

**CITY OF EL PASO, TEXAS  
AGENDA ITEM  
DEPARTMENT HEAD'S SUMMARY FORM**

**AGENDA DATE:** April 11, 2023  
**PUBLIC HEARING DATE:** N/A

**CONTACT PERSON(S) NAME AND PH. NUMBER:** Mirella Craig, Assistant Director 915-212-1617  
Elizabeth Triggs, Director 915-212-0094

**DISTRICT(S) AFFECTED:** ALL

**STRATEGIC GOAL:** 1. Cultivate an Environment Conducive to Strong, Economic Development

**SUBGOAL:** 1.1 Stabilize and expand El Paso's tax base

**SUBJECT:**

**APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.**

Discussion and Action on a Resolution authorizing the City Manager to execute a Subrecipient Agreement by and between the City of El Paso and the Hunt Institute for Global Competitiveness at the University of Texas at El Paso (UTEP), a part of the University of Texas System, providing \$299,989 to UTEP to administer American Rescue Plan Act (ARPA) funds to provide study results of the econometric information associated with the creation and use of a One-Stop Shop Business Center in El Paso.

**BACKGROUND / DISCUSSION:**

**Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?**

The American Rescue Plan Act of 2021 (ARPA) is a \$1.9 trillion stimulus bill passed by the US Congress and signed by President Joe Biden in March of 2021. The bill was a response to the COVID-19 Pandemic and sought to speed the United States' recovery by addressing both the health and economic impacts of the pandemic. The City of El Paso received \$154,365,135 from the ARPA bill and on May 14, 2022, City Council approved the allocation of \$14M to small business recovery and relief.

Housed at the University of Texas at El Paso, the Hunt Institute for Global Competitiveness has been providing economic analysis of the Paso Del Norte Region since 2014. They produce high-quality market analysis that can help strengthen regional and binational cross-border economic and social development.

Utilizing ARPA funding the Hunt Institute for Global Competitiveness will compile data on local and state business hub projects in the United States, to measure the impact of the \$14M dollars allocated to the recovery of businesses affected by the COVID19 pandemic. Data collected will include, but not limited to: job creation/retention, revenue, industry, and financing trends. Economist and the research team will analyze data collected through surveys to measure the impact of entry and exit outcomes participating in the business services offered by the Subrecipient non-profit organizations. Findings will also be instrumental in crafting future programming needs for the small business community.

Utilizing all data collected, the Hunt Institute will analyze it to create fact sheets, dashboards, recovery assessment reports, and maps. These tools will aid the development of business intelligence reports, market assessments, and data visualizations. Finally, the Hunt Institute will conduct an economic impact analysis that will measure the direct, indirect, and induced effects in output and employment in El Paso as well as the impact in tax revenue and sales.

**PRIOR COUNCIL ACTION:**

**Has the Council previously considered this item or a closely related one?**

Yes, three American Rescue Plan Act (ARPA) Agreements were approved on January 31, 2023.

**AMOUNT AND SOURCE OF FUNDING:**

**How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?**

American Rescue Plan Act (ARPA) Funds

**HAVE ALL AFFECTED DEPARTMENTS BEEN NOTIFIED? X YES \_\_\_ NO**

**PRIMARY DEPARTMENT:**

**SECONDARY DEPARTMENT:**

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**DEPARTMENT HEAD:** \_\_\_\_\_



(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

## RESOLUTION

**WHEREAS**, on March 11, 2021, the federal government enacted the American Rescue Plan Act (“ARPA”), which established the Coronavirus State Fiscal Relief Fund & Coronavirus Local Fiscal Relief Fund (“CSLFRF”) and appropriated \$150 billion to the Fund to be used to address the economic fallout caused by the COVID-19 pandemic; and

**WHEREAS**, the City is a recipient of \$154,365,135 under the ARPA funding grant; and

**WHEREAS**, on May 9<sup>th</sup> 2022 the City Council appropriated ARPA funds to be used by the City in accordance with the requirements stipulated by the CSLFRF, ARPA and federal guidelines; and

**WHEREAS**, the City desires to enter into a Subrecipient Agreement with **HUNT INSTITUTE FOR GLOBAL COMPETITIVENESS at the UNIVERSITY OF TEXAS AT EL PASO**, a part of the **University of Texas System**, a Texas non-profit organization, whereby **HUNT INSTITUTE** will provide study results of the econometric information associated with the creation and use of a One-Stop Shop Business Center in El Paso; and

**WHEREAS**, the City’s expenditure under this Agreement is, in the reasonable judgement of the City Council, a necessary expenditure incurred due to the public health emergency with respect to COVID–19, and which was not accounted for in the budget most recently approved as of the date of enactment of this section for the City; and

**WHEREAS**, the City’s expenditure under this Subrecipient Agreement is related to the provision of grants to reimburse small businesses for the costs of business interruptions caused by required COVID-19 closures.

***[SIGNATURES BEGIN ON THE FOLLOWING PAGE]***

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:**

That the City Manager be authorized to execute a Subrecipient Agreement by and between the City of El Paso and the **HUNT INSTITUTE FOR GLOBAL COMPETITIVENESS at the UNIVERSITY OF TEXAS AT EL PASO**, a part of the **University of Texas System**, providing \$299,989 to UTEP to administer American Rescue Plan Act (ARPA) funds to provide study results of the econometric information associated with the creation and use of a One-Stop Shop Business Center in El Paso.

**APPROVED** this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

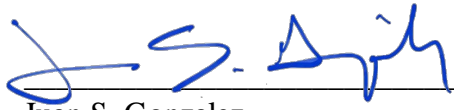
**CITY OF EL PASO:**

\_\_\_\_\_  
Oscar Leaser  
Mayor


**ATTEST:**

\_\_\_\_\_  
Laura Prine  
City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Juan S. Gonzalez  
Senior Assistant City Attorney

**APPROVED AS TO CONTENT:**

  
\_\_\_\_\_  
Elizabeth K. Triggs, Director  
Economic & International Development

THE STATE OF TEXAS   )  
                                          )  
COUNTY OF EL PASO   )

**SUB-RECIPIENT AGREEMENT**  
**[ARPA – Economic Impacts]**

This Sub-Recipient Agreement (“**Agreement**”) is made this 4 day of April, 2023 by and between the **CITY OF EL PASO**, a municipal corporation organized and existing under the laws of the State of Texas, hereinafter referred to as the “**CITY**”, and **THE UNIVERSITY OF TEXAS AT EL PASO**, hereinafter referred to as “**UTEP**” a part of the **University of Texas System** (“**Sub-Recipient**” or “**Contractor**”).

**RECITALS**

**WHEREAS**, on May 9th, 2022, the City Council appropriated ARPA funds to be used by the City in accordance with the requirements stipulated by the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), ARPA and federal guidelines; and

**WHEREAS**, such funding may be used to provide, to support the study of impacted and disproportionately impacted small businesses; in the El Paso area; and

**WHEREAS**, the CITY intends to engage the Sub-Recipient to provide study results of the econometric information associated with the creation and use of a One-Stop Shop Business Center in El Paso, hereinafter referred to as the “**Scope of Work**””, as further described in **Attachment “A”**; and

**NOW, THEREFORE**, for the consideration set forth in this Agreement and its attachments, the CITY and Sub-Recipient agree as follows:

**ARTICLE I. ATTACHMENTS**

**1.1** The attachments listed herein and attached to this Agreement are incorporated herein by reference for all purposes.

Attachment “A”	Scope of Work
Attachment “B”	Budget
Attachment “C”	Insurance Certificates / Certifications
Attachment “D”	Additional Terms & Conditions (ARPA)

**ARTICLE II. PROJECT**

**2.1** The CITY hereby agrees to retain the Sub-Recipient and the Sub-Recipient agrees to perform the study contemplated for the Project. The Project shall consist of the Sub-Recipient’s completion of the Scope of Work as further described in **Attachment “A”**.

**2.2** [intentionally deleted]

Sub-Recipient acknowledges that they will not be the exclusive support provider; but will cooperate and support the CITY's efforts at the business support center through the Sub-Recipient's participation and providing various metrics as detailed in the Scope of Work and as a reasonable expectation by the City .

### **ARTICLE III. SUB-RECIPIENT FEES AND PROJECT BUDGET**

**3.1 PAYMENT TO SUB-RECIPIENT.** The CITY shall pay to the Sub-Recipient an amount not to exceed **\$299,989** for all allowable reimbursable expenditures incurred during the performance of the work pursuant to this Agreement. The parties agree and understand that all fees and compensation to the Sub-Recipient shall only become due and payable in accordance with the terms of this Agreement and shall be pursuant to the Budget attached to this Agreement as **Attachment "B"**.

**3.2 SUB-RECIPIENT'S WORK.** The Work to be provided by the Sub-Recipient for this Agreement are attached hereto as **Attachment "A"**.

**3.3 SUB-RECIPIENT'S INVOICES.** The Sub-Recipient shall bill the CITY not more often than monthly, through written invoices. Invoices shall indicate the costs for outside consultants with copies of their invoices as back-up materials as well as other authorized direct costs. All invoices shall be made in writing.

**3.3.1** Each invoice shall contain a brief summary indicating, at a minimum, the total amount authorized for the Sub-Recipient, the current invoiced amount and the amount billed to date.

**3.3.2** The CITY agrees to pay invoices for all work performed as soon as reasonably possible but not later than thirty (30) days from receipt of invoice. Upon dispute, however, the CITY may, upon notice to the Sub-Recipient, withhold payment to the Sub-Recipient for the amount in dispute only, until such time as the exact amount of the disputed amount due the Sub-Recipient is determined. The total amount paid to Sub-Recipient shall not exceed Sub-Recipient's proposed budget as detailed in Attachment B , except by written amendment to this Agreement, executed by both parties.

Applicant shall provide all required invoices and other required documentation to City electronically at the following address: [EDcompliance@elpasotexas.gov](mailto:EDcompliance@elpasotexas.gov)

### **ARTICLE IV. PERIOD OF SERVICE AND TERMINATION**

**4.1 PERIOD OF SERVICE.** The services called for by each phase shall begin upon the execution by all parties to this Agreement. The Sub-Recipient shall complete the requested work in accordance with the timeline(s) and schedule(s) outlined in **Attachment "A"**.

