Zoom Teleconference

Meeting ID: 896 5335 8535 Passcode: 349514

#### Call in Numbers:

669-900-6833

929-205-6099

301-715-8592

346-248-7799

253-215-8782

312-626-6799

#### Call to Order/Roll Call

#### Discussion and Action Items

- [1.](#) ARPA Funding Proposal

#### Adjournment

Members of the public will be allowed to interact with the committee members during the committee meeting to ask questions or make suggestions regarding the topics on the agenda. Please use the chat or raise hand feature in Zoom to indicate that you have a comment or a question. The Chair of the committee may ask members of the public to wait for comments or questions until after the initial discussion takes place between committee members.

**File Attachments for Item:**

1. ARPA Funding Proposal



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**CityLAB Board  
AGENDA MEMO**

Needs Legal Review: No  
Council Meeting Date: March 14, 2022  
Agenda Item: ARPA Funding Proposal  
Presented By: Marla Keethler, Mayor and Jan Brending, Clerk Treasurer

The American Rescue Plan Act (ARPA) was passed by congress in March 2021 to provide \$1.9 trillion in emergency funding to state, local and tribal governments to help communities respond to and recover from the pandemic. City of White Salmon expects to receive approximately \$751,000 in ARPA funds and has received \$375,594.00 so far, with the remaining balance to be released in June 2022.

Per federal guidelines, ARPA monies must be used to fund Public Health, Negative Economic Impacts, Services to Disproportionately Impacted Communities, Premium Pay, Infrastructure, Revenue Replacement and/or Administrative Expenses. Funds must be obligated by December 31, 2024 and spent by December 31, 2026.

The administration recommends that these one-time, limited funds go to projects that support the long-term resilience of our community in the aftermath of the pandemic. By making tangible improvements to the quality of life for residents in our community, we are staying true to our 2040 vision of realizing a White Salmon that “nurtures innovation and diversity, creating opportunities and partnerships that foster a prosperous community; and where quality of life is based on balanced and sustainable growth that contributes to the community’s authenticity and prosperity.”

Of the community identified priorities for realizing that vision, the ones below in bold are where the administration has identified some specific funding recommendations for ARPA dollars for consideration by City Council:

- Small streets and pedestrian paths
- **Right-sized infrastructure**
- Zoning amendments to manage growth
- **Affordable housing and long-term rentals**
- Small-scale, local businesses
- **Connected parks and trails**
- **Access to nature and recreation**

In addition, and in consultation with outreach conducted within our Native and Latino communities, some additional funding recommendations for council to consider are proposed to address shortfalls in access to services and critical information.

Administration is seeking input from the Personnel and Finance Committee and the CityLAB Board on the proposed funding strategy before submitting to the City Council for approval on March 16. These numbers are currently included in the proposed budget amendment.

**PROPOSED ARPA FUNDING ALLOCATIONS**

Total Amount: \$751,000.00

Amount	Spending Group	Spending Subgroup	Project	Treasury Eligible Use Group	Treasury Eligible Use Subgroup
\$380,000.00	Housing	Affordable Housing	Creating opportunities for residents to stay and live in White Salmon by increasing the supply of affordable housing. Stressors on the local housing market were further compounded by the Covid-19 pandemic. This allocation will allow the city to accelerate acquisition of land to develop 10 long-term income restricted home ownership opportunities for low-and moderate-income residents.	Services to Disproportionately Impacted Communities	Housing Support: Affordable Housing
\$225,000.00	Infrastructure	Water	Support clean water/sewer infrastructure through needed improvements to the city's water delivery systems. Modernizing water infrastructure will improve water reliability, benefit water resources, and allow the city to meet anticipated demands on water needs resulting from known population growth estimates	Infrastructure	Clean Water: Other Sewer Infrastructure
\$25,000.00	Public Health	Covid Response	Expansion of critical city communications methods with installation of digital readerboards. The purpose is to improve our ability to communicate essential pandemic, health, assistance, emergency and other important information to our residents, businesses and others. Also pursuing a translation subscription that will allow the city to provide multilingual information on these new displays and expand our multilingual outreach through existing platforms. Feedback from the Latino community reinforces that there is still confusion and difficulty in accessing critical and emergency information in Spanish.	Public Health	Other Covid-19 Public Health (Communications)
\$85,000.00	Public Health	Covid Response	The required in-person mail acceptance and distribution for intown residents during the pandemic limited the ability to mitigate that exposure risk for residents. Installing clusterboxes in coordination with USPS will bring a much-needed mail delivery option to residents within city limits that until now has been unavailable.	Public Health	Other Covid-19 Public Health Expenses/Physical Changes to public access
			Residents on fixed- or limited incomes experience increased stress and instability as a result of pandemic-related supply-chain and inflation cost increases. Implementing cluster mail delivery will provide a no-cost option for residents to receive mail.	Services to Disproportionately Impacted Communities	Social Determinants of Health: Other
\$12,000.00	Govt. Operations Investment	Investment in Government Facilities/ Equipment	A survey of our native community identified transportation access as a factor in making it difficult to access medical treatment and appointments. This is also an issue that has been identified in outreach to local youth about barriers to accessing mental health and other medical services. While public transit has expanded in the Gorge, the available bus stops in White Salmon are without any shelter or permanent signage. Installing a shelter and creating a visible, permanent presence for the stop will raise awareness about the services, help to destigmatize the use of public transit for some residents, and expand the quality of services for residents.	Services to Disproportionately Impacted Communities	Social Determinants of Health: Other
\$24,000	Govt. Operations Investment	Investment in Government Facilities/ Equipment	Since the onset of Covid-19, studies have shown that early childhood health is impacted positively by access to outdoor recreation. Investments in and improvements to outdoor facilities reduce risk of disease and improve other health and educational outcomes.  <b>**It is recommended that remaining funds from other projects would also be directed to this category**</b>	Services to Disproportionately Impacted Communities	Social Determinants of Health: Other

<b>TOTAL:</b> <b>\$751,000</b>
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BY PERCENTAGE
<b>51% Housing</b>
<b>30% Infrastructure</b>
<b>15% Public Health</b>
<b>5% Government Facilities</b>



# **Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule**

U.S. DEPARTMENT OF THE TREASURY

January 2022



**The Overview of the Final Rule provides a summary of major provisions of the final rule for informational purposes and is intended as a brief, simplified user guide to the final rule provisions.**

The descriptions provided in this document summarize key provisions of the final rule but are non-exhaustive, do not describe all terms and conditions associated with the use of SLFRF, and do not describe all requirements that may apply to this funding. Any SLFRF funds received are also subject to the terms and conditions of the agreement entered into by Treasury and the respective jurisdiction, which incorporate the provisions of the final rule and the guidance that implements this program.



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## Introduction

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan, delivers \$350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. The program ensures that governments have the resources needed to:

- Fight the pandemic and support families and businesses struggling with its public health and economic impacts,
- Maintain vital public services, even amid declines in revenue, and
- Build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity.

### EARLY PROGRAM IMPLEMENTATION

In May 2021, Treasury published the Interim final rule (IFR) describing eligible and ineligible uses of funds (as well as other program provisions), sought feedback from the public on these program rules, and began to distribute funds. The IFR went immediately into effect in May, and since then, governments have used SLFRF funds to meet their immediate pandemic response needs and begin building a strong and equitable recovery, such as through providing vaccine incentives, development of affordable housing, and construction of infrastructure to deliver safe and reliable water.

As governments began to deploy this funding in their communities, Treasury carefully considered the feedback provided through its public comment process and other forums. Treasury received over 1,500 comments, participated in hundreds of meetings, and received correspondence from a wide range of governments and other stakeholders.

### KEY CHANGES AND CLARIFICATIONS IN THE FINAL RULE

The final rule delivers broader flexibility and greater simplicity in the program, responsive to feedback in the comment process. Among other clarifications and changes, the final rule provides the features below.

#### Replacing Lost Public Sector Revenue

The final rule offers a standard allowance for revenue loss of up to \$10 million, allowing recipients to select between a standard amount of revenue loss or complete a full revenue loss calculation. Recipients that select the standard allowance may use that amount – in many cases their full award – for government services, with streamlined reporting requirements.

#### Public Health and Economic Impacts

In addition to programs and services, the final rule clarifies that recipients can use funds for capital expenditures that support an eligible COVID-19 public health or economic response. For example, recipients may build certain affordable housing, childcare facilities, schools, hospitals, and other projects consistent with final rule requirements.





In addition, the final rule provides an expanded set of households and communities that are presumed to be “impacted” and “disproportionately impacted” by the pandemic, thereby allowing recipients to provide responses to a broad set of households and entities without requiring additional analysis. Further, the final rule provides a broader set of uses available for these communities as part of COVID-19 public health and economic response, including making affordable housing, childcare, early learning, and services to address learning loss during the pandemic eligible in all impacted communities and making certain community development and neighborhood revitalization activities eligible for disproportionately impacted communities.

Further, the final rule allows for a broader set of uses to restore and support government employment, including hiring above a recipient’s pre-pandemic baseline, providing funds to employees that experienced pay cuts or furloughs, avoiding layoffs, and providing retention incentives.

### **Premium Pay**

The final rule delivers more streamlined options to provide premium pay, by broadening the share of eligible workers who can receive premium pay without a written justification while maintaining a focus on lower-income and frontline workers performing essential work.

### **Water, Sewer & Broadband Infrastructure**

The final rule significantly broadens eligible broadband infrastructure investments to address challenges with broadband access, affordability, and reliability, and adds additional eligible water and sewer infrastructure investments, including a broader range of lead remediation and stormwater management projects.

### **FINAL RULE EFFECTIVE DATE**

The final rule takes effect on April 1, 2022. Until that time, the interim final rule remains in effect; funds used consistently with the IFR while it is in effect are in compliance with the SLFRF program.

However, recipients can choose to take advantage of the final rule’s flexibilities and simplifications now, even ahead of the effective date. Treasury will not take action to enforce the interim final rule to the extent that a use of funds is consistent with the terms of the final rule, regardless of when the SLFRF funds were used. Recipients may consult the *Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule*, which can be found on Treasury’s website, for more information on compliance with the interim final rule and the final rule.



## Overview of the Program

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program provides substantial flexibility for each jurisdiction to meet local needs within the four separate eligible use categories. This Overview of the Final Rule addresses the four eligible use categories ordered from the broadest and most flexible to the most specific.

Recipients may use SLFRF funds to:

- **Replace lost public sector revenue**, using this funding to provide government services up to the amount of revenue loss due to the pandemic.
  - Recipients may determine their revenue loss by choosing between two options:
    - A standard allowance of up to \$10 million in aggregate, not to exceed their award amount, during the program;
    - Calculating their jurisdiction’s specific revenue loss each year using Treasury’s formula, which compares actual revenue to a counterfactual trend.
  - Recipients may use funds up to the amount of revenue loss for government services; generally, services traditionally provided by recipient governments are government services, unless Treasury has stated otherwise.
- **Support the COVID-19 public health and economic response** by addressing COVID-19 and its impact on public health as well as addressing economic harms to households, small businesses, nonprofits, impacted industries, and the public sector.
  - Recipients can use funds for programs, services, or capital expenditures that respond to the public health and negative economic impacts of the pandemic.
  - To provide simple and clear eligible uses of funds, Treasury provides a list of enumerated uses that recipients can provide to households, populations, or classes (i.e., groups) that experienced pandemic impacts.
  - Public health eligible uses include COVID-19 mitigation and prevention, medical expenses, behavioral healthcare, and preventing and responding to violence.
  - Eligible uses to respond to negative economic impacts are organized by the type of beneficiary: assistance to households, small businesses, and nonprofits.
    - Each category includes assistance for “impacted” and “disproportionately impacted” classes: impacted classes experienced the general, broad-based impacts of the pandemic, while disproportionately impacted classes faced meaningfully more severe impacts, often due to preexisting disparities.
    - To simplify administration, the final rule presumes that some populations and groups were impacted or disproportionately impacted and are eligible for responsive services.

*Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule*



- Eligible uses for assistance to impacted households include aid for re-employment, job training, food, rent, mortgages, utilities, affordable housing development, childcare, early education, addressing learning loss, and many more uses.
- Eligible uses for assistance to impacted small businesses or nonprofits include loans or grants to mitigate financial hardship, technical assistance for small businesses, and many more uses.
- Recipients can also provide assistance to impacted industries like travel, tourism, and hospitality that faced substantial pandemic impacts, or address impacts to the public sector, for example by re-hiring public sector workers cut during the crisis.
- Recipients providing funds for enumerated uses to populations and groups that Treasury has presumed eligible are clearly operating consistently with the final rule. Recipients can also identify (1) other populations or groups, beyond those presumed eligible, that experienced pandemic impacts or disproportionate impacts and (2) other programs, services, or capital expenditures, beyond those enumerated, to respond to those impacts.
- **Provide premium pay for eligible workers performing essential work**, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors.
  - Recipients may provide premium pay to eligible workers – generally those working in-person in key economic sectors – who are below a wage threshold or non-exempt from the Fair Labor Standards Act overtime provisions, or if the recipient submits justification that the premium pay is responsive to workers performing essential work.
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, to support vital wastewater and stormwater infrastructure, and to expand affordable access to broadband internet.
  - Recipients may fund a broad range of water and sewer projects, including those eligible under the EPA’s Clean Water State Revolving Fund, EPA’s Drinking Water State Revolving Fund, and certain additional projects, including a wide set of lead remediation, stormwater infrastructure, and aid for private wells and septic units.
  - Recipients may fund high-speed broadband infrastructure in areas of need that the recipient identifies, such as areas without access to adequate speeds, affordable options, or where connections are inconsistent or unreliable; completed projects must participate in a low-income subsidy program.

While recipients have considerable flexibility to use funds to address the diverse needs of their communities, some restrictions on use apply across all eligible use categories. These include:

- **For states and territories:** No offsets of a reduction in net tax revenue resulting from a change in state or territory law.

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- **For all recipients except for Tribal governments:** No extraordinary contributions to a pension fund for the purpose of reducing an accrued, unfunded liability.
- **For all recipients:** No payments for debt service and replenishments of rainy day funds; no satisfaction of settlements and judgments; no uses that contravene or violate the American Rescue Plan Act, Uniform Guidance conflicts of interest requirements, and other federal, state, and local laws and regulations.

Under the SLFRF program, funds must be used for costs incurred on or after March 3, 2021. Further, funds must be obligated by December 31, 2024, and expended by December 31, 2026. This time period, during which recipients can expend SLFRF funds, is the “period of performance.”

In addition to SLFRF, the American Rescue Plan includes other sources of funding for state and local governments, including the [Coronavirus Capital Projects Fund](#) to fund critical capital investments including broadband infrastructure; the [Homeowner Assistance Fund](#) to provide relief for our country’s most vulnerable homeowners; the [Emergency Rental Assistance Program](#) to assist households that are unable to pay rent or utilities; and the [State Small Business Credit Initiative](#) to fund small business credit expansion initiatives. Eligible recipients are encouraged to visit the Treasury website for more information.



## Replacing Lost Public Sector Revenue

The Coronavirus State and Local Fiscal Recovery Funds provide needed fiscal relief for recipients that have experienced revenue loss due to the onset of the COVID-19 public health emergency. Specifically, SLFRF funding may be used to pay for “government services” in an amount equal to the revenue loss experienced by the recipient due to the COVID-19 public health emergency.

Government services generally include any service traditionally provided by a government, including construction of roads and other infrastructure, provision of public safety and other services, and health and educational services. Funds spent under government services are subject to streamlined reporting and compliance requirements.

In order to use funds under government services, recipients should first determine revenue loss. They may, then, spend up to that amount on general government services.

### DETERMINING REVENUE LOSS

Recipients have two options for how to determine their amount of revenue loss. Recipients must choose one of the two options and cannot switch between these approaches after an election is made.

**1. Recipients may elect a “standard allowance” of \$10 million to spend on government services through the period of performance.**

Under this option, which is newly offered in the final rule Treasury presumes that up to \$10 million in revenue has been lost due to the public health emergency and recipients are permitted to use that amount (not to exceed the award amount) to fund “government services.” The standard allowance provides an estimate of revenue loss that is based on an extensive analysis of average revenue loss across states and localities, and offers a simple, convenient way to determine revenue loss, particularly for SLFRF’s smallest recipients.

All recipients may elect to use this standard allowance instead of calculating lost revenue using the formula below, including those with total allocations of \$10 million or less. Electing the standard allowance does not increase or decrease a recipient’s total allocation.

**2. Recipients may calculate their actual revenue loss according to the formula articulated in the final rule.**

Under this option, recipients calculate revenue loss at four distinct points in time, either at the end of each calendar year (e.g., December 31 for years 2020, 2021, 2022, and 2023) or the end of each fiscal year of the recipient. Under the flexibility provided in the final rule, recipients can choose whether to use calendar or fiscal year dates but must be consistent throughout the period of performance. Treasury has also provided several adjustments to the definition of general revenue in the final rule.

To calculate revenue loss at each of these dates, recipients must follow a four-step process:



- a. Calculate revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the *base year revenue*.
- b. Estimate *counterfactual revenue*, which is equal to the following formula, where  $n$  is the number of months elapsed since the end of the base year to the calculation date:

$$\text{base year revenue} \times (1 + \text{growth adjustment})^{\frac{n}{12}}$$

The *growth adjustment* is the greater of either a standard growth rate—5.2 percent—or the recipient’s average annual revenue growth in the last full three fiscal years prior to the COVID-19 public health emergency.

- c. Identify *actual revenue*, which equals revenues collected over the twelve months immediately preceding the calculation date.

Under the final rule, recipients must adjust actual revenue totals for the effect of tax cuts and tax increases that are adopted after the date of adoption of the final rule (January 6, 2022). Specifically, the estimated fiscal impact of tax cuts and tax increases adopted after January 6, 2022, must be added or subtracted to the calculation of actual revenue for purposes of calculation dates that occur on or after April 1, 2022.

Recipients may subtract from their calculation of actual revenue the effect of tax increases enacted prior to the adoption of the final rule. Note that recipients that elect to remove the effect of tax increases enacted before the adoption of the final rule must also remove the effect of tax decreases enacted before the adoption of the final rule, such that they are accurately removing the effect of tax policy changes on revenue.

- d. Revenue loss for the calculation date is equal to *counterfactual revenue* minus *actual revenue* (adjusted for tax changes) for the twelve-month period. If actual revenue exceeds counterfactual revenue, the loss is set to zero for that twelve-month period. Revenue loss for the period of performance is the sum of the revenue loss on for each calculation date.

The supplementary information in the final rule provides an example of this calculation, which recipients may find helpful, in the Revenue Loss section.



## SPENDING ON GOVERNMENT SERVICES

Recipients can use SLFRF funds on government services up to the revenue loss amount, whether that be the standard allowance amount or the amount calculated using the above approach. **Government services generally include *any service traditionally provided by a government***, unless Treasury has stated otherwise. Here are some common examples, although this list is not exhaustive:

- ✓ Construction of schools and hospitals
- ✓ Road building and maintenance, and other infrastructure
- ✓ Health services
- ✓ General government administration, staff, and administrative facilities
- ✓ Environmental remediation
- ✓ Provision of police, fire, and other public safety services (including purchase of fire trucks and police vehicles)

Government services is the most flexible eligible use category under the SLFRF program, and funds are subject to streamlined reporting and compliance requirements. Recipients should be mindful that certain restrictions, which are detailed further in the Restrictions on Use section and apply to all uses of funds, apply to government services as well.



## Responding to Public Health and Economic Impacts of COVID-19

The Coronavirus State and Local Fiscal Recovery Funds provide resources for governments to meet the public health and economic needs of those impacted by the pandemic in their communities, as well as address longstanding health and economic disparities, which amplified the impact of the pandemic in disproportionately impacted communities, resulting in more severe pandemic impacts.

The eligible use category to respond to public health and negative economic impacts is organized around the types of assistance a recipient may provide and includes several sub-categories:

- public health,
- assistance to households,
- assistance to small businesses,
- assistance to nonprofits,
- aid to impacted industries, and
- public sector capacity.

In general, to identify eligible uses of funds in this category, recipients should (1) identify a COVID-19 public health or economic impact on an individual or class (i.e., a group) and (2) design a program that responds to that impact. Responses should be related and reasonably proportional to the harm identified and reasonably designed to benefit those impacted.

To provide simple, clear eligible uses of funds that meet this standard, Treasury provides a non-exhaustive list of enumerated uses that respond to pandemic impacts. Treasury also presumes that some populations experienced pandemic impacts and are eligible for responsive services. In other words, recipients providing enumerated uses of funds to populations presumed eligible are clearly operating consistently with the final rule.<sup>1</sup>

Recipients also have broad flexibility to (1) identify and respond to other pandemic impacts and (2) serve other populations that experienced pandemic impacts, beyond the enumerated uses and presumed eligible populations. Recipients can also identify groups or “classes” of beneficiaries that experienced pandemic impacts and provide services to those classes.

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<sup>1</sup> However, please note that use of funds for enumerated uses may not be grossly disproportionate to the harm. Further, recipients should consult the Capital Expenditures section for more information about pursuing a capital expenditure; please note that enumerated capital expenditures are not presumed to be reasonably proportional responses to an identified harm except as provided in the Capital Expenditures section.





Step	1. Identify COVID-19 public health or economic impact	2. Design a response that addresses or responds to the impact
Analysis	<ul style="list-style-type: none"> <li>• Can identify impact to a specific household, business or nonprofit or to a class of households, businesses, or nonprofits (i.e., group)</li> <li>• Can also identify disproportionate impacts, or more severe impacts, to a specific beneficiary or to a class</li> </ul>	<ul style="list-style-type: none"> <li>• Types of responses can include a program, service, or capital expenditure</li> <li>• Response should be related and reasonably proportional to the harm</li> <li>• Response should also be reasonably designed to benefit impacted individual or class</li> </ul>
Simplifying Presumptions	<ul style="list-style-type: none"> <li>• Final Rule presumes certain populations and classes are impacted and disproportionately impacted</li> </ul>	<ul style="list-style-type: none"> <li>• Final Rule provides non-exhaustive list of enumerated eligible uses that respond to pandemic impacts and disproportionate impacts</li> </ul>

To assess eligibility of uses of funds, recipients should first determine the sub-category where their use of funds may fit (e.g., public health, assistance to households, assistance to small businesses), based on the entity that experienced the health or economic impact.<sup>2</sup> Then, recipients should refer to the relevant section for more details on each sub-category.

While the same overall eligibility standard applies to all uses of funds to respond to the public health and negative economic impacts of the pandemic, each sub-category has specific nuances on its application. In addition:

- Recipients interested in using funds for capital expenditures (i.e., investments in property, facilities, or equipment) should review the Capital Expenditures section in addition to the eligible use sub-category.
- Recipients interested in other uses of funds, beyond the enumerated uses, should refer to the section on “Framework for Eligible Uses Beyond Those Enumerated.”

<sup>2</sup> For example, a recipient interested in providing aid to unemployed individuals is addressing a negative economic impact experienced by a household and should refer to the section on assistance to households. Recipients should also be aware of the difference between “beneficiaries” and “sub-recipients.” Beneficiaries are households, small businesses, or nonprofits that can receive assistance based on impacts of the pandemic that they experienced. On the other hand, sub-recipients are organizations that carry out eligible uses on behalf of a government, often through grants or contracts. Sub-recipients do not need to have experienced a negative economic impact of the pandemic; rather, they are providing services to beneficiaries that experienced an impact.



## RESPONDING TO THE PUBLIC HEALTH EMERGENCY

While the country has made tremendous progress in the fight against COVID-19, including a historic vaccination campaign, the disease still poses a grave threat to Americans' health and the economy. Providing state, local, and Tribal governments the resources needed to fight the COVID-19 pandemic is a core goal of the Coronavirus State and Local Fiscal Recovery Funds, as well as addressing the other ways that the pandemic has impacted public health. Treasury has identified several public health impacts of the pandemic and enumerated uses of funds to respond to impacted populations.

