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 9th 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 **BITWISE IMPACT**, a 501(c)(3) charitable organization, **("Business")**, whereby **BITWISE IMPACT**, will administer ARPA Act funds to provide Workforce Development in the tech industry, to entities affected by the COVID-19 pandemic; 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 BITWISE IMPACT, providing $1,600,000.00 to **BITWISE IMPACT**, a 501(c)(3) charitable organization, to administer ARPA Act funds to provide Workforce Development in the tech industry, to entities affected by the COVID-19 pandemic.

APPROVED this 11 day of APRIL, 2023

CITY OF EL PASO:

Oscar Leeser
Mayor

ATTEST:

Laura D. Prine
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 13 day of APRIL, 2023 **("Effective Date")** 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 **BITWISE IMPACT**, a 501(c)(3) charitable organization ("**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 CSLFRF, ARPA and federal guidelines; and

WHEREAS, such funding may be used to provide 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; and technical assistance, counseling or other services to support business planning; or other assistance as identified in the Final Rule to support impacted and disproportionately impacted small businesses; and

WHEREAS, the CITY intends to engage the Sub-Recipient to provide Workforce Development in the tech industry, hereinafter referred to as the **"Scope of Work" or "Project"**, 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 (Project)
Attachment "B"	Budget
Attachment "C"	Insurance Certificates / Certifications
Attachment "D"	Additional Terms & Conditions (ARPA)
Attachment "E"	Identification of Background Intellectual Property

ARTICLE II. PROJECT

2.1 The CITY hereby agrees to retain the Sub-Recipient and the Sub-Recipient agrees to perform the services contemplated in the for the Project. The Project shall consist of the Sub-Recipient's completion of the Scope of Services as further described in **Attachment "A"**.

2.2 [***intentionally deleted***]

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 **$1,600,000** for all services and reimbursables performed pursuant to this Agreement and over a period of service not to exceed 2 years from the Effective Date.

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 the fees to be charged for the Project shall be pursuant to the Budget attached to this Agreement as **Attachment "B"**.

3.2 SUB-RECIPIENT'S SERVICES. The Services to he 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 for hourly rate contracts. 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 services performed as soon as reasonably possible but not later than thirty (30) days from receipt. Upon dispute, however, the CITY may, upon notice to the Sub-Recipient, withhold payment to the Suh-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 fee proposal, except by written amendment to this Agreement, executed by both parties.

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 services 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 **fourteen (14) 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 Suh-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 Sub-Recipient shall procure and maintain insurance coverage as required herein and attached in **Attachment "C"**. Sub-Recipient shall not commence work under this Agreement until the Sub-Recipient has obtained the required insurance and such insurance has been approved by the CITY. The Sub-Recipient shall maintain the required insurance throughout the term of this Agreement. Failure to maintain said insurance shall be considered a material breach of this Agreement.

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. The Sub-Recipient shall provide the following endorsement:

"The policy is endorsed to provide that insurer waives any right of subrogation it may acquire against the CITY, its partners, agents and employees by reason of any payment made on or account of injury, including death resulting therefrom, sustained by any employee of the insured."

5.1.2 COMMERCIAL LIABILITY, PROPERTY DAMAGE LIABILITY AND AUTOMOBILE

LIABILITY INSURANCE. The Sub-Recipient shall procure and shall maintain during the life of this Agreement such Commercial General Liability, Property Damage Liability and Automobile Liability Insurance as shall protect the Sub-Recipient and the Sub-Recipient's employees performing work covered by this Agreement from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from operations under this contract, whether such operations be by the Sub-Recipient or by anyone directly or indirectly employed by the Sub-Recipient. The minimum limits of liability and coverages shall be as follows:

a) **Commercial General Liability**
$1,000,000.00 Per Occurrence
$1,000,000.00 Products/Completed Operations
$1,000,000.00 Personal and Advertising Injury

b) **AUTOMOBILE LIABILITY Combined Single Limit**
$1,000,000.00 per accident

5.1.3 OWNER AS ADDITIONAL INSURED. The CITY shall be named as an Additional Insured on all of the Sub-Recipient's Insurance Policies, with the exception of Workers' Compensation required by this Agreement.

5.1.4 PROOF OF INSURANCE. The Sub-Recipient shall furnish certificates showing the type of insurance coverages, limits on each insurance policy, class of operations covered under each insurance policy, effective dates and expiration dates of policies, insurance companies providing the insurance coverages, name of agent/broker and include confirmation of any endorsement(s) required in this Agreement.

5.1.5 GENERAL INSURANCE PROVISIONS. All certificates required herein shall be attached hereto and incorporated for all purposes as **Attachment "C"**. All certificates shall also include the name of the project on the corresponding insurance certificate.