**4.2 TERMINATION.** This Agreement may be terminated as provided herein.

**4.2.1 TERMINATION BY CITY.** It is mutually understood and agreed by the Sub-Recipient and CITY that the CITY may terminate this Agreement, in whole or in part for the convenience of the CITY, upon **thirty (30) consecutive calendar days'** written notice. It is also understood and agreed that upon

such notice of termination, the Sub-Recipient shall cease the performance of services under this Agreement. Upon such termination, the Sub-Recipient shall provide one final invoice for all services completed and reimbursable expenses incurred prior to the CITY's notice of termination. CITY shall compensate Sub-Recipient in accordance with this Agreement; however, the CITY may withhold any payment to the Sub-Recipient that is held to be in dispute for the purpose of setoff until such time as the exact amount due the Sub-Recipient from the CITY is determined. Nothing contained herein, or elsewhere in this Agreement shall require the CITY to pay for any services that are not in compliance with the terms of this Agreement and its attachments.

**4.2.2 TERMINATION BY EITHER PARTY.** It is further understood and agreed by the Sub-Recipient and CITY that either party may terminate this Agreement in whole or in part. Such a termination may be made for failure of one party to substantially fulfill its contractual obligations, pursuant to this Agreement, and through no fault of the other party. No such termination shall be made unless the other party being terminated is granted: a) written notice of intent to terminate enumerating the failures for which the termination is being sought; b) a minimum of **seven (7) consecutive calendar days** to cure such failures; and c) an opportunity for consultation with the terminating party prior to such termination. However, the CITY retains the right to immediately terminate this Agreement for default if the Sub-Recipient violates any local, state, or federal laws, rules or regulations that relate to the performance of this Agreement. In the event of termination by the CITY pursuant to this subsection, the CITY may withhold payments to the Sub-Recipient for the purpose of setoff until such time as the exact amount due the Sub-Recipient from the CITY is determined.

**4.2.3 TERMINATION FOR FAILURE TO COMPLY WITH SUBCHAPTER J, CHAPTER 552, GOVERNMENT CODE.** The requirements of subchapter J, Chapter 552, Government Code, may apply to this Contract. Sub-Recipient agrees that the Contract can be terminated if the Sub-Recipient or any of its vendor(s) knowingly or intentionally fails to comply with a requirement of that subchapter.

**4.2.4 TERMINATION SHALL NOT BE CONSTRUED AS RELEASE.** Termination by either party shall not be construed as a release of any claims that the terminating party may be lawfully entitled to assert against the terminated party. Further, the terminated party shall not be relieved of any liability for damages sustained by the terminating party by virtue of any breach of this Agreement.

## **ARTICLE V. INSURANCE AND INDEMNIFICATION**

**5.1 INSURANCE.** The Subrecipient will comply with all insurance requirements for the full term of this Agreement. Any gaps in insurance coverage are considered a breach of the requirements of this agreement.

**The Subrecipient**, being self-insured, will provide a signed statement confirming self-insurance prior to the start of the agreement **“Attachment C”**.

**5.1.1 WORKERS' COMPENSATION INSURANCE.** The Sub-Recipient shall procure and shall maintain during the life of this Agreement, Workers' Compensation Insurance as required by applicable Texas law for all of the Sub-Recipient's employees to be engaged in work under this Agreement.

**5.2 NO INDEMNIFICATION. THE PARTIES EXPRESSLY AGREE THAT NEITHER PARTY SHALL HAVE THE RIGHT TO SEEK INDEMNIFICATION OR CONTRIBUTION FROM THE OTHER PARTY FOR ANY LOSSES, COSTS, EXPENSES, OR DAMAGES DIRECTLY OR INDIRECTLY ARISING, IN WHOLE OR PART, FROM THIS CONTRACT.**

**TO THE EXTENT ALLOWED BY STATE LAW, EACH PARTY WILL BE RESPONSIBLE FOR ITS OWN ACTIONS.**

## **ARTICLE VII. GENERAL PROVISIONS**

**7.1 CONTRACT TIME.** Sub-Recipient understands and agrees to provide all professional services and deliverables requested herein, as expeditiously as is prudent and to use its best efforts to complete all phases of this Agreement within the time schedules indicated within **Attachment “A”**.

**7.2 ADDITIONAL TERMS AND CONDITIONS (ARPA).** Sub-recipient agrees to comply and adhere to all terms and conditions associated with the CITY’s receipt of ARPA funds. For Sub-recipient’s ease of reference links and references to the additional Terms and Conditions are attached to this Agreement as **Attachment D**.

**7.3 COPYRIGHT AND REPRODUCTION RIGHTS.** The Sub-Recipient shall provide the CITY with copies of all outcomes of the study in both electronic form and in hard copy. The Sub-Recipient/PI and the CITY will have joint ownership of the concepts and design of the study. The Sub-recipient/PI asserts its rights to maintain related outcomes/reports from this study in an academic setting for future teachings and/or publication, as long as the data is presented in a "de-identified" manner so as not to reveal, directly or indirectly, the identity of participants

**7.4 AUDITING RECORDS FOR THE SPECIFIC PROJECT.** Sub-Recipient’s records subject to audit shall include but not be limited to records which, have a bearing on matters of interest to the CITY in connection with the Sub-Recipient’s work on this Project for the CITY and shall be open to inspection and subject to audit and/or reproduction by CITY’s agent or its authorized representative to the extent necessary to adequately permit evaluation and verification of (a) Sub-Recipient’s compliance with contract requirements, and (b) compliance with provisions for computing Direct Personnel Expense with reimbursables, if applicable.

Such records subject to audit shall also include those records necessary to evaluate and verify direct and indirect costs, (including overhead allocations) as they may apply to costs associated with this Agreement. In those situations where Sub-Recipient’s records have been generated from computerized data, Sub-Recipient agrees to provide CITY’s representatives with extracts of data files in computer readable format on data disks or suitable alternative computer data exchange format.

The CITY or its designee shall be entitled, at its expense, to audit all of the Sub-Recipient’s records related to this Project, and shall be allowed to interview any of the Sub-Recipient’s employees, pursuant to the provisions of this section throughout the term of this contract and for a period of **three (3) years** after final payment or longer if required by law or the additional Terms and Conditions referred to in Section 7.2 above. Such audits may require inspection and photo copying of selected documents from time to time at reasonable times (limited to Sub-Recipient’s office hours) and places upon reasonable notice.

## **7.5 CONTRACTING INFORMATION**

The Contractor must preserve all contracting information related to this Contract as provided by the records retention schedule requirements applicable to the City for the duration of this Contract. Contractor will promptly provide the City any contracting information related to this Contract that is in the custody or possession of the Contractor on request of the City. On completion of this Contract, Contractor will either provide at no cost to the City all contracting information related to this Contract that is in the custody or possession of the Contractor or preserve the contracting information related to this Contract as provided by the records retention requirements applicable to the City.

**7.6 SUCCESSORS AND ASSIGNS.** This Agreement shall be binding on the CITY and the Sub-Recipient, their successors and assigns. Neither party may assign, sublet, or transfer its interest in this Agreement without the written consent of the other.

**7.7 VENUE.** For the purpose of determining place of Agreement and the law governing the same, this Agreement is entered into in the City and County of El Paso, the State of Texas, and shall be governed by the laws and constitution of the State of Texas. Venue shall be in the County of El Paso, Texas.

**7.8 GOVERNING LAW.** The Sub-Recipient shall comply with applicable Federal, State and local laws and ordinances applicable to the work contemplated herein.

**7.9 CAPTIONS.** The captions of this Agreement are for information purposes only and shall in no way affect the substantive terms or conditions of this Agreement.

**7.10 SEVERABILITY.** Should any section, paragraph or other provision of this Agreement be found invalid, such invalidity shall not affect the remaining provisions of this Agreement.

**7.11 NOTICES.** Any notice, demand, request, consent or approval that either party may or is required to provide to the other shall be in writing and either personally delivered or sent via certified mail, return receipt, to the following addresses:

To the CITY:                      The City of El Paso Attn: City Manager  
P. O. Box 1890  
El Paso, Texas 79950-1890

With a Copy to:                The City of El Paso  
Attn: Economic and International Development  
P. O. Box 1890  
El Paso, Texas 79950-1890

To the Sub-Recipient: The University of Texas at El Paso \_\_\_\_\_  
ATTN: Vice President for Research \_\_\_\_\_  
500 West University Ave, Administration Building \_\_\_\_\_  
El Paso, TX 79968 \_\_\_\_\_

Changes may be made to the names and addresses noted herein through timely, written notice to the other party.

Applicant shall provide all required invoices and other required documentation to City electronically at the following address: **EDcompliance@elpasotexas.gov**

**7.12 CONFLICTING PROVISIONS.** Any provision contained in any Attachments to this Agreement, which may be in conflict or inconsistent with any of the provisions in this Agreement shall be void to the extent of such conflict or inconsistency.

**7.13 ENTIRE AGREEMENT.** This Agreement, including attachments, constitutes and expresses the entire agreement between the parties and supersedes all prior negotiations, representations or agreements, whether written or oral. This Agreement shall not be amended or modified, except by written amendment, executed by both parties.

*[SIGNATURES BEGIN ON THE FOLLOWING PAGE]*

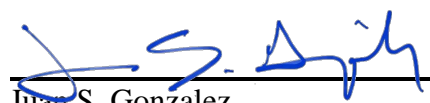
WITNESS THE FOLLOWING SIGNATURES AND/OR SEALS:

**CITY:**  
**CITY OF EL PASO:**

\_\_\_\_\_  
Tomás González  
City Manager

**APPROVED AS TO FORM:**

**APPROVED AS TO CONTENT:**

  
\_\_\_\_\_  
Juan S. Gonzalez  
Senior Assistant City Attorney

  
\_\_\_\_\_  
Elizabeth Triggs Director,  
Economic and International Development

**ACKNOWLEDGMENT**

**THE STATE OF TEXAS   §**  
                                          **§**  
**COUNTY OF EL PASO   §**

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by  
**Tomás González**, as **City Manager** of the **City of El Paso, Texas**.