- **COVID-19 mitigation and prevention.** The pandemic has broadly impacted Americans and recipients can provide services to prevent and mitigate COVID-19 to the general public or to small businesses, nonprofits, and impacted industries in general. Enumerated eligible uses include:
  - ✓ Vaccination programs, including vaccine incentives and vaccine sites
  - ✓ Testing programs, equipment and sites
  - ✓ Monitoring, contact tracing & public health surveillance (e.g., monitoring for variants)
  - ✓ Public communication efforts
  - ✓ Public health data systems
  - ✓ COVID-19 prevention and treatment equipment, such as ventilators and ambulances
  - ✓ Medical and PPE/protective supplies
  - ✓ Support for isolation or quarantine
  - ✓ Ventilation system installation and improvement
  - ✓ Technical assistance on mitigation of COVID-19 threats to public health and safety
  - ✓ Transportation to reach vaccination or testing sites, or other prevention and mitigation services for vulnerable populations
  - ✓ Support for prevention, mitigation, or other services in congregate living facilities, public facilities, and schools
  - ✓ Support for prevention and mitigation strategies in small businesses, nonprofits, and impacted industries
  - ✓ Medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., ICUs, emergency rooms)
  - ✓ Temporary medical facilities and other measures to increase COVID-19 treatment capacity
  - ✓ Emergency operations centers & emergency response equipment (e.g., emergency response radio systems)
  - ✓ Public telemedicine capabilities for COVID-19 related treatment



- **Medical expenses.** Funds may be used for expenses to households, medical providers, or others that incurred medical costs due to the pandemic, including:
  - ✓ Unreimbursed expenses for medical care for COVID-19 testing or treatment, such as uncompensated care costs for medical providers or out-of-pocket costs for individuals
  - ✓ Paid family and medical leave for public employees to enable compliance with COVID-19 public health precautions
  - ✓ Emergency medical response expenses
  - ✓ Treatment of long-term symptoms or effects of COVID-19
  
- **Behavioral health care, such as mental health treatment, substance use treatment, and other behavioral health services.** Treasury recognizes that the pandemic has broadly impacted Americans' behavioral health and recipients can provide these services to the general public to respond. Enumerated eligible uses include:
  - ✓ Prevention, outpatient treatment, inpatient treatment, crisis care, diversion programs, outreach to individuals not yet engaged in treatment, harm reduction & long-term recovery support
  - ✓ Enhanced behavioral health services in schools
  - ✓ Services for pregnant women or infants born with neonatal abstinence syndrome
  - ✓ Support for equitable access to reduce disparities in access to high-quality treatment
  - ✓ Peer support groups, costs for residence in supportive housing or recovery housing, and the 988 National Suicide Prevention Lifeline or other hotline services
  - ✓ Expansion of access to evidence-based services for opioid use disorder prevention, treatment, harm reduction, and recovery
  - ✓ Behavioral health facilities & equipment
  
- **Preventing and responding to violence.** Recognizing that violence – and especially gun violence – has increased in some communities due to the pandemic, recipients may use funds to respond in these communities through:
  - ✓ Referrals to trauma recovery services for victims of crime
  - ✓ Community violence intervention programs, including:
    - Evidence-based practices like focused deterrence, with wraparound services such as behavioral therapy, trauma recovery, job training, education, housing and relocation services, and financial assistance
  - ✓ In communities experiencing increased gun violence due to the pandemic:
    - Law enforcement officers focused on advancing community policing
    - Enforcement efforts to reduce gun violence, including prosecution
    - Technology & equipment to support law enforcement response

*Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule*



## RESPONDING TO NEGATIVE ECONOMIC IMPACTS

The pandemic caused severe economic damage and, while the economy is on track to a strong recovery, much work remains to continue building a robust, resilient, and equitable economy in the wake of the crisis and to ensure that the benefits of this recovery reach all Americans. While the pandemic impacted millions of American households and businesses, some of its most severe impacts fell on low-income and underserved communities, where pre-existing disparities amplified the impact of the pandemic and where the most work remains to reach a full recovery.

The final rule recognizes that the pandemic caused broad-based impacts that affected many communities, households, and small businesses across the country; for example, many workers faced unemployment and many small businesses saw declines in revenue. The final rule describes these as “impacted” households, communities, small businesses, and nonprofits.

At the same time, the pandemic caused disproportionate impacts, or more severe impacts, in certain communities. For example, low-income and underserved communities have faced more severe health and economic outcomes like higher rates of COVID-19 mortality and unemployment, often because pre-existing disparities exacerbated the impact of the pandemic. The final rule describes these as “disproportionately impacted” households, communities, small businesses, and nonprofits.

To simplify administration of the program, the final rule presumes that certain populations were “impacted” and “disproportionately impacted” by the pandemic; these populations are presumed to be eligible for services that respond to the impact they experienced. The final rule also enumerates a non-exhaustive list of eligible uses that are recognized as responsive to the impacts or disproportionate impacts of COVID-19. Recipients providing enumerated uses to populations presumed eligible are clearly operating consistently with the final rule.

As discussed further in the section Framework for Eligible Uses Beyond Those Enumerated, recipients can also identify other pandemic impacts, impacted or disproportionately impacted populations or classes, and responses.

However, note that the final rule maintains that general infrastructure projects, including roads, streets, and surface transportation infrastructure, would generally not be eligible under this eligible use category, unless the project responded to a specific pandemic public health need or a specific negative economic impact. Similarly, general economic development or workforce development – activities that do not respond to negative economic impacts of the pandemic but rather seek to more generally enhance the jurisdiction’s business climate – would generally not be eligible under this eligible use category.



## Assistance to Households

### *Impacted Households and Communities*

Treasury presumes the following households and communities are impacted by the pandemic:

- ✓ Low- or-moderate income households or communities
- ✓ Households that experienced unemployment
- ✓ Households that experienced increased food or housing insecurity
- ✓ Households that qualify for the Children’s Health Insurance Program, Childcare Subsidies through the Child Care Development Fund (CCDF) Program, or Medicaid
- ✓ *When providing affordable housing programs:* households that qualify for the National Housing Trust Fund and Home Investment Partnerships Program
- ✓ *When providing services to address lost instructional time in K-12 schools:* any student that lost access to in-person instruction for a significant period of time

Low- or moderate-income households and communities are those with (i) income at or below 300 percent of the Federal Poverty Guidelines for the size of the household based on the most recently published poverty guidelines or (ii) income at or below 65 percent of the area median income for the county and size of household based on the most recently published data. For the vast majority of communities, the Federal Poverty Guidelines are higher than the area’s median income and using the Federal Poverty Guidelines would result in more households and communities being presumed eligible. Treasury has provided an easy-to-use spreadsheet with Federal Poverty Guidelines and area median income levels on its website.

Recipients can measure income for a specific household or the median income for the community, depending on whether the response they plan to provide serves specific households or the general community. The income thresholds vary by household size; recipients should generally use income thresholds for the appropriate household size but can use a default household size of three when easier for administration or when measuring income for a general community.

The income limit for 300 percent of the Federal Poverty Guidelines for a household of three is \$65,880 per year.<sup>3</sup> In other words, recipients can always presume that a household earning below this level, or a community with median income below this level, is impacted by the pandemic and eligible for services to respond. Additionally, by following the steps detailed in the section Framework for Eligible Uses Beyond Those Enumerated, recipients may designate additional households as impacted or disproportionately impacted beyond these presumptions, and may also pursue projects not listed below in response to these impacts consistent with Treasury’s standards.

<sup>3</sup> For recipients in Alaska, the income limit for 300 percent of the Federal Poverty Guidelines for a household of three is \$82,350 per year. For recipients in Hawaii, the income limit for 300 percent of the Federal Poverty Guidelines for a household of three is \$75,780 per year.



Treasury recognizes the enumerated projects below, which have been expanded under the final rule, as eligible to respond to impacts of the pandemic on households and communities:

- ✓ Food assistance & food banks
- ✓ Emergency housing assistance: rental assistance, mortgage assistance, utility assistance, assistance paying delinquent property taxes, counseling and legal aid to prevent eviction and homelessness & emergency programs or services for homeless individuals, including temporary residences for people experiencing homelessness
- ✓ Health insurance coverage expansion
- ✓ Benefits for surviving family members of individuals who have died from COVID-19
- ✓ Assistance to individuals who want and are available for work, including job training, public jobs programs and fairs, support for childcare and transportation to and from a jobsite or interview, incentives for newly-employed workers, subsidized employment, grants to hire underserved workers, assistance to unemployed individuals to start small businesses & development of job and workforce training centers
- ✓ Financial services for the unbanked and underbanked
- ✓ Burials, home repair & home weatherization
- ✓ Programs, devices & equipment for internet access and digital literacy, including subsidies for costs of access
- ✓ Cash assistance
- ✓ Paid sick, medical, and family leave programs
- ✓ Assistance in accessing and applying for public benefits or services
- ✓ Childcare and early learning services, home visiting programs, services for child welfare-involved families and foster youth & childcare facilities
- ✓ Assistance to address the impact of learning loss for K-12 students (e.g., high-quality tutoring, differentiated instruction)
- ✓ Programs or services to support long-term housing security: including development of affordable housing and permanent supportive housing
- ✓ Certain contributions to an Unemployment Insurance Trust Fund<sup>4</sup>

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<sup>4</sup> Recipients may only use SLFRF funds for contributions to unemployment insurance trust funds and repayment of the principal amount due on advances received under Title XII of the Social Security Act up to an amount equal to (i) the difference between the balance in the recipient's unemployment insurance trust fund as of January 27, 2020 and the balance of such account as of May 17, 2021, plus (ii) the principal amount outstanding as of May 17, 2021 on any advances received under Title XII of the Social Security Act between January 27, 2020 and May 17, 2021. Further, recipients may use SLFRF funds for the payment of any interest due on such Title XII advances. Additionally, a recipient that deposits SLFRF funds into its unemployment insurance trust fund to fully restore the pre-pandemic balance may not draw down that balance and deposit more SLFRF funds, back up to the pre-pandemic balance. Recipients that deposit SLFRF funds into an unemployment insurance trust fund, or use SLFRF funds to repay principal on Title XII advances, may not take action to reduce benefits available to unemployed workers by changing the computation method governing regular unemployment compensation in a way that results in a reduction of average weekly benefit amounts or the number of weeks of benefits payable (i.e., maximum benefit entitlement).



***Disproportionately Impacted Households and Communities***

Treasury presumes the following households and communities are disproportionately impacted by the pandemic:

- ✓ Low -income households and communities
- ✓ Households receiving services provided by Tribal governments
- ✓ Households residing in Qualified Census Tracts
- ✓ Households residing in the U.S. territories or receiving services from these governments
- ✓ Households that qualify for certain federal benefits<sup>5</sup>

Low-income households and communities are those with (i) income at or below 185 percent of the Federal Poverty Guidelines for the size of its household based on the most recently published poverty guidelines or (ii) income at or below 40 percent of area median income for its county and size of household based on the most recently published data. For the vast majority of communities, the Federal Poverty Guidelines level is higher than the area median income level and using this level would result in more households and communities being presumed eligible. Treasury has provided an easy-to-use spreadsheet with Federal Poverty Guidelines and area median income levels on its website.

Recipients can measure income for a specific household or the median income for the community, depending on whether the service they plan to provide serves specific households or the general community. The income thresholds vary by household size; recipients should generally use income thresholds for the appropriate household size but can use a default household size of three when easier for administration or when measuring income for a general community.

The income limit for 185 percent of the Federal Poverty Guidelines for a household of three is \$40,626 per year.<sup>6</sup> In other words, recipients can always presume that a household earning below this level, or a community with median income below this level, is disproportionately impacted by the pandemic and eligible for services to respond.

<sup>5</sup> These programs are Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Free- and Reduced-Price Lunch (NSLP) and/or School Breakfast (SBP) programs, Medicare Part D Low-Income Subsidies, Supplemental Security Income (SSI), Head Start and/or Early Head Start, Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Section 8 Vouchers, Low-Income Home Energy Assistance Program (LIHEAP), and Pell Grants. For services to address educational disparities, Treasury will recognize Title I eligible schools as disproportionately impacted and responsive services that support the school generally or support the whole school as eligible.