5.2 INDEMNIFICATION. TO THE FULLEST EXTENT PERMITTED BY LAW, SUB-RECIPIENT SHALL INDEMNIFY HOLD HARMLESS, AND DEFEND CITY, AND CITY'S OFFICERS, DIRECTORS, PARTNERS, AGENTS CONSULTANTS, AND EMPLOYEES FROM AND AGAINST ANY CLAIMS, COSTS, LOSSES, AND DAMAGES (INCLUDING BUT NOT LIMITED TO ALL FEES AND CHARGES OF CONSULTANTS, SUBCONSULTANTS, VENDORS, ATTORNEYS, AND OTHER PROFESSIONALS, AND ALL COURT, ARBITRATION, OR OTHER DISPUTE RESOLUTION COSTS) ARISING OUT OF OR RELATING TO THE PROJECT, PROVIDED THAT ANY SUCH CLAIM, COST, LOSS, OR DAMAGE IS ATTRIBUTABLE TO ANY NEGLIGENT ACT OR OMISSION, INTENTIONAL TORT, INTELLECTUAL PROPERTY INFRINGEMENT, OR FAILURE TO PAY A SUBCONTRACTOR, VENDOR, OR SUPPLIER COMMITTED BY SUB-RECIPIENT OR SUB-RECIPIENT'S OFFICERS, DIRECTORS, PARTNERS, AGENTS, CONSULTANTS OR EMPLOYEES. THE SUB-RECIPIENT SHALL NOT BE RESPONSIBLE FOR ANY ACTS OF ANY OF THE CITY'S INDEPENDENT PROJECT MANAGERS.

TO THE EXTENT ALLOWED BY STATE LAW, THE CITY 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. Upon payment of amounts due, the concepts, design, and other documents prepared by the Sub-Recipient for this Project including, without limitation, those in electronic form (sometimes referred to as the "Instruments of Service") are the property of the CITY, who shall be vested with all common law and statutory rights. The CITY shall have the right to the use of the documents; provided however the Sub-Recipient shall have no liability for any use of one or more of the Instruments of Service by the CITY. The CITY shall have the consent of the Sub-Recipient, provided, however, the Sub-Recipient shall have no liability or responsibility for such use of the concepts, design, and other documents. The rights granted to the CITY herein for the use of the documents for additional projects shall not grant the CITY any right to hold the Sub-Recipient responsible for any subsequent use of the documents. The Sub-Recipient shall provide the CITY with copies of the Instruments of Service in both electronic form and in hard copy.

7.3.1 "Background Intellectual Property" ("BIP"), means Intellectual Property which was in existence prior to the Effective Date of this Agreement, or which is created or developed by the CITY, Sub-Recipient or any of its affiliates outside the course of this agreement and could reasonably be viewed as relating to the SOW. A non-exhaustive list of such BIP is listed in the Identification of Background Intellectual Property form, attached hereto as **Attachment E** and made a part hereof. The Parties agree that BIP of the CITY, the Sub-Recipient, and Sub-Recipient's affiliates is their separate property, respectively, and is not affected by this Agreement. Neither party shall acquire any claims to or rights in the BIP of the other party by this Agreement or performance hereunder. For the avoidance of doubt, BIP shall not be considered Instruments of Service. The parties further agree that (a) all materials used in the course of pre-apprenticeship and apprenticeship programs constitute BIP of Sub-Recipient and/or its affiliates, and (b) any improvements, modifications, enhancements, or upgrades to Sub-Recipient's or any of its affiliates' BIP arising from or as a result of performing the SOW will be deemed to form part of Sub-Recipient's or such affiliate's BIP and be owned solely by Sub-Recipient or its affiliate, as applicable, and that neither Sub-Recipient nor any of its affiliates is granting any license or rights to the BIP or any improvement, modifications, enhancements, or upgrades thereto to the CITY or any other party.

7.3.2 Perpetual License. Notwithstanding anything else in this Agreement, Sub-Recipient hereby grants to CITY a nonexclusive, royalty-free, perpetual license to use any BIP that were used in furtherance of and accessible during the term of this Agreement. Such use shall be in accordance with the provisions of this Agreement, which provisions shall survive any termination of this Agreement. The means by which CITY shall have access to such BIP shall be in a manner and form substantially equivalent to the means by which access is provided under this Agreement.

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 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: Bitwise Impact
Attn: Chrystine Villarreal
700 Van Ness Avenue
Fresno, California 93721

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:

Juan S. Gonzalez
Senior Assistant City Attorney

APPROVED AS TO CONTENT:

Elizabeth Triggs, Director
Economic and International Development

ACKNOWLEDGMENT

THE STATE OF TEXAS §
§
COUNTY OF EL PASO §

This instrument was acknowledged before me on this 13 day of APRIL, 2023, by **Tomás González,** as **City Manager** of the **City of El Paso, Texas.**

Mariana Orozco
NOTARY PUBLIC
ID# 13408749-6
In and for the State of Texas
My Commission Expires
12-01-2026

MARIANA OROZCO
Notary Public, State of Texas

My commission expires: _____/_____/_____

(Signatures continue on the following page)

SUB-RECIPIENT:
BITWISE IMPACT, a Charitable Organization

Chrystine Marie Lawson Villarreal
By: _____
Name: Chrystine Marie Lawson Villarreal
Title: President

ACKNOWLEDGEMENT

THE STATE OF TEXAS §
§ Brazoria TJC
COUNTY OF ~~EL PASO~~ §

This instrument was acknowledged before me on this 27th day of March, 2023, by Chrystine Marie Lawson Villarreal, as President of BITWISE IMPACT.