\_\_\_\_\_  
**Notary Public, State of Texas**

**My commission expires:**    \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

*(Signatures continue on the following page)*

**SUB-RECIPIENT:**

**THE UNIVERSITY OF TEXAS AT EL PASO**



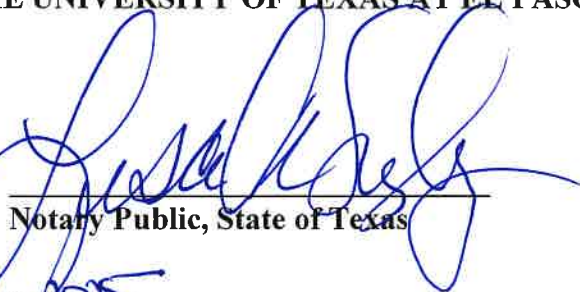
Roberto Osegueda\_\_\_\_\_  
Vice President for Research\_\_\_\_

**ACKNOWLEDGEMENT**

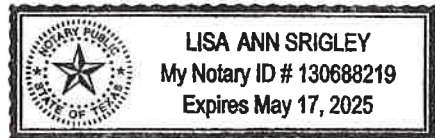
**THE STATE OF TEXAS   §  
                                  §  
COUNTY OF EL PASO   §**

This instrument was acknowledged before me on this 4 day of April, 2023, by \_\_\_\_\_

Lisa Srigley, as President/Secretary of **THE UNIVERSITY OF TEXAS AT EL PASO**

  
\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: 5 / 17 / 2025



**ATTACHMENT “A”**  
**SCOPE OF WORK**

[See attached Proposal titled:  
City of El Paso One-Stop Shop Business Center:  
Data Analytics, Performance Measures, and  
Economic Impact Analysis]



THE UNIVERSITY OF TEXAS AT EL PASO  
**COLLEGE OF BUSINESS ADMINISTRATION**



**HUNT INSTITUTE**  
FOR GLOBAL COMPETITIVENESS



# **CITY OF EL PASO ONE-STOP SHOP BUSINESS CENTER**

**DATA ANALYTICS,  
PERFORMANCE METRICS,  
AND ECONOMIC IMPACT  
ANALYSIS PROPOSAL**



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# City of El Paso One-Stop Shop Business Center Data Analytics, Performance Metric Systems, and Economic Impact Analysis

## I. Background

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Economic growth and development forces entrepreneurs, small business owners, and microenterprises to navigate intricate governmental procedures. This process carries with it substantial up-front costs. To overcome these complexities, it is vital for cities to establish business centers that serve as a one-stop shop to supply both established and potential new businesses with access to powerful business tools, data analysis, and business support services.

One-stop shop business centers benefit the local business community and the regional economy by supporting sustainable economic growth, serving as an engine for new job creation, and by expanding the broader tax base. A one-stop shop can improve regulatory compliance by enabling guided access to certification, registration, and general information leading to cost reduction for businesses. In many cases, a one-stop shop business center also leads to increased access to markets for emerging businesses and can provide them with networking opportunities.

Table 1 below provides a summary of the services provided by selected one-stop shops operating in Texas.

**Table 1. Selected One-Stop Shop Services in Texas**

	Business Centers	Mentorship	Technical Assistance	Resources	Business Networking/ Access to Markets	Financial Sourcing Assistance	Legal Services- Certification, registration, etc.	Capacity/Scope:	
								Established and new businesses	Other
EL PASO BORDERPLEX	El Paso Chamber	✓	✓	✓	✓	✓	✓		Small businesses and onwards
	El Paso Hispanic Chamber of Commerce		✓	✓	✓	✓	✓	✓	
	El Paso MBDA Business Center			✓	✓	✓		✓	
	Women Business Border Center, El Paso		✓					✓	
	Better Business Bureau Paso del Norte						✓	✓	
HOUSTON	City of Austin Small Business Center					✓	✓	✓	
	City of San Antonio Small Business Development Office	✓		✓	✓	✓	✓		
	City of Houston's Office of Business Opportunity Solutions Center			✓			✓	✓	
	Houston MBDA Business Center				✓		✓		Existing small businesses
	Corpus Christi SCORE	✓		✓				✓	
DALLAS METROPLEX	City of Arlington, Small Business Assistance			✓		✓		✓	
	Dallas MBDA Business Center & Dallas Fort Worth MBDA Business Center		✓	✓	✓	✓		✓	
	Source Dallas - Small Business Center		✓	✓	✓	✓	✓	✓	
	Business Assistance Center, Fort Worth				✓	✓		✓	

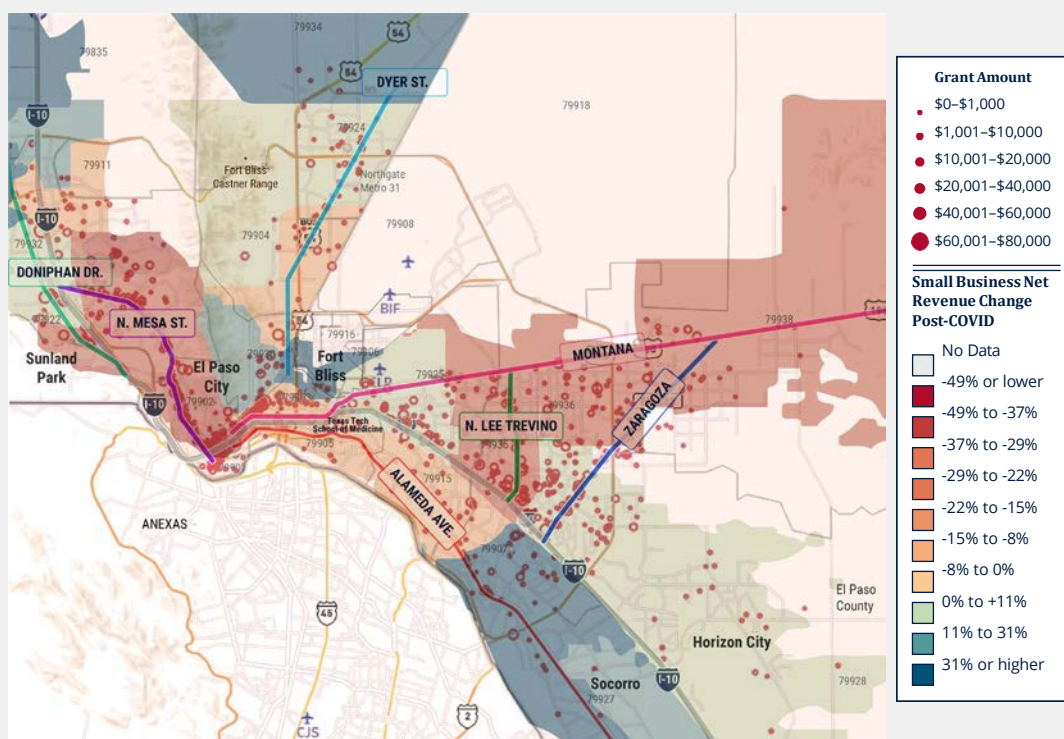
**Source:** Hunt Institute using information collected from selected city governments of Texas.

A one-stop shop business center also provides an opportunity for data centralization that may be of use by the local business community, economic development officials, and policymakers alike. As described further below, pre and post-consultation surveys of businesses will provide vital data on the characteristics and needs of individual businesses within our community.

One-stop shop business centers have also enabled measuring mechanisms to track the recovery from COVID-19. The COVID-19 pandemic caused consumer demand to crash, impacting retail and shipment of goods within the Paso del Norte region comprised by El Paso, Texas; Las Cruces, N.M.; and Ciudad Juárez, Mexico, as well as globally. As a result of the pandemic, there was a shift to e-commerce, telework, telehealth, and remote education leading to more companies establishing an online presence. However, the public health precautions taken to reduce transmission of the COVID-19 resulted in layoffs and furloughs that caused unfavorable conditions for micro, small, and the majority of medium and large companies.

Map 1 below depicts the City of El Paso's business grant recipients for COVID-19 relief funds. Appropriate measures for capturing the post COVID-19 pandemic business climate and industry segmentation is of the utmost importance in allocating relief funds and incentives and driving towards a vigorous recovery of businesses in El Paso.