<sup>6</sup> For recipients in Alaska, the income limit for 185 percent of the Federal Poverty Guidelines for a household of three is \$50,783 per year. For recipients in Hawaii, the income limit for 185 percent of the Federal Poverty Guidelines for a household of three is \$46,731 per year



Treasury recognizes the enumerated projects below, which have been expanded under the final rule, as eligible to respond to disproportionate impacts of the pandemic on households and communities:

- ✓ Pay for community health workers to help households access health & social services
- ✓ Remediation of lead paint or other lead hazards
- ✓ Primary care clinics, hospitals, integration of health services into other settings, and other investments in medical equipment & facilities designed to address health disparities
- ✓ Housing vouchers & assistance relocating to neighborhoods with higher economic opportunity
- ✓ Investments in neighborhoods to promote improved health outcomes
- ✓ Improvements to vacant and abandoned properties, including rehabilitation or maintenance, renovation, removal and remediation of environmental contaminants, demolition or deconstruction, greening/vacant lot cleanup & conversion to affordable housing<sup>7</sup>
- ✓ Services to address educational disparities, including assistance to high-poverty school districts & educational and evidence-based services to address student academic, social, emotional, and mental health needs
- ✓ Schools and other educational equipment & facilities

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<sup>7</sup> Please see the final rule for further details and conditions applicable to this eligible use. This includes Treasury’s presumption that demolition of vacant or abandoned residential properties that results in a net reduction in occupiable housing units for low- and moderate-income individuals in an area where the availability of such housing is lower than the need for such housing is ineligible for support with SLFRF funds.

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## Assistance to Small Businesses

Small businesses have faced widespread challenges due to the pandemic, including periods of shutdown, declines in revenue, or increased costs. The final rule provides many tools for recipients to respond to the impacts of the pandemic on small businesses, or disproportionate impacts on businesses where pre-existing disparities like lack of access to capital compounded the pandemic's effects.

Small businesses eligible for assistance are those that experienced negative economic impacts or disproportionate impacts of the pandemic and meet the definition of "small business," specifically:

1. Have no more than 500 employees, or if applicable, the size standard in number of employees [established](#) by the Administrator of the Small Business Administration for the industry in which the business concern or organization operates, and
2. Are a small business concern as defined in section 3 of the Small Business Act<sup>8</sup> (which includes, among other requirements, that the business is independently owned and operated and is not dominant in its field of operation).

## Impacted Small Businesses

Recipients can identify small businesses impacted by the pandemic, and measures to respond, in many ways; for example, recipients could consider:

- ✓ Decreased revenue or gross receipts
- ✓ Financial insecurity
- ✓ Increased costs
- ✓ Capacity to weather financial hardship
- ✓ Challenges covering payroll, rent or mortgage, and other operating costs

Assistance to small businesses that experienced negative economic impacts includes the following enumerated uses:

- ✓ Loans or grants to mitigate financial hardship, such as by supporting payroll and benefits, costs to retain employees, and mortgage, rent, utility, and other operating costs
- ✓ Technical assistance, counseling, or other services to support business planning

## Disproportionately Impacted Small Businesses

Treasury presumes that the following small businesses are disproportionately impacted by the pandemic:

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<sup>8</sup> 15 U.S.C. 632.



- ✓ Small businesses operating in Qualified Census Tracts
- ✓ Small businesses operated by Tribal governments or on Tribal lands
- ✓ Small businesses operating in the U.S. territories

Assistance to disproportionately impacted small businesses includes the following enumerated uses, which have been expanded under the final rule:

- ✓ Rehabilitation of commercial properties, storefront improvements & façade improvements
- ✓ Technical assistance, business incubators & grants for start-up or expansion costs for small businesses
- ✓ Support for microbusinesses, including financial, childcare, and transportation costs



## Assistance to Nonprofits

Nonprofits have faced significant challenges due to the pandemic’s increased demand for services and changing operational needs, as well as declines in revenue sources such as donations and fees.

Nonprofits eligible for assistance are those that experienced negative economic impacts or disproportionate impacts of the pandemic and meet the definition of “nonprofit”—specifically those that are 501(c)(3) or 501(c)(19) tax-exempt organizations.

### **Impacted Nonprofits**

Recipients can identify nonprofits impacted by the pandemic, and measures to respond, in many ways; for example, recipients could consider:

- ✓ Decreased revenue (e.g., from donations and fees)
- ✓ Financial insecurity
- ✓ Increased costs (e.g., uncompensated increases in service need)
- ✓ Capacity to weather financial hardship
- ✓ Challenges covering payroll, rent or mortgage, and other operating costs

Assistance to nonprofits that experienced negative economic impacts includes the following enumerated uses:

- ✓ Loans or grants to mitigate financial hardship
- ✓ Technical or in-kind assistance or other services that mitigate negative economic impacts of the pandemic

### **Disproportionately Impacted Nonprofits**

Treasury presumes that the following nonprofits are disproportionately impacted by the pandemic:

- ✓ Nonprofits operating in Qualified Census Tracts
- ✓ Nonprofits operated by Tribal governments or on Tribal lands
- ✓ Nonprofits operating in the U.S. territories

Recipients may identify appropriate responses that are related and reasonably proportional to addressing these disproportionate impacts.



## Aid to Impacted Industries

Recipients may use SLFRF funding to provide aid to industries impacted by the COVID-19 pandemic. Recipients should first designate an impacted industry and then provide aid to address the impacted industry’s negative economic impact.

This sub-category of eligible uses does not separately identify disproportionate impacts and corresponding responsive services.

1. **Designating an impacted industry.** There are two main ways an industry can be designated as “impacted.”
  1. If the industry is in the travel, tourism, or hospitality sectors (including Tribal development districts), the industry is impacted.
  2. If the industry is outside the travel, tourism, or hospitality sectors, the industry is impacted if:
    - a. The industry experienced at least 8 percent employment loss from pre-pandemic levels,<sup>9</sup> or
    - b. The industry is experiencing comparable or worse economic impacts as the national tourism, travel, and hospitality industries as of the date of the final rule, based on the totality of economic indicators or qualitative data (if quantitative data is unavailable), and if the impacts were generally due to the COVID-19 public health emergency.

Recipients have flexibility to define industries broadly or narrowly, but Treasury encourages recipients to define narrow and discrete industries eligible for aid. State and territory recipients also have flexibility to define the industries with greater geographic precision; for example, a state may identify a particular industry in a certain region of a state as impacted.

2. **Providing eligible aid to the impacted industry.** Aid may only be provided to support businesses, attractions, and Tribal development districts operating prior to the pandemic and affected by required closures and other efforts to contain the pandemic. Further, aid should be generally broadly available to all businesses within the impacted industry to avoid potential conflicts of interest, and Treasury encourages aid to be first used for operational expenses, such as payroll, before being used on other types of costs.

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<sup>9</sup> Specifically, a recipient should compare the percent change in the number of employees of the recipient’s identified industry and the national Leisure & Hospitality sector in the three months before the pandemic’s most severe impacts began (a straight three-month average of seasonally-adjusted employment data from December 2019, January 2020, and February 2020) with the latest data as of the final rule (a straight three-month average of seasonally-adjusted employment data from September 2021, October 2021, and November 2021). For parity and simplicity, smaller recipients without employment data that measure industries in their specific jurisdiction may use data available for a broader unit of government for this calculation (e.g., a county may use data from the state in which it is located; a city may use data for the county, if available, or state in which it is located) solely for purposes of determining whether a particular industry is an impacted industry.



Treasury recognizes the enumerated projects below as eligible responses to impacted industries.

- ✓ Aid to mitigate financial hardship, such as supporting payroll costs, lost pay and benefits for returning employees, support of operations and maintenance of existing equipment and facilities
- ✓ Technical assistance, counseling, or other services to support business planning
- ✓ COVID-19 mitigation and infection prevention measures (see section Public Health)

As with all eligible uses, recipients may pursue a project not listed above by undergoing the steps outlined in the section Framework for Eligible Uses Beyond Those Enumerated.



## PUBLIC SECTOR CAPACITY

Recipients may use SLFRF funding to restore and bolster public sector capacity, which supports government’s ability to deliver critical COVID-19 services. There are three main categories of eligible uses to bolster public sector capacity and workforce: Public Safety, Public Health, and Human Services Staff; Government Employment and Rehiring Public Sector Staff; and Effective Service Delivery.

### Public Safety, Public Health, and Human Services Staff

SLFRF funding may be used for payroll and covered benefits for public safety, public health, health care, human services and similar employees of a recipient government, for the portion of the employee’s time spent responding to COVID-19. Recipients should follow the steps below.

**1. Identify eligible public safety, public health, and human services staff.** Public safety staff include:

- ✓ Police officers (including state police officers)
- ✓ Sheriffs and deputy sheriffs
- ✓ Firefighters
- ✓ Emergency medical responders
- ✓ Correctional and detention officers
- ✓ Dispatchers and supervisor personnel that directly support public safety staff

Public health staff include:

- ✓ Employees involved in providing medical and other physical or mental health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions
- ✓ Laboratory technicians, medical examiners, morgue staff, and other support services essential for patient care
- ✓ Employees of public health departments directly engaged in public health matters and related supervisory personnel

Human services staff include:

- ✓ Employees providing or administering social services and public benefits
- ✓ Child welfare services employees
- ✓ Child, elder, or family care employees

**2. Assess portion of time spent on COVID-19 response for eligible staff.**

Recipients can use a variety of methods to assess the share of an employees’ time spent responding to COVID-19, including using reasonable estimates—such as estimating the share of time based on discussions with staff and applying that share to all employees in that position.

For administrative convenience, recipients can consider public health and safety employees entirely devoted to responding to COVID-19 (and their payroll and benefits fully covered by SLFRF) if the



employee, or his or her operating unit or division, is “primarily dedicated” to responding to COVID-19. Primarily dedicated means that more than half of the employee, unit, or division’s time is dedicated to responding to COVID-19.

Recipients must periodically reassess their determination and maintain records to support their assessment, although recipients do not need to track staff hours.

3. **Use SLFRF funding for payroll and covered benefits for the portion of eligible staff time spent on COVID-19 response.** SLFRF funding may be used for payroll and covered benefits for the portion of the employees’ time spent on COVID-19 response, as calculated above, through the period of performance.

### Government Employment and Rehiring Public Sector Staff

Under the increased flexibility of the final rule, SLFRF funding may be used to support a broader set of uses to restore and support public sector employment. Eligible uses include hiring up to a pre-pandemic baseline that is adjusted for historic underinvestment in the public sector, providing additional funds for employees who experienced pay cuts or were furloughed, avoiding layoffs, providing worker retention incentives, and paying for ancillary administrative costs related to hiring, support, and retention.

- **Restoring pre-pandemic employment.** Recipients have two options to restore pre-pandemic employment, depending on the recipient’s needs.
  - *If the recipient simply wants to hire back employees for pre-pandemic positions:* Recipients may use SLFRF funds to hire employees for the same positions that existed on January 27, 2020 but that were unfilled or eliminated as of March 3, 2021. Recipients may use SLFRF funds to cover payroll and covered benefits for such positions through the period of performance.
  - *If the recipient wants to hire above the pre-pandemic baseline and/or would like to have flexibility in positions:* Recipients may use SLFRF funds to pay for payroll and covered benefits associated with the recipient increasing its number of budgeted FTEs up to 7.5 percent above its pre-pandemic baseline. Specifically, recipients should undergo the following steps:
    - a. Identify the recipient’s budgeted FTE level on January 27, 2020. This includes all budgeted positions, filled and unfilled. This is called the *pre-pandemic baseline*.
    - b. Multiply the pre-pandemic baseline by 1.075. This is called the *adjusted pre-pandemic baseline*.
    - c. Identify the recipient’s budgeted FTE level on March 3, 2021, which is the beginning of the period of performance for SLFRF funds. Recipients may, but are not required to, exclude the number of FTEs dedicated to responding to the COVID-19 public health emergency. This is called the *actual number of FTEs*.
    - d. Subtract the *actual number of FTEs* from the *adjusted pre-pandemic baseline* to calculate the number of FTEs that can be covered by SLFRF funds. Recipients do not have to hire for the same roles that existed pre-pandemic.

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Recipients may use SLFRF funds to cover payroll and covered benefits through the period of performance; these employees must have begun their employment on or after March 3, 2021. Recipients may only use SLFRF funds for additional FTEs hired over the March 3, 2021 level (i.e., the *actual number of FTEs*).

- **Supporting and retaining public sector workers.** Recipients can also use funds in other ways that support the public sector workforce.<sup>10</sup> These include:
  - **Providing additional funding for employees who experienced pay reductions or were furloughed** since the onset of the pandemic, up to the difference in the employee’s pay, taking into account unemployment benefits received.
  - **Maintaining current compensation levels to prevent layoffs.** SLFRF funds may be used to maintain current compensation levels, with adjustments for inflation, in order to prevent layoffs that would otherwise be necessary.
  - **Providing worker retention incentives, including reasonable increases in compensation** to persuade employees to remain with the employer as compared to other employment options. Retention incentives must be entirely additive to an employee’s regular compensation, narrowly tailored to need, and should not exceed incentives traditionally offered by the recipient or compensation that alternative employers may offer to compete for the employees. Treasury presumes that retention incentives that are less than 25 percent of the rate of base pay for an individual employee or 10 percent for a group or category of employees are reasonably proportional to the need to retain employees, as long as other requirements are met.
- **Covering administrative costs associated with administering the hiring, support, and retention programs above.**

### Effective Service Delivery

SLFRF funding may be used to improve the efficacy of public health and economic programs through tools like program evaluation, data, and outreach, as well as to address administrative needs caused or exacerbated by the pandemic. Eligible uses include:

- **Supporting program evaluation, data, and outreach through:**

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<sup>10</sup> Recipients should be able to substantiate that these uses of funds are substantially due to the public health emergency or its negative economic impacts (e.g., fiscal pressures on state and local budgets) and respond to its impacts. See the final rule for details on these uses.





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- ✓ Program evaluation and evidence resources
  - ✓ Data analysis resources to gather, assess, share, and use data
  - ✓ Technology infrastructure to improve access to and the user experience of government IT systems, as well as technology improvements to increase public access and delivery of government programs and services
- **Addressing administrative needs, including:**
    - ✓ Administrative costs for programs responding to the public health emergency and its economic impacts, including non-SLFRF and non-federally funded programs
    - ✓ Address administrative needs caused or exacerbated by the pandemic, including addressing backlogs caused by shutdowns, increased repair or maintenance needs, and technology infrastructure to adapt government operations to the pandemic (e.g., video-conferencing software, data and case management systems)



**CAPITAL EXPENDITURES**

As described above, the final rule clarifies that recipients may use funds for programs, services, and capital expenditures that respond to the public health and negative economic impacts of the pandemic. Any use of funds in this category for a capital expenditure must comply with the capital expenditure requirements, in addition to other standards for uses of funds.

Capital expenditures are subject to the same eligibility standard as other eligible uses to respond to the pandemic’s public health and economic impacts; specifically, they must be related and reasonably proportional to the pandemic impact identified and reasonably designed to benefit the impacted population or class.

For ease of administration, the final rule identifies enumerated types of capital expenditures that Treasury has identified as responding to the pandemic’s impacts; these are listed in the applicable sub-category of eligible uses (e.g., public health, assistance to households, etc.). Recipients may also identify other responsive capital expenditures. Similar to other eligible uses in the SLFRF program, no pre-approval is required for capital expenditures.

To guide recipients’ analysis of whether a capital expenditure meets the eligibility standard, recipients (with the exception of Tribal governments) must complete and meet the requirements of a written justification for capital expenditures equal to or greater than \$1 million. For large-scale capital expenditures, which have high costs and may require an extended length of time to complete, as well as most capital expenditures for non-enumerated uses of funds, Treasury requires recipients to submit their written justification as part of regular reporting. Specifically:

<b>If a project has total capital expenditures of</b>	<b>and the use is enumerated by Treasury as eligible, then</b>	<b>and the use is beyond those enumerated by Treasury as eligible, then</b>
Less than \$1 million	No Written Justification required	No Written Justification required
Greater than or equal to \$1 million, but less than \$10 million	Written Justification required but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
\$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

A Written Justification includes:

- *Description of the harm or need to be addressed.* Recipients should provide a description of the specific harm or need to be addressed and why the harm was exacerbated or caused by the public health emergency. Recipients may provide quantitative information on the extent and the type of harm, such as the number of individuals or entities affected.



- *Explanation of why a capital expenditure is appropriate.* For example, recipients should include an explanation of why existing equipment and facilities, or policy changes or additional funding to pertinent programs or services, would be inadequate.
- *Comparison of proposed capital project against at least two alternative capital expenditures and demonstration of why the proposed capital expenditure is superior.* Recipients should consider the effectiveness of the capital expenditure in addressing the harm identified and the expected total cost (including pre-development costs) against at least two alternative capital expenditures.

Where relevant, recipients should consider the alternatives of improving existing capital assets already owned or leasing other capital assets.

Treasury presumes that the following capital projects are generally ineligible:

- ✘ Construction of new correctional facilities as a response to an increase in rate of crime
- ✘ Construction of new congregate facilities to decrease spread of COVID-19 in the facility
- ✘ Construction of convention centers, stadiums, or other large capital projects intended for general economic development or to aid impacted industries

In undertaking capital expenditures, Treasury encourages recipients to adhere to strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions. Treasury also encourages recipients to prioritize in their procurements employers with high labor standards and to prioritize employers without recent violations of federal and state labor and employment laws.



### FRAMEWORK FOR ELIGIBLE USES BEYOND THOSE ENUMERATED

As described above, recipients have broad flexibility to identify and respond to other pandemic impacts and serve other populations that experienced pandemic impacts, beyond the enumerated uses and presumed eligible populations. Recipients should undergo the following steps to decide whether their project is eligible:

Step	1. Identify COVID-19 public health or economic impact	2. Design a response that addresses or responds to the impact
Analysis	<ul style="list-style-type: none"> <li>• Can identify impact to a specific household, business or nonprofit or to a class of households, businesses or nonprofits (i.e., group)</li> <li>• Can also identify disproportionate impacts, or more severe impacts, to a specific beneficiary or to a class</li> </ul>	<ul style="list-style-type: none"> <li>• Types of responses can include a program, service, or capital expenditure</li> <li>• Response should be related and reasonably proportional to the harm</li> <li>• Response should also be reasonably designed to benefit impacted individual or class</li> </ul>

#### 1. Identify a COVID-19 public health or negative economic impact on an individual or a class.

Recipients should identify an individual or class that is “impacted” or “disproportionately impacted” by the COVID-19 public health emergency or its negative economic impacts as well as the specific impact itself.

- “Impacted” entities are those impacted by the disease itself or the harmful consequences of the economic disruptions resulting from or exacerbated by the COVID-19 public health emergency. For example, an individual who lost their job or a small business that saw lower revenue during a period of closure would both have experienced impacts of the pandemic.
- “Disproportionately impacted” entities are those that experienced disproportionate public health or economic outcomes from the pandemic; Treasury recognizes that pre-existing disparities, in many cases, amplified the impacts of the pandemic, causing more severe impacts in underserved communities. For example, a household living in a neighborhood with limited access to medical care and healthy foods may have faced health disparities before the pandemic, like a higher rate of chronic health conditions, that contributed to more severe health outcomes during the COVID-19 pandemic.

The recipient may choose to identify these impacts at either the individual level or at a class level. If the recipient is identifying impacts at the individual level, they should retain documentation supporting the impact the individual experienced (e.g., documentation of lost revenues from a small business). Such documentation can be streamlined in many cases (e.g., self-attestation that a household requires food assistance).

Recipients also have broad flexibility to identify a “class” – or a group of households, small businesses, or nonprofits – that experienced an impact. In these cases, the recipients should



first identify the class and the impact that it faced. Then, recipients only need to document that the individuals served fall within that class; recipients do not need to document a specific impact to each individual served. For example, a recipient could identify that restaurants in the downtown area faced substantial declines in revenue due to decreased foot traffic from workers; the recipient could develop a program to respond to the impact on that class and only needs to document that the businesses being served are restaurants in the downtown area.

Recipients should keep the following considerations in mind when designating a class:

- **There should be a relationship between the definition of the class and the proposed response.** Larger and less-specific classes are less likely to have experienced similar harms, which may make it more difficult to design a response that appropriately responds to those harms.
  - **Classes may be determined on a population basis or on a geographic basis,** and the response should be appropriately matched. For example, a response might be designed to provide childcare to single parents, regardless of which neighborhood they live in, or a response might provide a park to improve the health of a disproportionately impacted neighborhood.
  - **Recipients may designate classes that experienced disproportionate impact,** by assessing the impacts of the pandemic and finding that some populations experienced meaningfully more severe impacts than the general public. To determine these disproportionate impacts, recipients:
    - May designate classes based on academic research or government research publications (such as the citations provided in the supplementary information in the final rule), through analysis of their own data, or through analysis of other existing data sources.
    - May also consider qualitative research and sources to augment their analysis, or when quantitative data is not readily available. Such sources might include resident interviews or feedback from relevant state and local agencies, such as public health departments or social services departments.
    - Should consider the quality of the research, data, and applicability of analysis to their determination in all cases.
  - **Some of the enumerated uses may also be appropriate responses to the impacts experienced by other classes of beneficiaries.** It is permissible for recipients to provide these services to other classes, so long as the recipient determines that the response is also appropriate for those groups.
  - **Recipients may designate a class based on income level, including at levels higher than the final rule definition of "low- and moderate-income."** For example, a recipient may identify that households in their community with incomes above the final rule threshold for low-income nevertheless experienced disproportionate impacts from the pandemic and provide responsive services.
2. **Design a response that addresses or responds to the impact.** Programs, services, and other interventions must be reasonably designed to benefit the individual or class that experienced



the impact. They must also be related and reasonably proportional to the extent and type of impact experienced. For example, uses that bear no relation or are grossly disproportionate to the type or extent of the impact would not be eligible.

“Reasonably proportional” refers to the scale of the response compared to the scale of the harm, as well as the targeting of the response to beneficiaries compared to the amount of harm they experienced; for example, it may not be reasonably proportional for a cash assistance program to provide a very small amount of aid to a group that experienced severe harm and a much larger amount to a group that experienced relatively little harm. Recipients should consider relevant factors about the harm identified and the response to evaluate whether the response is reasonably proportional. For example, recipients may consider the size of the population impacted and the severity, type, and duration of the impact. Recipients may also consider the efficacy, cost, cost-effectiveness, and time to delivery of the response.

For disproportionately impacted communities, recipients may design interventions that address broader pre-existing disparities that contributed to more severe health and economic outcomes during the pandemic, such as disproportionate gaps in access to health care or pre-existing disparities in educational outcomes that have been exacerbated by the pandemic.



## Premium Pay

The Coronavirus State and Local Fiscal Recovery Funds may be used to provide premium pay to eligible workers performing essential work during the pandemic. Premium pay may be awarded to eligible workers up to \$13 per hour. Premium pay must be in addition to wages or remuneration (i.e., compensation) the eligible worker otherwise receives. Premium pay may not exceed \$25,000 for any single worker during the program.

Recipients should undergo the following steps to provide premium pay to eligible workers.

- 1. Identify an “eligible” worker.** Eligible workers include workers “needed to maintain continuity of operations of essential critical infrastructure sectors.” These sectors and occupations are eligible:

- ✓ Health care
- ✓ Emergency response
- ✓ Sanitation, disinfection & cleaning
- ✓ Maintenance
- ✓ Grocery stores, restaurants, food production, and food delivery
- ✓ Pharmacy
- ✓ Biomedical research
- ✓ Behavioral health
- ✓ Medical testing and diagnostics
- ✓ Home and community-based health care or assistance with activities of daily living
- ✓ Family or child care
- ✓ Social services
- ✓ Public health
- ✓ Mortuary
- ✓ Critical clinical research, development, and testing necessary for COVID-19 response
- ✓ State, local, or Tribal government workforce
- ✓ Workers providing vital services to Tribes
- ✓ Educational, school nutrition, and other work required to operate a school facility
- ✓ Laundry
- ✓ Elections
- ✓ Solid waste or hazardous materials management, response, and cleanup
- ✓ Work requiring physical interaction with patients
- ✓ Dental care
- ✓ Transportation and warehousing
- ✓ Hotel and commercial lodging facilities that are used for COVID-19 mitigation and containment

Beyond this list, the chief executive (or equivalent) of a recipient government may designate additional non-public sectors as critical so long as doing so is necessary to protecting the health and wellbeing of the residents of such jurisdictions.

- 2. Verify that the eligible worker performs “essential work,”** meaning work that:

- Is not performed while teleworking from a residence; and
- Involves either:
  - a. regular, in-person interactions with patients, the public, or coworkers of the individual that is performing the work; or
  - b. regular physical handling of items that were handled by, or are to be handled by, patients, the public, or coworkers of the individual that is performing the work.