**Map 1. City of El Paso Business Grant Recipients, 2020**

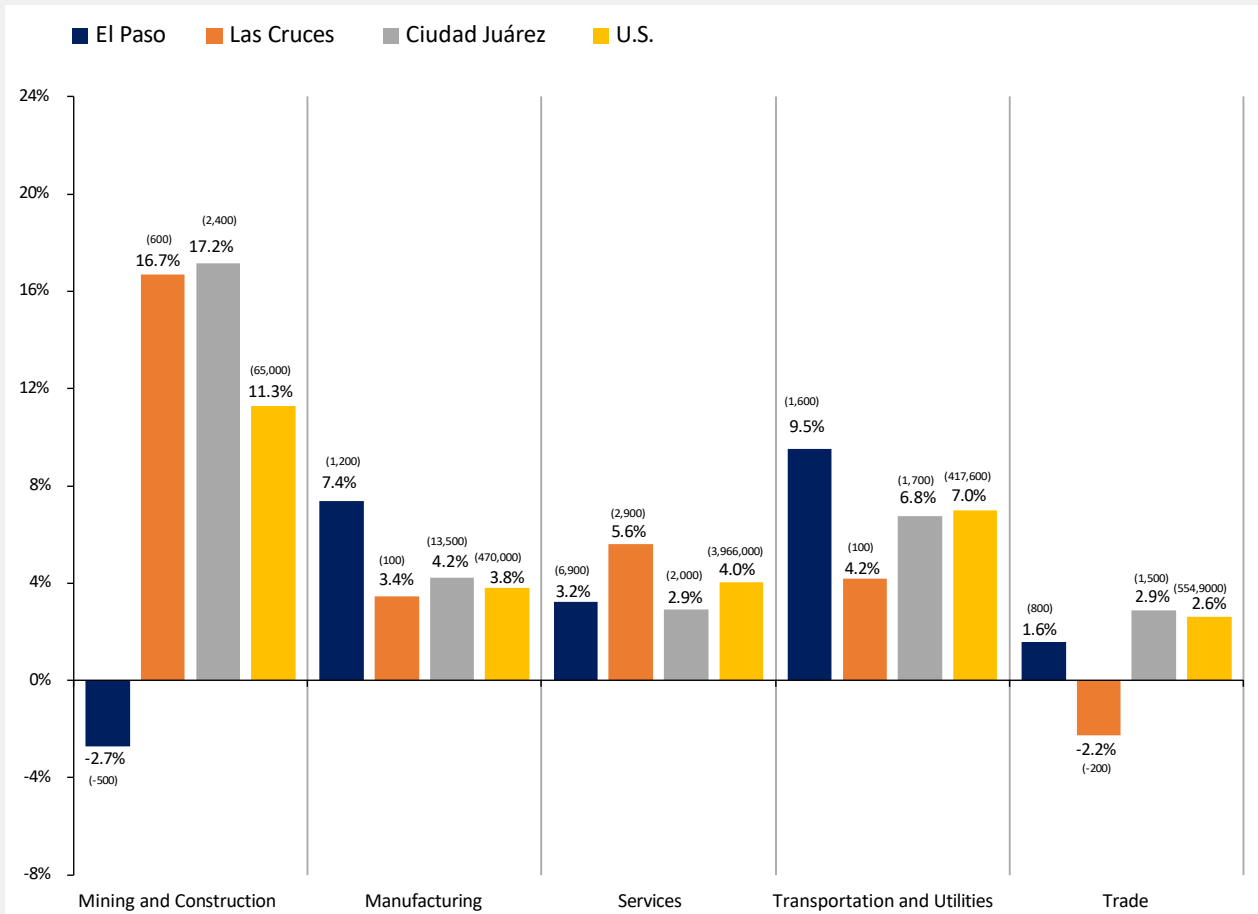


**Note:** Hunt Institute using the City of El Paso's grant recipients. This map depicts the change in small business revenue by zip code, measured as the change in revenue on average from March 25th to May 26th as compared to January 2020. This series is constructed using data from Womply.

**Source:** Hunt Institute using the City of El Paso's survey results and data from Opportunity Insights.

El Paso is currently experiencing a rebound in the labor market, with current figures exceeding pre-pandemic levels. This is the perfect opportunity for businesses in El Paso to recover their losses since the start of the pandemic. Tracking measures such as Figure 1 below, is vital to this recovery and provides an opportunity to observe which industries need more assistance.

**Figure 1. Total Non-Farm Employment by Sector, July 2022 (Year-over-Year)**



**Note:** Preliminary data for July 2022. Services excludes Transportation and Utilities, and Trade. Numbers are rounded to the nearest hundred.

**Source:** Hunt Institute calculations using data from the U.S. Bureau of Labor Statistics and Instituto Mexicano del Seguro Social.

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A one-stop shop aims to provide an end-to-end experience across various transaction channels to serve most of their customers' needs under one "roof." The nature of services offered can vary depending on the goal of the organization responsible and can range from technology implementation to data analytics and financial services.

Primary areas of focus of consulting capabilities by one-stop shops include:

- business management assistance, including filing tax forms and complying with regulatory agencies
- business and strategic plan assistance
- access to capital assistance
- property value assistance
- financial literacy training workshops
- government contracting assistance
- international market/export assistance
- startup assistance
- digital literacy support
- online presence structure

One key feature of one-stop shops is the ability to measure the economic impact of different types of firms. One-stop shops also measure total sales, jobs, revenues, and income generated locally and nationally by business owners.

## II. Proposal

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For this proposal, the Hunt Institute will compile data on similar local and state business hub projects in the United States, both historic and current examples, to create the metrics needed to measure the performance of the one-stop shop. These measurements of performance will weigh against the average performance and demographics of small businesses to determine the efficacy and impact of the one-stop shop. The research team will use these metrics to design entry and exit surveys for the counseling sessions conducted by the one-stop shop to measure the performance of businesses that seek assistance as well as the one stop shop's impact on the region overall.

The Hunt Institute will make the volume of data provided by the one-stop shop more accessible and usable by synthesizing the profile of these new or established businesses with respect to demographics, number of employees, stage of their business, location, and needs and limitations. The analysis will help the Institute create fact sheets, dashboards, recovery assessment reports, and maps of served and underserved areas in El Paso. These tools will aid the development of business intelligence reports, market assessments, and data visualizations for the following topics:

- Revenue gains or losses
- Workforce development needs
- Needs and limitations (financial/digital literacy, web development, tax assistance, and others)
- Post COVID-19 recovery assessment reports
- Business segmentation reports in El Paso by sector, gender, number of employees, and location
- Estimated tax revenue

Finally, the Hunt Institute will conduct an economic impact analysis to assess the impact of the one-stop shop in the regional economy. The impact will include the direct, indirect, and induced effects in output and employment of the one-stop shop business center in El Paso as well as the impact in tax revenue and sales resulting from the one-stop shop.

### III. Economic Impact Analysis

---

The Hunt Institute uses two leading economic impact modeling software packages to measure and forecast the potential effects that economic changes (such as employment rates) or policy (such as tax rates) can have on local industry and the regional economy.

The first software, Regional Economic Modeling, Inc., (REMI), uses a dynamic, multi- variable model. REMI P+ is a structural economic forecasting and policy analysis model that integrates input-output, computable general equilibrium, econometric, and economic geography methodologies. The model is dynamic, with forecasts and simulations generated on an annual basis and behavioral responses to compensation, price, and other economic factors.

The other model, IMPLAN, employs a top-down approach, using national data as a control total for state data, and using state data, in turn, as a control total for county data.

IMPLAN explicitly breaks out impacts into three types of effects measured by its multipliers, making this an attractive input-output software package. The three types of effects measured by the IMPLAN multipliers include the direct, the indirect, and the induced effects.

## IV. Timeline of Tasks and Deliverables

T.1	<p><b>Task title:</b> Literature review of similar reports and projects for overall analysis of one-stop shop business centers.</p> <p><b>Task description:</b> The project team will compile trustworthy information and relevant data regarding historical and current similar local or state business hub projects in the U.S. to assess the data needed to measure the performance of such centers.</p>
T.2	<p><b>Task title:</b> Design and create <b>entry and exit surveys</b>, and after, performance surveys to collect data for the development of performance metrics systems within the one-stop shop.</p> <p><b>Task description:</b> The Hunt Institute will create metrics to measure and compare business performance before and after receiving the one-stop shop services, utilizing the following:</p> <ul style="list-style-type: none"> <li>• entry and exit survey in English and Spanish; and</li> <li>• a survey archive platform and online interface tool.</li> </ul> <p>Surveys - The Hunt Institute will design entry and exit surveys, and after, performance surveys for counseling sessions conducted by the one-stop shop to qualified business prospects receiving assistance. Surveys will measure the current business performance and demographics in order to capture and measure the business performance in sales and employment. It will also assist in evaluating the overall one-stop shop.</p> <p>The entry survey will be provided at the arrival of businesses at the one-stop shop; the results will generate insight into the business before receiving the one-stop shop services. An exit survey will be delivered to measure the performance of the business after receiving services from the one-stop shop, and a continuation of the exit survey will be applied.</p> <p>The survey design and structure development will rely on the defined scope of services and meetings with key personnel from the one-stop shop.</p> <p>Outcomes from the surveys will inform the qualitative assessment of the economic impact study and impact analyses described in the next task.</p> <p>Archive and Interface Tool – In addition to the surveys defined above, the project team recommends developing a survey platform or create an online tool for the one-stop shop to manage:</p> <ul style="list-style-type: none"> <li>• individual survey archives;</li> <li>• survey responses in aggregated form; and</li> <li>• a survey platform for external users to take the surveys.</li> </ul> <p>The online tool will allow data gathering to assess the different stages of the one-stop shop client. The platform capability will record the client's life cycle at the start, mid, and end point in time. Members of the one-stop shop team should conduct the data gathering for all clients receiving a full counseling session.</p>

T.3	<p><b>Task title:</b> Collection, cleaning, <b>data harmonization</b>, and analysis of data for overall analysis of the one-stop shop project.</p> <p><b>Task description:</b> The project team will collect relevant data for this project through the design of entry and exit surveys for businesses utilizing the services of the one-stop shop program. The survey will be hosted on Question Pro and distributed to individuals and businesses that participate in counseling. These responses will feed the data analysis and performance metrics of the economic impact analysis (T.8). Once the data is cleaned and harmonized, the research team will provide data visuals of the collected data.</p>
T.4	<p><b>Task title:</b> Creation and tracking of analysis and visual data metrics to measure the development of the one-stop shop project.</p> <p><b>Task description:</b> The Hunt Institute will track the performance of the one-stop shop project with metrics that measure the needs, limitations, progress, and overall success of the one-stop shop program.</p>
T.5	<p><b>Task title:</b> Creation and tracking of analysis and visual data metrics to measure the performance of the companies that enter and exit the program.</p> <p><b>Task description:</b> The project team will track several key indicators that will provide informed decisions and the correct tools to the companies assessed by the one-stop shop project. Including but not limited to:</p> <ul style="list-style-type: none"> <li>• Firms by gender</li> <li>• Firms by race and ethnicity</li> <li>• Firms by sector</li> <li>• Firms by location</li> <li>• Number of employees</li> <li>• Wages</li> <li>• Rental and utility cost</li> <li>• Number of initially enrolled firms</li> <li>• Number of firms that completed the program</li> <li>• Revenues/losses</li> <li>• Financial literacy needs</li> <li>• Workforce development needs</li> <li>• Access to broadband needs</li> <li>• Access to capital</li> <li>• Barriers to entry</li> <li>• Domestic and international supply chains</li> <li>• COVID-19 recovery</li> </ul>

T.6

**Task title:** Data analytics and business segmentation tools.

**Task description:** The volume of data generated by a business center such as a one-stop shop must be systematized, made available, and accessible to allow data analytics via the access, use, and reuse of data.

Data analytics and business segmentation tools entail generating data systems conducive to the development of business intelligence reports, market demand assessments, and data visualizations on:

- procurement data with respect to the share of spending on the creation of new businesses and the impact it has on the community and region;
- industrial sectors that have experienced revenue gains or losses;
- post COVID-19 recovery assessment reports on the assistance provided to micro-entrepreneurs, small businesses, and businesses that contribute to El Paso's sustainable supplies chains;
- business segmentation intelligence reports by mapping the evolving changes in the El Paso industry needs; and
- **mapping** of new and expanded businesses in El Paso by category.

T.7

**Task title:** Dashboard and data visualization tools.

**Task description:** To address the one-stop shop's varied data analysis and visualization needs, a dashboard and data visualization tool's essential function is to quickly and fully digest the information it presents.

As part of this task, a comparative research analysis of the different data visualization architectures, platforms, fields, and styles will be conducted to identify the visualization template that best matches this project.

The following tools will also be included to support data analytics and business segmentation tools for the one-stop shop:

- Dashboards - Visualize data outcomes from studies or reports across industry sectors. Among the functions used by the users are drop-down menus, input boxes, sliders, and filters, for the user to display metrics that might serve their purpose.
- Recovery Assessment Reports - Use the data to perform a recovery assessment for businesses pre-and-post COVID-19 pandemic.
- Mapping of served and underserved areas in the city of El Paso with respect to the one-stop shop business center assistance program using ESRI's ArcGIS platform.

Data analysis involves using two data sources: publicly available data and internally generated data feeds (through surveys) that the Hunt Institute designs for the one-stop shop. Survey responses will be used in the creation of the above tools. Please note that data feeds are not included in this task.

These tools are intended to help economic development officials and policymakers make informed decisions regarding the business and industry sector needs of the City of El Paso.

T.8	<p><b>Task title:</b> Periodic Publication of Infographics and Factsheets</p> <p><b>Task description:</b> For duration of the project, the Hunt Institute will prepare and provide the City of El Paso with quarterly and annual infographics. These infographics will summarize the effects of the one stop shop on selected industries contrasted against the industry standards. The quarterly infographics will show changes for industries with a noteworthy change against industry standards or previous years in local industry, the annual info graphics will summarize on all industries showing growth or deviation from the expected industry standards.</p> <p>These infographics will report on various indicators, outputs, and indicators that might include:</p> <ul style="list-style-type: none"> <li>• Direct Impacts</li> <li>• Indirect Impacts</li> <li>• Induced Impacts</li> <li>• Employment</li> <li>• Growth</li> <li>• Sales</li> <li>• Revenue</li> <li>• Tax Contributions</li> <li>• Wages</li> <li>• Number of Businesses in an Industry</li> <li>• Rentals and Utility Costs</li> <li>• Firms by gender, race and ethnicity, sector, geographic location</li> </ul> <p>These infographics will allow the City of El Paso and business leaders to see the incremental growth and development of El Paso's business ecosystem as the one stop shop performs its assigned tasks.</p> <p>Fact Sheets - Summarize and interpret main statistics of particular subject findings that can be done across multiple industries in El Paso with respect to regional and national data as available.</p>
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T.9	<p><b>Task title:</b> Economic impact analysis that can assess the employment, labor income and output of the city of El Paso community, as a result of the counseling assistance provided by the one-stop shop project.</p> <p><b>Task description:</b> The economic impact analysis of the one-stop shop will estimate the direct, indirect, and induced economic impacts of the one-stop shop in the community in terms of output and employment. It will also include the newly generated tax contributions of those businesses served at the local level.</p> <p>The assessment data to be used for this task would depend on the data captured by questionnaires resulting from counseling sessions by the one-stop shop. After a period of time determined by the project stakeholders, representatives of the one-stop shop will reach out to individuals and business that utilized the counseling services to assess businesses performance.</p>
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T.10	<p><b>Task title:</b> Economic impact analysis report.</p> <p><b>Task description:</b> Following the economic impact analysis, a report containing all findings from the analysis and survey responses from individuals and businesses that participated in the one-stop shop will be created.</p>
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## V. Organizational Experience and Qualifications

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The mission of the Hunt Institute is to foster the economic and social wellbeing of the communities in the Paso del Norte region by creating and applying theoretical and pragmatic mechanisms. The Institute provides high-level quantitative analysis tools and work products that are deliberately focused on the region's assets. Moreover, the Institute possesses a rare and accomplished multidisciplinary team of bilingual economists, researchers, editors, graphic designers, and administrative staff, all of whom are rooted and educated in the region with extensive professional and personal relationships with major economic development actors at the local, state, and international levels. The Institute's mission, staff, and output, therefore, already naturally align with the objectives required for the successful provision of market perception and demand assessment for the City of El Paso's Economic Development Department.

Following this alignment of objectives, this proposal for The City of El Paso's One-Stop Shop details the programmatic and practical reasons for a *Data Analytics, Performance Metric Systems, and Economic Impact Analysis* for The City of El Paso One-Stop Shop Business Center for which the Institute is the ideal candidate to provide such study. To begin with, the Institute has developed a novel and unprecedented five-part project portfolio highlighting the assets of the region:

- 1) regional databases
- 2) regional economic sector reviews
- 3) market analysis
- 4) regional asset and supply chain maps
- 5) regional economic impact analysis



All of the Institute's projects have not only established data and regulatory benchmarks and their institutional organization for the first time in the region, but also are produced, curated, and disseminated in such a way as to be accessible and of interest to a broad range of regional, national, and international stakeholders. This diversity of stakeholders allows for the discovery of value-added opportunities amongst the region's assets and the regulatory and economic analysis needed to facilitate the realization of such opportunities from both the public and private sectors. Another fundamental element present in the work of the Institute is its ability to collect, harmonize, and interpret regulatory and economic characteristics of assets beneficial to the region located in neighboring jurisdictions.

## VI. Sample of Visuals and Data Analysis

The following section entails examples of qualitative and quantitative data analytics that contribute to the foundational research capacity of the Hunt Institute.

A web-based storehouse for economic data on the U.S.-Mexico border, the *Hunt Institute Border Region Economic Data (HIBRED)* data repository gathers information from a wide selection of U.S. and Mexico based agencies into a single location. Data is organized in the following categories: Border Security, Demographic Indicators, Economic Indicators, Education, Social Indicators, Transportation, and Maps.


### HIBRED


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## HIBRED


### HUNT INSTITUTE BORDER REGIONAL ECONOMIC DATA


Welcome to HIBRED, the storehouse for economic data on the U.S.- Mexico border.  
HIBRED gathers data about the border from a variety of American and Mexican agencies into a single, user-friendly location.


  
Border Security


  
Demographic Indicators

  
Economic Indicators

  
Education

  
Social Indicators

  
Transportation

  
Maps

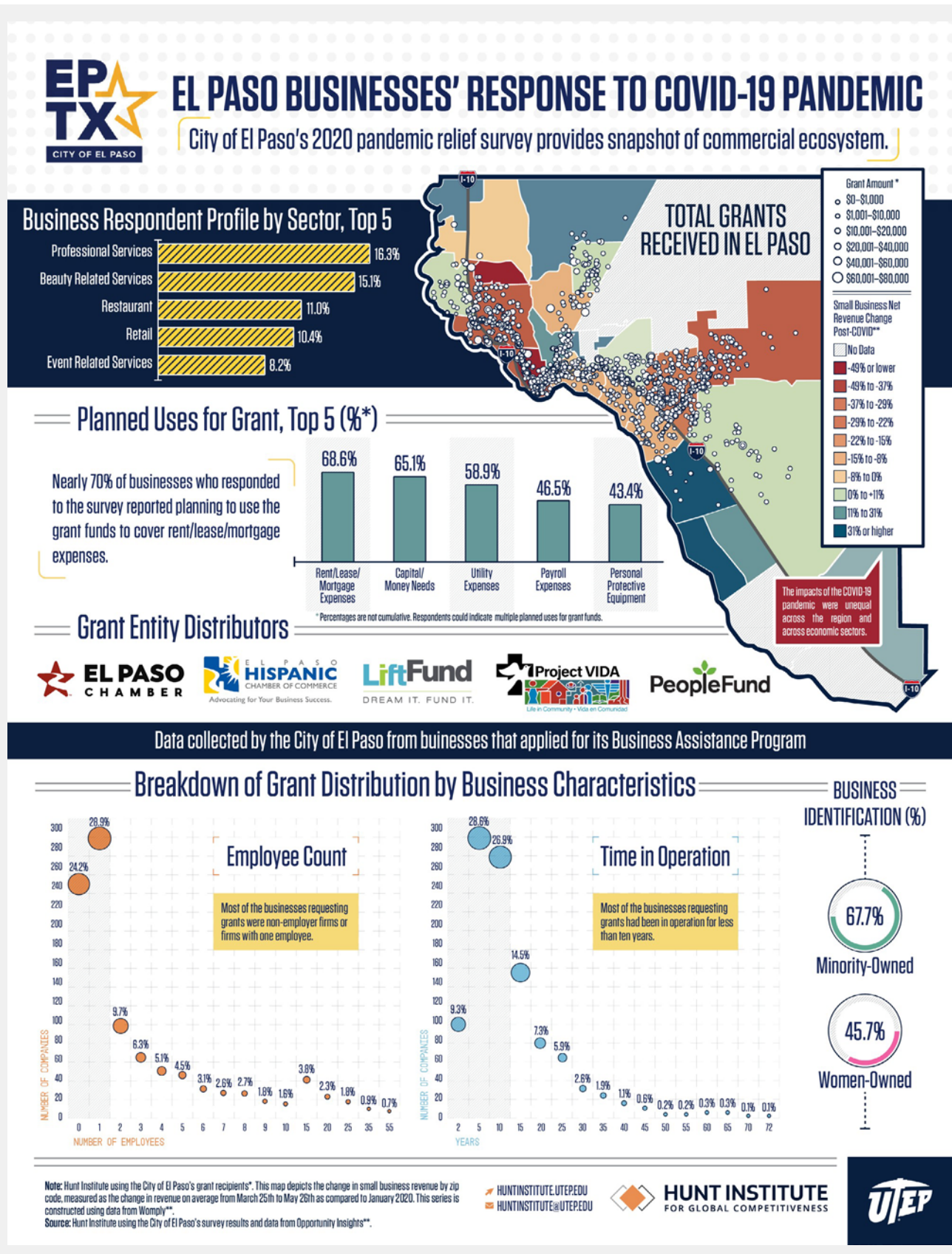
**General Contact**  
The University of Texas at El Paso  
Hunt Institute for Global Competitiveness  
500 W. University Ave.  
Kelly Hall Building, Suite 414  
El Paso, Texas, USA 79968

**Connect with Us**  
E: [huntinstitute@utep.edu](mailto:huntinstitute@utep.edu)  
P: (915) 747-6727  
F: (915) 747-7948

**Sign up for our Newsletter** [Sign Up](#)

Opportunity youth are young adults who need assistance getting back on track with their educational and professional aspirations. Created in partnership with El Paso Collaborative for Academic Excellence (EPCAE) for the Trellis Foundation, this dashboard allows users to better visualize and sort through indicators of Opportunity Youth in El Paso County

Sample fact sheets created for the City of El Paso Business Assistance Program in coordination with national partners like the Nowak Center.