**3. Confirm that the premium pay “responds to” workers performing essential work during the COVID-19 public health emergency.** Under the final rule, which broadened the share of eligible workers who can receive premium pay without a written justification, recipients may meet this requirement in one of three ways:

- Eligible worker receiving premium pay is earning (with the premium included) at or below 150 percent of their residing state or county’s average annual wage for all occupations, as defined by the Bureau of Labor Statistics’ [Occupational Employment and Wage Statistics](#), whichever is higher, on an annual basis; or
- Eligible worker receiving premium pay is not exempt from the Fair Labor Standards Act overtime provisions; or
- If a worker does not meet either of the above requirements, the recipient must submit written justification to Treasury detailing how the premium pay is otherwise responsive to workers performing essential work during the public health emergency. This may include a description of the essential worker’s duties, health, or financial risks faced due to COVID-19, and why the recipient determined that the premium pay was responsive. Treasury anticipates that recipients will easily be able to satisfy the justification requirement for front-line workers, like nurses and hospital staff.

Premium pay may be awarded in installments or lump sums (e.g., monthly, quarterly, etc.) and may be awarded to hourly, part-time, or salaried or non-hourly workers. Premium pay must be paid in addition to wages already received and may be paid retrospectively. A recipient may not use SLFRF to merely reimburse itself for premium pay or hazard pay already received by the worker, and premium pay may not be paid to volunteers.





## Water & Sewer Infrastructure

The Coronavirus State and Local Fiscal Recovery Funds may be used to make necessary investments in water and sewer infrastructure. State, local, and Tribal governments have a tremendous need to address the consequences of deferred maintenance in drinking water systems and removal, management, and treatment of sewage and stormwater, along with additional resiliency measures needed to adapt to climate change.

Recipients may undertake the eligible projects below:

### PROJECTS ELIGIBLE UNDER EPA’S CLEAN WATER STATE REVOLVING FUND (CWSRF)

Eligible projects under the CWSRF, and the final rule, include:

- ✓ Construction of publicly owned treatment works
- ✓ Projects pursuant to implementation of a nonpoint source pollution management program established under the Clean Water Act (CWA)
- ✓ Decentralized wastewater treatment systems that treat municipal wastewater or domestic sewage
- ✓ Management and treatment of stormwater or subsurface drainage water
- ✓ Water conservation, efficiency, or reuse measures
- ✓ Development and implementation of a conservation and management plan under the CWA
- ✓ Watershed projects meeting the criteria set forth in the CWA
- ✓ Energy consumption reduction for publicly owned treatment works
- ✓ Reuse or recycling of wastewater, stormwater, or subsurface drainage water
- ✓ Security of publicly owned treatment works

Treasury encourages recipients to review the EPA handbook for the [CWSRF](#) for a full list of eligibilities.

### PROJECTS ELIGIBLE UNDER EPA’S DRINKING WATER STATE REVOLVING FUND (DWSRF)

Eligible drinking water projects under the DWSRF, and the final rule, include:

- ✓ Facilities to improve drinking water quality
- ✓ Transmission and distribution, including improvements of water pressure or prevention of contamination in infrastructure and lead service line replacements
- ✓ New sources to replace contaminated drinking water or increase drought resilience, including aquifer storage and recovery system for water storage
- ✓ Green infrastructure, including green roofs, rainwater harvesting collection, permeable pavement
- ✓ Storage of drinking water, such as to prevent contaminants or equalize water demands
- ✓ Purchase of water systems and interconnection of systems
- ✓ New community water systems

Treasury encourages recipients to review the EPA handbook for the [DWSRF](#) for a full list of eligibilities.

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## ADDITIONAL ELIGIBLE PROJECTS

With broadened eligibility under the final rule, SLFRF funds may be used to fund additional types of projects— such as additional stormwater infrastructure, residential wells, lead remediation, and certain rehabilitations of dams and reservoirs — beyond the CWSRF and DWSRF, if they are found to be “necessary” according to the definition provided in the final rule and outlined below.

- ✓ Culvert repair, resizing, and removal, replacement of storm sewers, and additional types of stormwater infrastructure
- ✓ Infrastructure to improve access to safe drinking water for individual served by residential wells, including testing initiatives, and treatment/remediation strategies that address contamination
- ✓ Dam and reservoir rehabilitation if primary purpose of dam or reservoir is for drinking water supply and project is necessary for provision of drinking water
- ✓ Broad set of lead remediation projects eligible under EPA grant programs authorized by the Water Infrastructure Improvements for the Nation (WIIN) Act, such as lead testing, installation of corrosion control treatment, lead service line replacement, as well as water quality testing, compliance monitoring, and remediation activities, including replacement of internal plumbing and faucets and fixtures in schools and childcare facilities

A “necessary” investment in infrastructure must be:

- (1) responsive to an identified need to achieve or maintain an adequate minimum level of service, which may include a reasonable projection of increased need, whether due to population growth or otherwise,
- (2) a cost-effective means for meeting that need, taking into account available alternatives, and
- (3) for investments in infrastructure that supply drinking water in order to meet projected population growth, projected to be sustainable over its estimated useful life.

Please note that DWSRF and CWSRF-eligible projects are generally presumed to be necessary investments. Additional eligible projects generally must be responsive to an identified need to achieve or maintain an adequate minimum level of service. Recipients are only required to assess cost-effectiveness of projects for the creation of new drinking water systems, dam and reservoir rehabilitation projects, or projects for the extension of drinking water service to meet population growth needs. Recipients should review the supplementary information to the final rule for more details on requirements applicable to each type of investment.

## APPLICABLE STANDARDS & REQUIREMENTS

Treasury encourages recipients to adhere to strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions. Treasury also encourages recipients to prioritize in their procurements employers with high labor standards and to prioritize employers without recent violations of federal and state labor and employment laws.

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## Broadband Infrastructure

The Coronavirus State and Local Fiscal Recovery Funds may be used to make necessary investments in broadband infrastructure, which has been shown to be critical for work, education, healthcare, and civic participation during the public health emergency. The final rule broadens the set of eligible broadband infrastructure investments that recipients may undertake.

Recipients may pursue investments in broadband infrastructure meeting technical standards detailed below, as well as an expanded set of cybersecurity investments.

### BROADBAND INFRASTRUCTURE INVESTMENTS

Recipients should adhere to the following requirements when designing a broadband infrastructure project:

1. **Identify an eligible area for investment.** Recipients are encouraged to prioritize projects that are designed to serve locations without access to reliable wireline 100/20 Mbps broadband service (meaning service that reliably provides 100 Mbps download speed and 20 Mbps upload speed through a wireline connection), but are broadly able to invest in projects designed to provide service to locations with an identified need for additional broadband investment. Recipients have broad flexibility to define need in their community. Examples of need could include:

- ✓ Lack of access to a reliable high-speed broadband connection
- ✓ Lack of affordable broadband
- ✓ Lack of reliable service

If recipients are considering deploying broadband to locations where there are existing and enforceable federal or state funding commitments for reliable service of at least 100/20 Mbps, recipients must ensure that SLFRF funds are designed to address an identified need for additional broadband investment that is not met by existing federal or state funding commitments. Recipients must also ensure that SLFRF funds will not be used for costs that will be reimbursed by the other federal or state funding streams.

2. **Design project to meet high-speed technical standards.** Recipients are required to design projects to, upon completion, reliably meet or exceed symmetrical 100 Mbps download and upload speeds. In cases where it is not practicable, because of the excessive cost of the project or geography or topography of the area to be served by the project, eligible projects may be designed to reliably meet or exceed 100/20 Mbps and be scalable to a minimum of symmetrical 100 Mbps download and upload speeds.

Treasury encourages recipients to prioritize investments in fiber-optic infrastructure wherever feasible and to focus on projects that will achieve last-mile connections. Further, Treasury encourages recipients to prioritize support for broadband networks owned, operated by, or affiliated with local governments, nonprofits, and co-operatives.



3. **Require enrollment in a low-income subsidy program.** Recipients must require the service provider for a broadband project that provides service to households to either:

- ✓ Participate in the FCC’s Affordable Connectivity Program (ACP)
- ✓ Provide access to a broad-based affordability program to low-income consumers that provides benefits commensurate to ACP

Treasury encourages broadband services to also include at least one low-cost option offered without data usage caps at speeds sufficient for a household with multiple users to simultaneously telework and engage in remote learning. Recipients are also encouraged to consult with the community on affordability needs.

### CYBERSECURITY INVESTMENTS

SLFRF may be used for modernization of cybersecurity for existing and new broadband infrastructure, regardless of their speed delivery standards. This includes modernization of hardware and software.

### APPLICABLE STANDARDS & REQUIREMENTS

Treasury encourages recipients to adhere to strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions. Treasury also encourages recipients to prioritize in their procurements employers with high labor standards and to prioritize employers without recent violations of federal and state labor and employment laws.



## Restrictions on Use

While recipients have considerable flexibility to use Coronavirus State and Local Fiscal Recovery Funds to address the diverse needs of their communities, some restrictions on use of funds apply.

### OFFSET A REDUCTION IN NET TAX REVENUE

- **States and territories may not use this funding to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation beginning on March 3, 2021, through the last day of the fiscal year in which the funds provided have been spent.** If a state or territory cuts taxes during this period, it must demonstrate how it paid for the tax cuts from sources other than SLFRF, such as by enacting policies to raise other sources of revenue, by cutting spending, or through higher revenue due to economic growth. If the funds provided have been used to offset tax cuts, the amount used for this purpose must be repaid to the Treasury.

### DEPOSITS INTO PENSION FUNDS

- **No recipients except Tribal governments may use this funding to make a deposit to a pension fund.** Treasury defines a “deposit” as an extraordinary contribution to a pension fund for the purpose of reducing an accrued, unfunded liability. While pension deposits are prohibited, recipients may use funds for routine payroll contributions connected to an eligible use of funds (e.g., for public health and safety staff). Examples of extraordinary payments include ones that:
  - ✘ Reduce a liability incurred prior to the start of the COVID-19 public health emergency and occur outside the recipient's regular timing for making the payment
  - ✘ Occur at the regular time for pension contributions but is larger than a regular payment would have been

### ADDITIONAL RESTRICTIONS AND REQUIREMENTS

Additional restrictions and requirements that apply across all eligible use categories include:

- **No debt service or replenishing financial reserves.** Since SLFRF funds are intended to be used prospectively, recipients may not use SLFRF funds for debt service or replenishing financial reserves (e.g., rainy day funds).
- **No satisfaction of settlements and judgments.** Satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring in a judicial, administrative, or regulatory proceeding is itself not an eligible use. However, if a settlement requires the recipient to provide services or incur other costs that are an eligible use of SLFRF funds, SLFRF may be used for those costs.
- **Additional general restrictions.** SLFRF funds may not be used for a project that conflicts with or contravenes the purpose of the American Rescue Plan Act statute (e.g., uses of funds that

*Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule*



## U.S. DEPARTMENT OF THE TREASURY

undermine COVID-19 mitigation practices in line with CDC guidance and recommendations) and may not be used in violation of the Award Terms and Conditions or conflict of interest requirements under the Uniform Guidance. Other applicable laws and regulations, outside of SLFRF program requirements, may also apply (e.g., laws around procurement, contracting, conflicts-of-interest, environmental standards, or civil rights).



## Program Administration

The Coronavirus State and Local Fiscal Recovery Funds final rule details a number of administrative processes and requirements, including on distribution of funds, timeline for use of funds, transfer of funds, treatment of loans, use of funds to meet non-federal match or cost-share requirements, administrative expenses, reporting on use of funds, and remediation and recoupment of funds used for ineligible purposes. This section provides a summary for the most frequently asked questions.

### TIMELINE FOR USE OF FUNDS

Under the SLFRF, funds must be used for costs incurred on or after March 3, 2021. Further, costs must be obligated by December 31, 2024, and expended by December 31, 2026.

### TRANSFERS

Recipients may undertake projects on their own or through subrecipients, which carry out eligible uses on behalf of a recipient, including pooling funds with other recipients or blending and braiding SLFRF funds with other sources of funds. Localities may also transfer their funds to the state through section 603(c)(4), which will decrease the locality's award and increase the state award amounts.