This visual and graphic design literature was created as a result of the analyzed data provided by the City of El Paso, Business Assistance Program funded by the CARES Act.

# Crossings through U.S.-Mexico Border

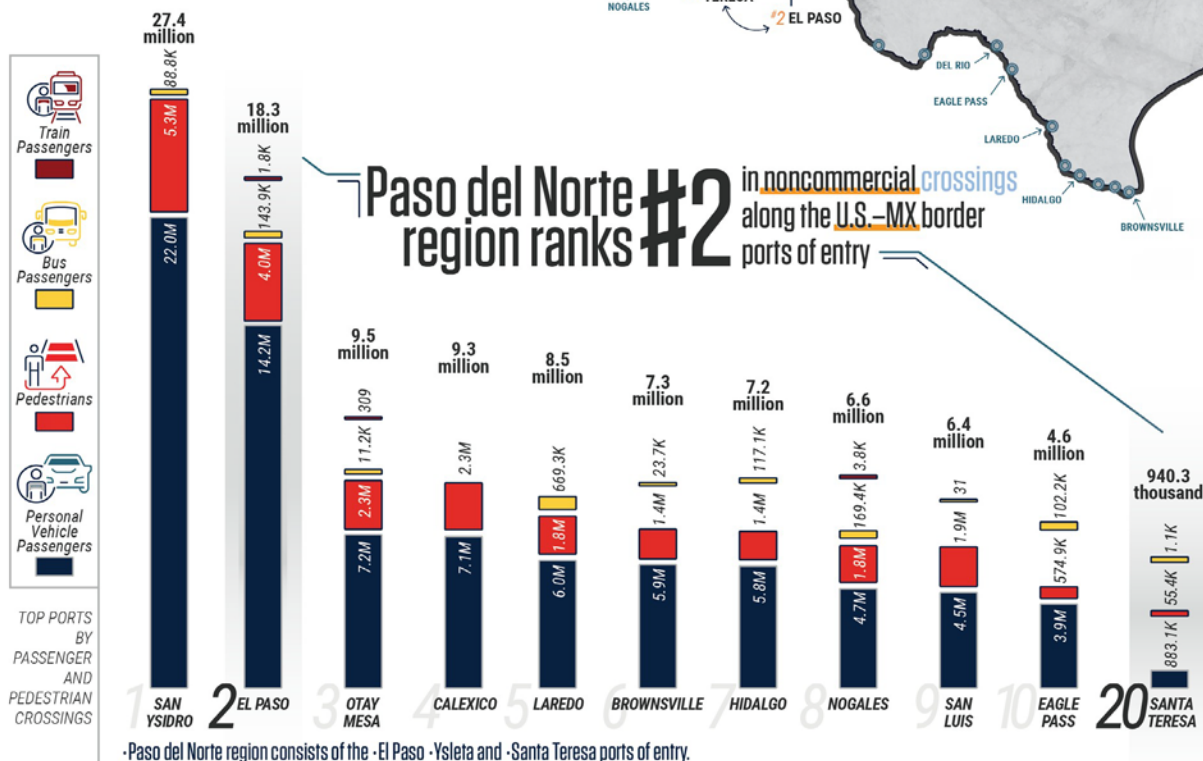


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## Ports of Entry

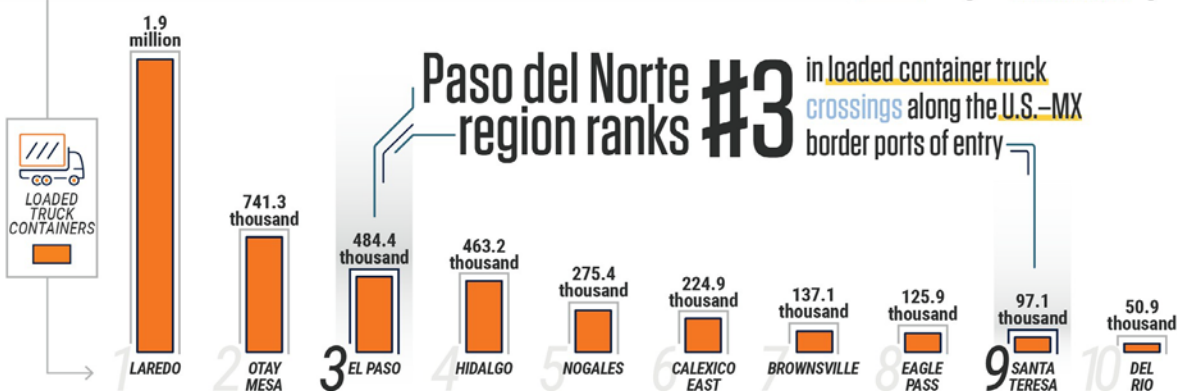
2021

### TOP 10 U.S.-MEXICO BORDER PORTS OF ENTRY FOR CROSSINGS



### TOP 10 U.S.-MEXICO BORDER PORTS OF ENTRY BY LOADED CONTAINER TRUCK CROSSINGS

**12%** of loaded container trucks crossed through the Paso del Norte region



Note: El Paso port of entry includes Ysleta port of entry.

Source: Hunt Institute calculations using data from the U.S. Bureau of Transportation Statistics.

HUNTINSTITUTE.UTEP.EDU  
HUNTINSTITUTE@UTEP.EDU



This visual and graphic design was created using Hunt Institute gathered data to show international border crossings along the U.S. Land Border Ports of Entry.

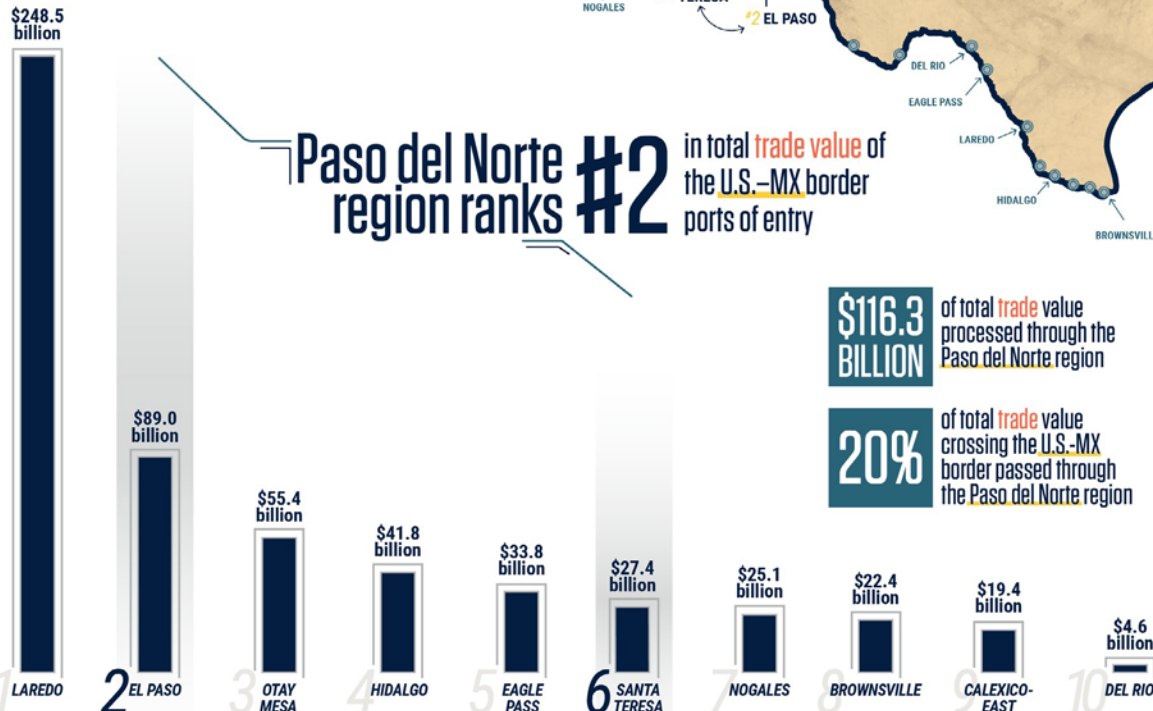
# Total Trade through U.S.-Mexico Border



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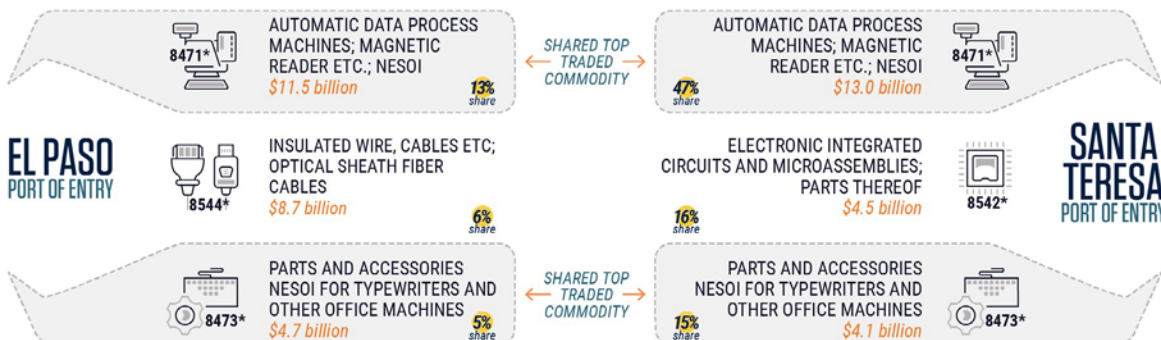
## Ports of Entry 2021

### TOP 10 U.S.-MEXICO BORDER PORTS OF ENTRY FOR TRADE



\*Paso del Norte region consists of the -El Paso -Ysleta and -Santa Teresa ports of entry.