### LOANS

Recipients may generally use SLFRF funds to provide loans for uses that are otherwise eligible, although there are special rules about how recipients should track program income depending on the length of the loan. Recipients should consult the final rule if they seek to utilize these provisions.

### NON-FEDERAL MATCH OR COST-SHARE REQUIREMENTS

Funds available under the "revenue loss" eligible use category (sections 602(c)(1)(C) and 603(c)(1)(C) of the Social Security Act) generally may be used to meet the non-federal cost-share or matching requirements of other federal programs. However, note that SLFRF funds may not be used as the non-federal share for purposes of a state's Medicaid and CHIP programs because the Office of Management and Budget has approved a waiver as requested by the Centers for Medicare & Medicaid Services pursuant to 2 CFR 200.102 of the Uniform Guidance and related regulations.

SLFRF funds beyond those that are available under the revenue loss eligible use category may not be used to meet the non-federal match or cost-share requirements of other federal programs, other than as specifically provided for by statute. As an example, the Infrastructure Investment and Jobs Act provides that SLFRF funds may be used to meet the non-federal match requirements of authorized Bureau of Reclamation projects and certain broadband deployment projects. Recipients should consult the final rule for further details if they seek to utilize SLFRF funds as a match for these projects.

### ADMINISTRATIVE EXPENSES

SLFRF funds may be used for direct and indirect administrative expenses involved in administering the program. For details on permissible direct and indirect administrative costs, recipients should refer to Treasury's [Compliance and Reporting Guidance](#). Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs.

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## REPORTING, COMPLIANCE & RECOUPMENT

Recipients are required to comply with Treasury's [Compliance and Reporting Guidance](#), which includes submitting mandatory periodic reports to Treasury.

Funds used in violation of the final rule are subject to remediation and recoupment. As outlined in the final rule, Treasury may identify funds used in violation through reporting or other sources. Recipients will be provided with an initial written notice of recoupment with an opportunity to submit a request for reconsideration before Treasury provides a final notice of recoupment. If the recipient receives an initial notice of recoupment and does not submit a request for reconsideration, the initial notice will be deemed the final notice. Treasury may pursue other forms of remediation and monitoring in conjunction with, or as an alternative to, recoupment.

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### REVISIONS TO THE OVERVIEW OF THE FINAL RULE:

- January 18, 2022 (p. 4, p. 16): Clarification that the revenue loss standard allowance is “up to” \$10 million under the Replacing Lost Public Sector Revenue eligible use category; addition of further information on the eligibility of general infrastructure, general economic development, and worker development projects under the Public Health and Negative Economic Impacts eligible use category.

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*U.S. Department of the Treasury*





## Initial Guidance on Using American Rescue Plan Act Funds to Bring Nature’s Benefits to Children

The American Rescue Plan Act (ARPA), which includes \$65 billion in direct aid to cities, towns, and villages via a State and Local Fiscal Recovery Fund, offers an unprecedented funding opportunity to increase children’s regular connections to nature and promote healthy child development. [Guidance from the U.S. Treasury](#) places emphasis on “serving the hardest-hit communities and families,” including to “address educational disparities” and “promote healthy childhood environments.” It also notes “investments in parks, public plazas, and other public outdoor recreation spaces may be responsive to the needs of disproportionately impacted communities by promoting healthier living environments and outdoor recreation and socialization to mitigate the spread of COVID-19.”

In line with this guidance, the [Cities Connecting Children to Nature](#) (CCCN) partnership of the [National League of Cities](#) and Children & Nature Network recommends local leaders consider the below uses of ARPA funds that can bring nature’s benefits to children in their local neighborhoods where they live, study, and play.

### Getting More Young Children Outdoors, More Often

ARPA makes funds available to connect young children to nature, directly through Head Start and also via child care block grants . Cities that administer, or have partners hosting, Head Start programs can use Head Start funds (\$1 billion) to support [early childhood outdoor learning and nature play](#). The [ARPA guidance](#) from the Office of Head Start describes uses of funds as follows: “Purchasing or enhancing outdoor learning spaces, including nature-based learning and outdoor classrooms. Creating play areas and landscape features that promote exploration and discovery in a natural environment, such as plantings, gardens, and ‘loose parts’ (i.e., materials for construction and pretend play), rather than traditional play structures or playgrounds.”

Another approach involves showing how outdoor learning environments and nature-based programming will contribute to the [\\$24 billion ARPA-funded effort to stabilize the child care industry](#). City leaders can connect with [state Child Care and Development Fund administrators](#) to suggest prioritizing outdoor learning, highlighting the research on how nature-based approaches fulfill two key ARPA goals: providing safe and [healthy learning environments](#), and [mental health support for children](#) and educators. In addition, focusing on the [maternal and child health benefits](#) of time in nature may help make the necessary connections to join projects under the \$150 million ARPA-funded expansion of the Maternal, Infant and Early Childhood Home Visiting Program.

## Stormwater Management and Climate Resilience via Schoolyard Greening

Cities may use ARPA State and Local Fiscal Recovery Fund dollars for creation of [green infrastructure or managing and treating stormwater](#). CCCN recommends that city leaders and their partners pursue opportunities to expand the [benefits of green schoolyards](#) further by implementing them as a form of [green infrastructure and stormwater management](#). CCCN also recommends emphasizing the [climate resilience benefits](#) of green schoolyard projects such as rain gardens that expand natural infrastructure.

## Outdoor Learning and Play During and Beyond the School Day

State education agencies and school districts received a combined \$122 billion allocation in ARPA via the [Elementary and Secondary School Relief](#) (ESSER) Fund to address the needs of reopening and sustaining operations in schools, as well as addressing the pandemic's impact on students. Whereas states submitted [plans for these funds](#) in early June, CCCN recommends that city leaders and their partners review submitted plans to check for chances to pursue common interests in healthy childhood development and academic and social-emotional learning via outdoor learning and nature-based out-of-school time (including summer) enrichment activities. [a](#)

## Libraries As Jumping-Off Points for Learning About and Exploring Nature

ARPA allocates \$200M in funding to libraries in a grant program managed by the federal Institute of Museum and Library Services (IMLS), most frequently passed through state library agencies. These grants support museum and library services addressing community needs created or exacerbated by the COVID-19 pandemic and assisting with recovery. [Guidance](#) provided by IMLS states that eligible projects may continue, enhance, or expand existing programs and services, or to launch new ones to address new needs. CCCN recommends advancing proposals to create more [nature-smart library programming](#), which employs libraries as neighborhood nodes to send children outside for learning and exploration.

The [recent guidelines](#) on the [allowable uses of the Coronavirus Local Fiscal Recovery Fund](#) in ARPA reflect NLC's advocacy on behalf of municipalities across the country.

### Additional Resources:

- [Local Recovery: Five Principles for ARP Implementation](#) (NLC)
- [Leveraging ARPA Funds for Mental Health & Wellbeing](#) (NLC)
- [What Small Cities Need to Know to Access ARPA Funds](#) (NLC)
- [An Unparalleled Investment in U.S. Public Education: Analysis of ARPA 2021](#) (Learning Policy Institute)
- [Supporting Early Childhood with ARPA](#) (NLC)
- [Supporting Education Success through ARPA](#) (NLC)
- [Research Digest: Nature and Mental Health and Well-being](#) (C&NN)

DISCLAIMER: The information contained here is not legal advice. It will be subject to change based on updates from the U.S. Department of the Treasury, and any recipients should confirm applicability to their specific situation.

A joint initiative of:



# COUNTIES AND THE ARPA RECOVERY FUND

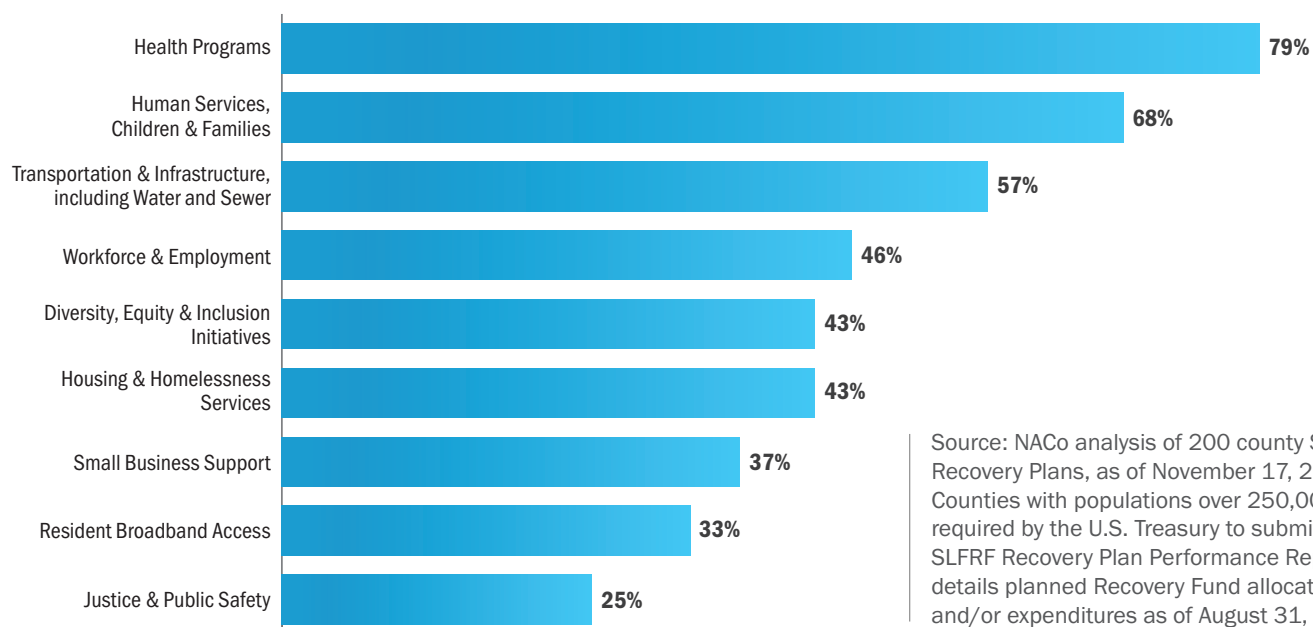
EXECUTIVE SUMMARY

**The Coronavirus State and Local Fiscal Recovery Fund (Recovery Fund), part of the American Rescue Plan Act (ARPA)** which NACo helped to develop and strongly advocated to pass, allocates \$65.1 billion directly to every county across the nation. Counties are on the front lines in delivering this aid to residents and are a driving force connecting communities and strengthening the economy. As directed by the ARPA and U.S. Department of Treasury, counties can invest Recovery Funds into a broad range of programs, services and projects under five categories to: support the public health response; address negative economic impacts caused by COVID-19; replace lost

revenue; provide premium pay to essential workers; and invest in water, sewer and broadband infrastructure. Since the enactment of the ARPA, **America's counties have been working hard to develop Recovery Fund implementation plans** that will help spur an equitable economic recovery across the nation. As sound financial stewards, counties are investing these critical Recovery Funds to ensure the health and well-being of our nation's residents and the economic vitality of our local communities. While counties are in the preliminary stages of development and implementation of Recovery Fund Plans, they are beginning to make key investments in the following areas.

## COUNTIES ARE UTILIZING RECOVERY FUNDS FOR KEY INVESTMENTS

**How will counties invest the funds?** NACo analysis of 200 county ARPA Recovery Fund plans reveals county-designed investments in the community across key areas of need. These local priorities are found within county plans at the rate displayed in the chart.



Source: NACo analysis of 200 county SLFRF Recovery Plans, as of November 17, 2021. Counties with populations over 250,000 were required by the U.S. Treasury to submit an SLFRF Recovery Plan Performance Report that details planned Recovery Fund allocations and/or expenditures as of August 31, 2021.



**PROVIDE EDUCATIONAL OPPORTUNITIES IN LOW-INCOME AREAS**



**CREATE BUSINESS ENTREPRENEURSHIP AND TRAINING OPPORTUNITIES**



**CONNECT YOUTH AND FAMILIES IN THE CHILD-WELFARE SYSTEM WITH WRAPAROUND SERVICES**



**EXPAND VACCINE EQUITY CLINICS AND OUTREACH**



**CONNECT UNSERVED PARTS OF THE COUNTY WITH RELIABLE SERVICE**



**PROVIDE AFFORDABLE HOUSING FOR RESIDENTS**



**STRENGTHEN PUBLIC SAFETY INFRASTRUCTURE AND OPERATIONS**



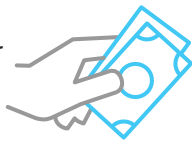
**PROVIDE MENTAL HEALTH SUPPORTS FOR SENIORS**

## HOW ARE COUNTY POPULATIONS AFFECTED BY THE RECOVERY FUNDS?

County governments are utilizing Recovery Funds for a broad array of investments. A breakdown of these counties by population illustrate that the top investment priorities for midsize to large counties include: **bolstering our nation's local health programs; strengthening our infrastructure system; and ensuring that crucial human services are available to all residents in need.** Beyond the scope of the midsize to large county Recovery Plans, rural counties are also on the forefront of delivering critical health and human services to our communities. These investments across counties are a key component of local recovery efforts and provide a clear direction to boost future resiliency.

### MIDSIZE COUNTIES (250,000 TO 500,000)

- 79 out of 103 counties plan to **invest in public health** strategies that mitigate and prevent COVID-19 spread in the community
- 48 out of 103 counties will **replace lost revenue** in order to continue key government services
- 32 out of 103 counties will use funds to **expand broadband access** in unserved and underserved parts of the county



### LARGE COUNTIES (500,000 TO 1,000,000)

- 31 out of 65 counties plan to **improve community wellness** through expanded human service programs
- 24 out of 65 counties are providing **aid to small business** owners impacted by the pandemic
- 26 out of 65 counties are **strengthening critical water and sewer infrastructure**



### LARGEST COUNTIES (OVER 1,000,000)

- 19 out of 32 counties are integrating **diversity, equity and inclusion initiatives** into services that support historically underserved residents
- 21 out of 32 counties will use funds to expand **local housing assistance**
- 15 out of 32 counties are supporting local re-employment through **workforce development** programs






## RURAL SPOTLIGHT

The ARPA provided \$7.5 billion in funding to rural counties with populations under 50,000, which county leaders are investing into critical services for rural communities. For example, **Jefferson County, Mont.** is expanding affordable, high-quality childcare; **Cheshire County, N.H.** is utilizing funds for emergency grants to local businesses and non-profits; and **Saline County, Kan.** is supporting affordable housing in the community through procuring land, rehabilitating existing housing and providing emergency repairs to low-income homeowners. Additionally, **Summit County, Colo.** is implementing solutions to address a regional workforce housing shortage that has been exacerbated by the COVID-19 pandemic.

Please visit **NACo's COVID-19 Clearinghouse** at [www.NACo.org/COVID19](http://www.NACo.org/COVID19) for more information about NACo's COVID-19 resources.



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## The Next Door Listening Sessions: Barriers to Services

Summary Report August 2021

Title: Klickitat County Listening Session Latino Community



### Summary Report:

The community members that attended this focus group were thrilled to be at this meeting conducted in Spanish. Most of them had received services like rent and energy assistance and food from the food bank at WAGAP. They have also had good experience from the Klickitat County School district where they have always feel respected and also supported during this pandemic. One of the biggest barriers they have when receiving services is the language mostly when trying to get services at the DMV office, Police, or to obtain documents such as an ID. Latino youth was one of their main concerns; they would like to see more community programs to empower Latino youth leadership and indoor or covered recreation spaces where they can play during bad weather. Another big concern was housing, rent is so expensive in this area and they could never afford to save money to one day own their own house. There was also a safety concern in some parts of the roads in White Salmon and a lack of information to register to receive emergency notifications and other community events.

### Listening Session Notes:

1. *What services do you use in Klickitat County?*
  - When the packing house burned down I got help with rent from WAGAP
  - Schools
  - Food Bank
  - Food from the schools
  - Police
  - Public Schools
  - Food Bank
  
2. *Are there services that you want or need but haven't been able to use in Klickitat County? Can you give examples?*
  - We need support programs on how to own a house. For example, there is a program from California I know of where you can build your own house, and the mortgage payment will be base on how much you make. Where I currently live I pay \$1750 of rent there is nothing affordable rent is the high everywhere.
  - A covered space where community members, in general, could practice sports or hang out during the rainy and winter seasons.
  - Latino Leadership school programs to boost youth creativity so they can dream about going to the university.
  - Dance programs for elderly
  - Bike parks such as the skate park in Bingen

- It is difficult for me to get to DMV services due to transportation issues and also I have to ask for at least half of a day off from work and sometimes I don't get permission
- We need more things to do for kids like a theater
- English Classes
- Mental health programs (how to manage stress, depression, anxiety)
- We need a place where we can have a little garden a lot of us live in apartments where we don't have space to plant anything
- It will be good if the traffics signs on the loop trail road can be changed I have been walking there and there are very dangerous spots. Sometimes my kids want to go with me but I don't take them because cars drive to fast and there is a lot of narrow spaces
- We need better traffic signs where I live too. I live behind the high school and some of the teenagers are always speeding. There should be School zone signs like on the main Street.

3. *What are some of the barriers that stop you from getting these services?*

- One difficulty is that the closest DMV is in Stevenson, I have to go all the way there to get my stickers
- Language
- Another barrier is that we need to ask for half of the day off from work at least
- Or the sometimes we found out about events after they already happened
- Feelings of discrimination can be a barrier sometimes if we don't feel welcomed.

4. *How did you find out about the services that are available? How should organizations let people know about the services that they provide?*

- I think you could create a Facebook page or a group instead of a flyer the way we could find out the better since we are on our phones all the time
- Like the existing White Salmons Happenings group but in Spanish
- Emergency notifications: we don't have this information
- When the fire by the funeral home in White Salmon happened. I received text from my friends in Hood River they found out faster than me what was happening because they are registered in an emergency system a lot of us didn't know existed.
- Through text
- They should give the information to people like you that know most of the Latino community
- I got a phone call to my landline but it was in English
- Ubaldo Hernandez has been trying to notify us via text about things happening in White Salmon
- I think facebook is a good source of communication

5. *What was it like when you first went into get some of these services? Is there anything that could be changed to make this process easier or more welcoming?*



- I have heard is very difficult to obtain an ID because people don't know what documents they need
  - There was this time where I was driving to Bingen and a truck was driving up to White Salmon at a high velocity and the police follow me and gave me a speeding ticket when at was driving at the speed limit, but my car was full of Mexicans I have always thought the that's the reason why he stop me.
  - There was this other time that police were looking for somebody and they knock very loud at my door and the truth is that I got scared
  - There should be more bilingual personal in places offering support or services.
6. *When you get services, do you feel that your culture is respected by the staff? Are there examples of when you felt respected and welcomed? What did that look like?*
- Sometimes I feel like some cashiers at Harvest Market can be rude
  - Supervisors at some local businesses don't treat their employees right
  - I have felt some discrimination from a doctor and a receptionist my clinic
  - I had a bad experience at a hospital when dealing with an emergency. I don't know if it was because of a language barrier or the color of my skin
  - Thank God I have always been treated with respect including when I when to renew my driver's license
  - In clinics and banks I usually feel welcomed
7. *Have you experienced discrimination while asking about or receiving services in Klickitat County? What did that look like?*
- There was this time when I was looking for housing and after I completed it the landlord saw that I was Latina and told me she was not going to rent me the apartment because we the Mexicans said it will be only 6 people living in it and later there will be 12
  - No, not recently
8. *Are there other ideas you want to share about how services can be made available to you and others in your community?*
- Yes, there should be more people that speak Spanish to help the ones that don't
  - Yes, we need more housing for people the don't have where to live or a job can't stay while finding a job. I thought there was a place like that but I don't think there is.
  - I think the first thing will be to find out about all the services we have and then how to obtain them. We could use help with that, especially in Spanish.
9. *Thank you for sharing today. What is the best way for the voice of the community to continue to be heard?*

- There should be better internet services in rural areas like Husum and BZ corner because our kids need it right now for school.
- We are the ones that live in this community and we should get together and attend community meetings at the city hall to have our voice heard more.
- To recruit people and to continue doing these meetings with you guys. It is great to be asked for our perspective and experiences.

## The Next Door Listening Session: Barrier to Services

Summary Report August 2021

Title: Klickitat County Barriers to Services with Native Community



**Summary Report:** Although there was discussion about many different things that could be helpful to their communities, a common theme that the tribe members were needing, are reliable transportation, electricity, running water, and the request of job/life skills trainings. Discrimination is a problem for members of the community, especially in some organizations. Sometimes community members are left unserved by their tribal supports and the County. They feel like both sides want them to rely on services from the other entity and they can “fall through the cracks”.

### Listening Session Notes:

1. What services do you use in Klickitat County?
  - Domestic Violence is a huge problem and support services are not responsive. We call and nothing gets followed up on. Intertribal doesn't help, not dependable, there are no shows.
  - Drugs are a problem and the kids are being exposed to it. We turn people in regularly to the local police.
  - The Food distribution programs are great, but it could be better if it brought culturally appropriate foods or gave directions for simple recipes.
  - It has made a HUGE difference that The Next Door and One Community Health have been coming out to our sites. “We've never had regular help like this.”
  - Medical and food stamps are helpful
  - The Mt Adams transport gets them to get Covid vaccines.
  
2. Are there services that you want or need but haven't been able to use in Klickitat County? Can you give examples?
  - Mobile mental and medical health services would be great! We really need those services here.
  - We need services and outreach efforts to come to us. “How do you know what's going on here, if you don't see it? The people here need help, the children here need help.”
  - Community sweat houses can be a part of the solution. Support groups for people getting sober would be very helpful. People want to get clean, but sometimes we call for help and when help finally does come, that window of opportunity has passed and it's too late. Services need to be readily available.
  - We need help with recycling.
  - Someone needs to come remove the old burned out trailers, metal parts, broken boats, etc.
  - We need much better drainage for fish guts at the cleaning stations.
  - It would be helpful to have all resources in camp, like reservations do. Knowing where to go for what is a barrier to get services. Food handler's cards, swimming lessons, CPR,

and water safety, are all trainings that would be helpful for them to have on camp. A mobile medical unit would be a great resource for us.

- We need access to dental and eye care badly.
3. What are some of the barriers that stop you from getting these services?
    - Racism is a barrier to getting services. When people go out to get services, they face discrimination.
    - “They think we’re just dirty drunk Indians. When people are racist, they are blatant about it around here.”
    - No transportation or phones to call and set up appointments is a big barrier. Cars are broken down. Three family members are hospitalized because they couldn’t get to a medical provider before things got bad.
  4. How did you find out about the services that are available? How should organizations let people know about the services that they provide?
    - Letters in the mail, Facebook posts are good ways to share about how to get services.
    - Accessing insurance and knowing who accepts their insurance.
    - Having people who are working directly in the field to do outreach is great. But they should know the tribal members rights, and be culturally sensitive.
  5. What was it like when you first went into get some of these services? Is there anything that could be changed to make this process easier or more welcoming?
    - Staff at some social service office made her feel unwelcomed, and everything she tried was dismissed. The tribe would approve something, and then this office would not. She felt better understood at a different location.
    - It is challenging to navigate services that are specific to Natives and those that are not. “Sometimes it feels like no one wants to help us.”
  6. When you get services, do you feel that your culture is respected by the staff? Are there examples of when you felt respected and welcomed? What did that look like?
    - “Sometimes getting services is like skating up hill.” It is easier to access services in Oregon than in Washington. They have offered me payment plans and flexibility in Oregon, especially at the dentist which is helpful because I don’t have insurance. He also felt welcomed there.
  7. Have you experienced discrimination while asking about or receiving services in Klickitat County? What did that look like?
    - I usually felt welcomed at some places, when accessing services. But at others we felt unwelcomed, and as if they weren’t nice to people of color or to the low-income community.

**Quotes from Participants:**

“This is our home, but it’s like we have no say.”

“This is our home, but it feels like imprisonment. Law enforcement is always spying on us and I don’t know why. It feels like they are always watching.”

“Sometimes getting services is like skating uphill.”

“How do you know what is going on here, if you don’t see it?”

“When I walked in they looked at me like, ‘Hey you don’t belong here. We don’t serve your kind’”.

“Sometimes it feels like no one wants to help us.”