### TOP 3 TRADED COMMODITIES THROUGH THE PASO DEL NORTE REGION

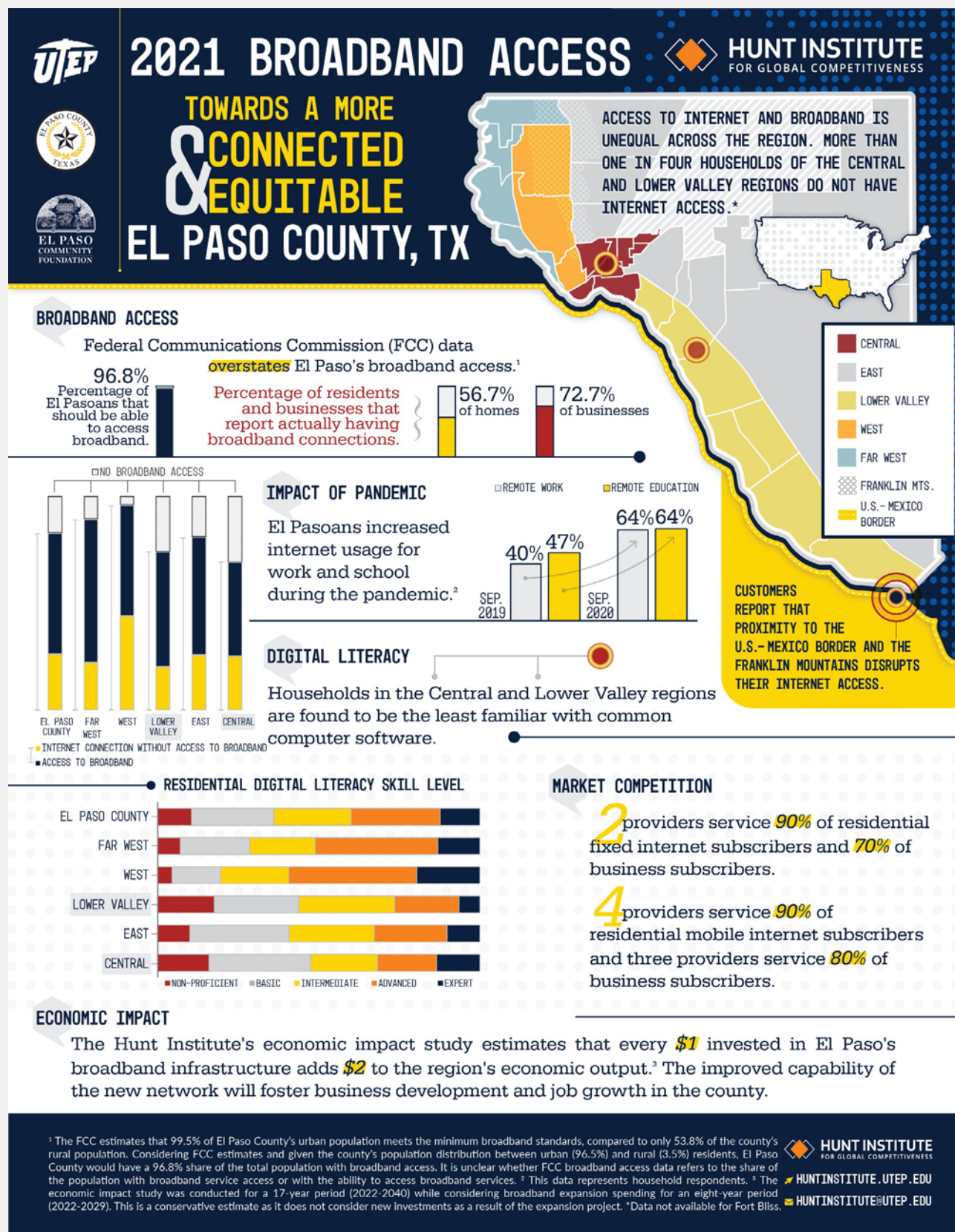


Note: El Paso port of entry includes Ysleta port of entry. Total world trade value through the U.S.-MX border. \*HS Codes for traded commodities.  
Source: Hunt Institute calculations using data from the U.S. Census Bureau.



This visual and graphic design was created using Hunt Institute gathered data to show international trade along the U.S. Land Border Ports of Entry.

A survey and economic impact analysis conducted for the County of El Paso to estimate broadband needs and identify underserved areas within the region.



The Institute has also built capacity analyzing data for local utility companies such as El Paso Water and produced several economic impact analyses for local affiliations in El Paso.



The Institute collected data and developed a fact sheet comparing the El Paso MSA (Metropolitan Statistical Area) to other relative MSA's within Texas and the United States highlighting Hispanic-owned businesses and their economic impact.

## The State of Hispanic-Owned Businesses in the El Paso MSA\*

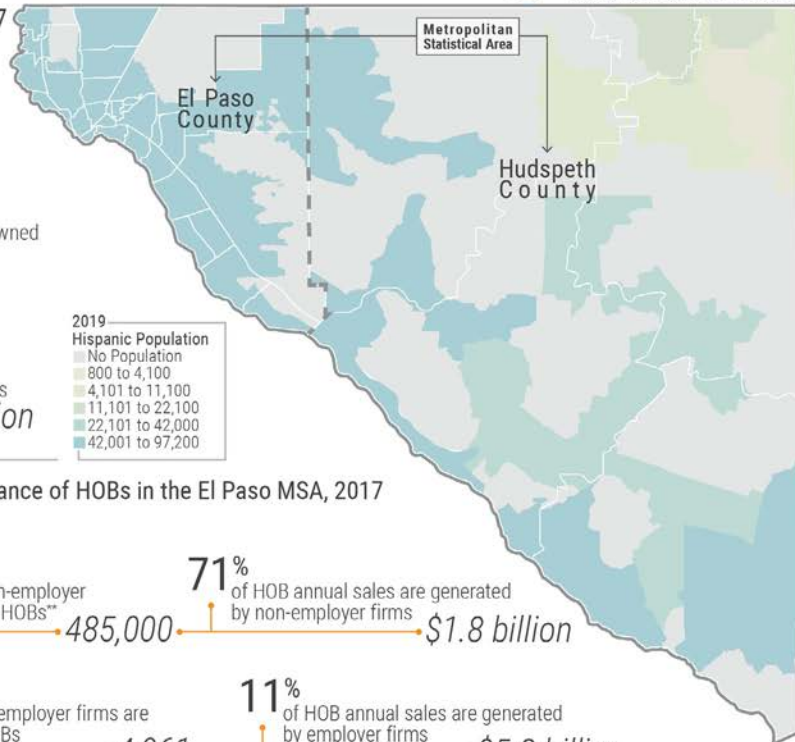


### Hispanic-Owned Business Profile, 2017

82% of the El Paso MSA population is Hispanic  
689,269

74% of the El Paso MSA firms are Hispanic-owned businesses  
53,461

14% of the El Paso MSAs annual sales were generated by Hispanic-owned businesses  
\$7.1 billion



### Performance of HOBs in the El Paso MSA, 2017



80% of the non-employer firms are HOBs\*\*  
485,000

71% of HOB annual sales are generated by non-employer firms  
\$1.8 billion

Hispanic-Owned Businesses  
Non-Hispanic-Owned Businesses  
Equally-Owned Businesses  
Others

45% of employer firms are HOBs  
4,961

11% of HOB annual sales are generated by employer firms  
\$5.3 billion



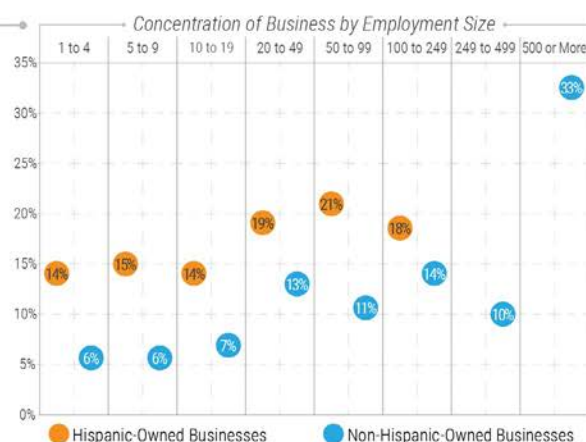
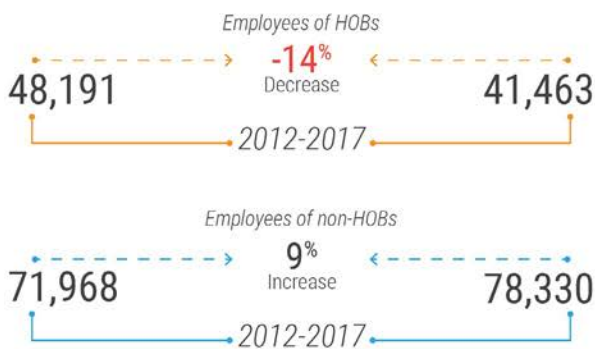
-4% Growth rate of HOBs  
2012-2017

11% Increase in HOB revenue despite HOB ownership declining

31% Growth rate of Non-Hispanic-Owned Businesses  
2012-2017

-3% Revenue of non-HOBs declined against increase in non-HOB ownership

### Share of Business Employment



Note: Hispanic population brackets as per Hispanic population quintile estimates. \*The El Paso MSA (Metropolitan Statistical Area) consists of all of two counties—El Paso and Hudspeth County in Texas. The U.S. Census Bureau defines MSAs. \*\* HOBs are Hispanic-owned businesses. No data available at time of publication for the HOBs with 250 to 499 employees or with 500 or more employees.  
Source: Hunt Institute using the U.S. Census Bureau data. The data includes only employer firms.

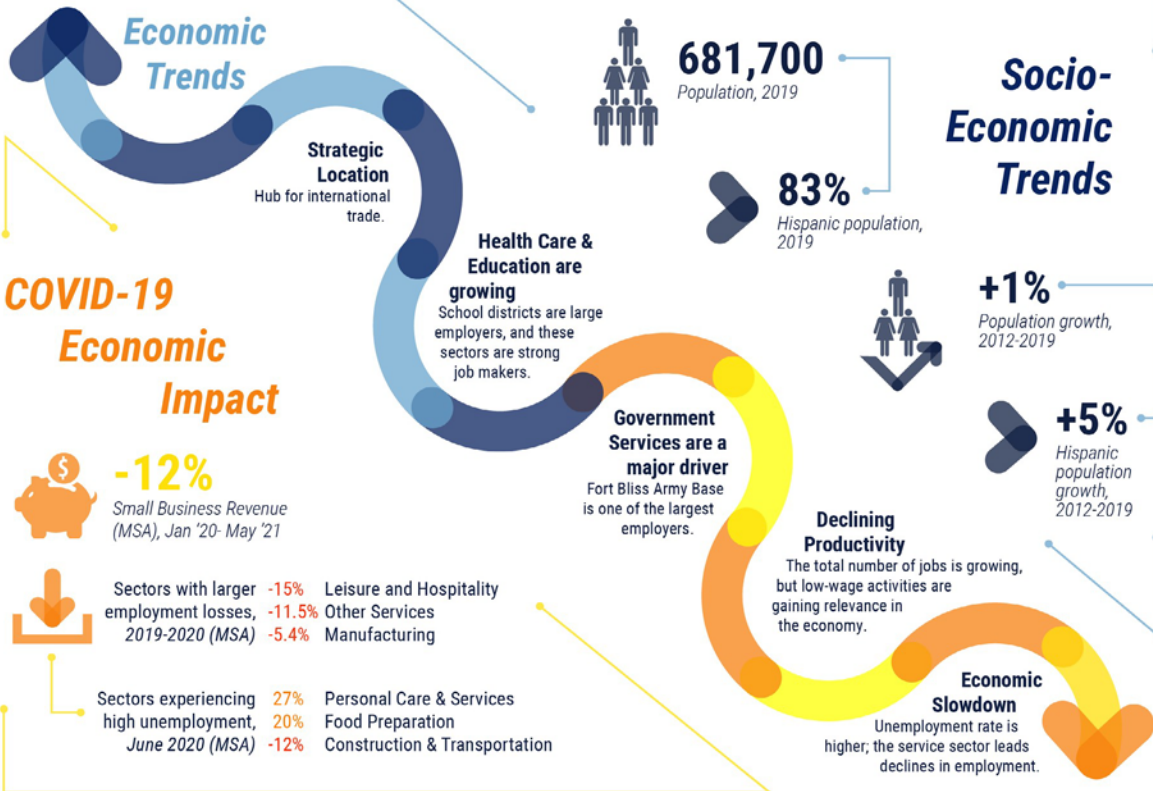
The Institute in collaboration with the Nowak Metro Finance Lab and Aspen Institute developed a fact sheet focused on Hispanic-owned businesses and their economic impacts within the El Paso region.



**Nowak Metro Finance Lab**  
Lindy Institute for Urban Innovation



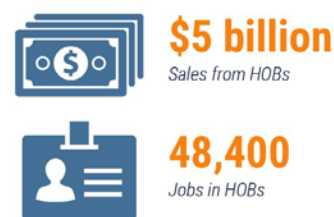
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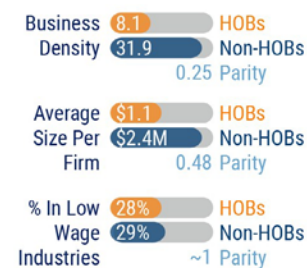
### Hispanic-owned Businesses (HOBs)



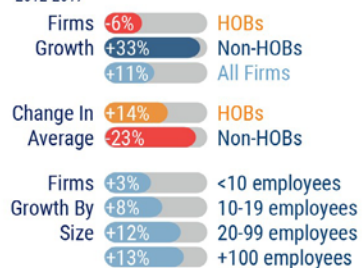
### Employer Businesses



### Gaps - Employer Businesses



### Evolution - Employer Businesses 2012-2017



Source: 2019 ACS, 2018 ABS, 2012 SBO, 2017 NES-D, 2017 & 2012 SUSB, Jobs EQ data, U.S. Bureau of Labor Statistics, Opportunity Insights' Economic Tracker. \* Estimates.

The Hunt Institute offers several tools to address varied data analysis and visualization needs, such as the development of both dynamic maps utilizing ESRI's ArcGIS platform, as well as the development of engaging static maps.



For more information about the Hunt Institute and our recurring monthly newsletter that captures a snapshot of the Paso del Norte region's key economic indicators regarding statistics on employment, border crossings, total exports and imports through international ports of entry, and fact sheets visit the following links:

- [Hunt Institute](#)
- [Newsletter](#)
- [Fact sheets](#)

## VI. Proposed Schedule

The proposed schedule below organizes the previously discussed proposal into a total of 48 months or four years.

[illegible]

## **ATTACHMENT “B”**

### **BUDGET**

**Agency Name:** Hunt Institute for Global Comp.

**Project Name:** CITY OF EL PASO  
ONE-STOP SHOP BUSINESS CENTER DATA  
ANALYTICS, PERFORMANCE METRICS,  
AND ECONOMIC IMPACT ANALYSIS PROPOSAL

Line Item Expense Category			Budget Year 2023-2026	
			Total	Budget
Salaries			\$	115,220.00
Fringe benefits			\$	31,368.00
Contract services			\$	-
Rent			\$	-
Communications			\$	-
Utilities & occupancy expenses			\$	-
Equipment rental & maintenance			\$	-
Equipment purchases			\$	-
Mileage reimbursements			\$	-
Postage & shipping			\$	-
Printing & publications			\$	-
Supplies			\$	-
Local conferences & meetings			\$	-
Insurance			\$	-
Travel - long distance			\$	-
Other Expenses			\$	153,401.00
			\$	-
			\$	-
			\$	-
			\$	-
<b>Total Project Expenses</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>
			<b>\$</b>	<b>299,989.00</b>

# Fiscal Federal Funding Accountability and Transparency Act (FFATA)

The certifications enumerated below represent material facts upon which DSHS relies when reporting information to the federal government required under federal law. If the Department later determines that the Contractor knowingly rendered an erroneous certification, DSHS may pursue all available remedies in accordance with Texas and U.S. law. Signor further agrees that it will provide immediate written notice to DSHS if at any time Signor learns that any of the certifications provided for below were erroneous when submitted or have since become erroneous by reason of changed circumstances. ***If the Signor cannot certify all of the statements contained in this section, Signor must provide written notice to DSHS detailing which of the below statements it cannot certify and why.***

<b>Legal Name of Contractor:</b>	<b>FFATA Contact: (Name, Email and Phone Number):</b>
<b>Primary Address of Contractor:</b>	<b>Zip Code: 9-digits required <a href="http://www.usps.com">www.usps.com</a></b>
<b>Unique Entity ID (UEI): This number replaces the DUNS <a href="http://www.sam.gov">www.sam.gov</a></b>	<b>State of Texas Comptroller Vendor Identification Number (VIN) – 14 digits:</b>

<b>Printed Name of Authorized Representative:</b>	<b>Signature of Authorized Representative</b>
<b>Title of Authorized Representative</b>	<b>Date Signed</b>

# Fiscal Federal Funding Accountability and Transparency Act (FFATA) CERTIFICATION

**As the duly authorized representative (Signor) of the Contractor, I hereby certify that the statements made by me in this certification form are true, complete, and correct to the best of my knowledge.**

Did your organization have a gross income, from all sources, of less than \$300,000 in your previous tax year? Yes ☐ No ☒

If your answer is "Yes", skip questions "A", "B", and "C" and finish the certification. If your answer is "No", answer questions "A" and "B".

---

## **A. Certification Regarding % of Annual Gross from Federal Awards.**

Did your organization receive 80% or more of its annual gross revenue from federal awards during the preceding fiscal year? Yes ☐ No ☐

## **B. Certification Regarding Amount of Annual Gross from Federal Awards.**

Did your organization receive \$25 million or more in annual gross revenues from federal awards in the preceding fiscal year? Yes ☐ No ☐

If your answer is "Yes" to both question "A" and "B", you must answer question "C".

If your answer is "No" to either question "A" or "B", skip question "C" and finish the certification.

---

## **C. Certification Regarding Public Access to Compensation Information.**

Does the public have access to information about the compensation of the senior executives in your business or organization (including parent organization, all branches, and all affiliates worldwide) through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986? Yes ☐ No ☐

**If your answer is "Yes" to this question, where can this information be accessed?**

**If your answer is "No" to this question, you must provide the names and total compensation of the top five highly compensated officers below.**

**Provide compensation information here:**

**ATTACHMENT “C”**

**INSURANCE CERTIFICATES / CERTIFICATIONS**

**ATTACHMENT “D”**  
**ADDITIONAL TERMS & CONDITIONS (ARPA)**

The subrecipients must abide by the following, as may be updated and revised.

- A) **[Social Security Act Title VI Sections 602 and 603, Enacted March 11, 2021.](#)**
- B) **[Compliance and Reporting Guidance for the State and Local Fiscal Recovery Funds](#)**
- C) **[2022 State and Local Fiscal Recovery Fund Compliance Supplement](#)**
- D) **[Coronavirus State and Local Fiscal Recovery Funds Final Rule Frequently Asked Questions](#)**

In addition to the above requirements, subrecipients must comply with the April 1, 2022 Final Rule for the Coronavirus State & Local Fiscal Recovery Funds. An overview of the federal agency requirements in the Final Rule is attached for ease of use of the subrecipients.



# **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.

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- 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:

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- 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.

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Step	1. Identify COVID-19 public health or economic impact	2. Design a response that addresses or responds to the impact
<b>Analysis</b>	<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>
<b>Simplifying Presumptions</b>	<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

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## 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 (e.g., child nutrition programs, including school meals) & 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>

<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).

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***Disproportionately Impacted Households and Communities***

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

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

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
- ✓ Responses available to respond to impacts of the pandemic on households and communities (including those listed on page 18)

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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.



### 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 | ✓ Capacity to weather financial hardship                                   |
| ✓ Financial insecurity                | ✓ Challenges covering payroll, rent or mortgage, and other operating costs |
| ✓ Increased 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.



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- ✓ 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.

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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

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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
  - ✓ Community outreach and engagement activities
  - ✓ Capacity building resources to support using data and evidence, including hiring staff, consultants, or technical assistance support
- **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.

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- *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 convention centers, stadiums, or other large capital projects intended for general economic development or to aid impacted industries |
| ✗ Construction of new congregate facilities to decrease spread of COVID-19 in the facility  |                                                                                                                                                         |

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

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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

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

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:
  - regular, in-person interactions with patients, the public, or coworkers of the individual that is performing the work; or
  - 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.

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**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

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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.
- March 17, 2022 (p. 18): Specified that provision of child nutrition programs is available to respond to impacts of the pandemic on households and communities.