Tyrrell J Cherry
ID NUMBER
132769360
COMMISSION EXPIRES
November 6, 2024

Notary Public, State of Texas

My commission expires: 11 06 2024

Notarized online using audio-video communication

ATTACHMENT "A"

SCOPE OF WORK

Workforce Development and Small Business Support in the City of El Paso

Problem Statement

El Paso needs workers with the right skills to lead digital transformations in every industry today and into the future. With 71% of the labor force in El Paso county having an education level of "some college with no degree" or less, there is an urgent need to enable the labor force via non-traditional paths to create new employment opportunities in 21st century industries. Tech jobs are growing at a rapid pace and employers need workers who understand tech at basic and intermediate levels.

According to the Census Bureau and the ACS 5-year estimate, the largest share of people living in poverty within El Paso are females ages 25-34 and followed closely by females ages 18-24. This population living in poverty leading up to their peak earning years has long-term generational impacts. Additionally, in the current makeup of the STEM workforce, Hispanics, blacks, and American Indians/Alaska Natives make up only 11% of the STEM workforce. In the population over age 50, Hispanic Americans and Black Americans are much more likely to have no digital skills (39 percent). There is a lack of specialized programming to train women, historically marginalized, and older residents of El Paso for the 21st century jobs in STEM. There are communities of people whose potential to fill these jobs is not being tapped in part because of barriers to entry, including lack of traditional education certifications, child care, transportation, and confidence that tech could be an avenue for them.

Without targeted training programs, tech jobs will go unfilled, diminishing business growth in El Paso, and marginalized El Pasoans' potential talent will go unmet, leaving them in low-wage jobs and dependent on government social services, which will increase government's costs.

At the same time, we know from recent surveys by the City of El Paso that businesses are struggling to create a web presence that helps them attract customers and facilitate business.

Outcomes

Bitwise Impact's **goals** for this project are to: 1) support marginalized people in the City of El Paso to be trained in skills that will allow them to successfully seek out tech and tech-adjacent jobs, filling the needs of employers in El Paso; and 2) support small businesses, particularly those affected by COVID-19, to have a web presence. To address the challenges outlined above and achieve these goals, Bitwise Impact will work with Bitwise Tech Services and Bitwise Industries, and requests **$1.6 million over two years from the City of El Paso.**

The project has four **objectives**:

- Increase the number of people from marginalized communities in the City of El Paso who participate in tech-related pre-apprenticeship programs
- Increase the number of people from marginalized communities in the City of El Paso who participate in apprenticeship programs

- Increase the number of people from marginalized in the City of El Paso who are employed in tech or tech-adjacent jobs following Bitwise training programs
- Increase the number of small businesses with websites.

We expect to reach the following outcomes:

	2023 Projections	2024 Projections	Total	Total covered by City of El Paso
Recruitment				
Students recruited for pre-apprenticeships	120	120	240	84
Students recruited for apprenticeships	11	91	102	10
Small Business Support				
Wordpress Websites built	50	50	100	100
Retention and Placement				
Apprentices who are hired for full-time employment following their apprenticeship	85%	85%	85%	85%
Percentage of job placements in El Paso	70%	70%	70%	70%
Diversity, Equity, and Inclusion				
Students/businesses from El Paso City	100%	100%	100%	100%
Students/businesses who identify as female	40%	40%	40%	40%
Students/businesses who identify as people of color	80%	80%	80%	80%

Outcome Statement

OUTCOME: Increase the number of marginalized people in El Paso who are trained for tech jobs and find tech or tech-adjacent jobs.

HOW WILL YOU ACCOMPLISH THIS?

- We will support 240 people from marginalized groups into our six-week pre-apprenticeship programs over two years.
- 12 of those students will move on to our year-long, paid apprenticeship program, after which they will be placed into local tech jobs.

Pre-Apprenticeships: Bitwise Industries' six-week pre-apprenticeship programs jumpstart beginners and experienced technologists into coding for websites, mobile friendly website development, Javascript, and React web. These foundational classes build a technology skill set while exploring areas where they would like to further invest their time. In each course, pre-apprentices learn introductory skills through applied instruction, culminating in a project portfolio.

Apprenticeships: Bitwise Industries' year-long, U.S. Department of Labor certified apprenticeship programs provide students with in the classroom work and the on-the-job training that they will need to be successful in one of nine high-demand areas of tech (e.g. tech support specialist, Salesforce Administrator, UX designer). Bitwise Industries hires students as employees and pays them a living wage (at least $15/hour) and provides health care, so that the student can earn while they learn. Working under our senior developers and technologists, Bitwise apprentices get hands-on experience working on actual Bitwise client projects.

SPECIFIC INDICATORS: We will measure:

- the number of students who move on from our pre-apprenticeship programs on to another positive outcome (employment, education, training, or our apprenticeship); and
- the number of apprentices who secure full-time employment in tech following their apprenticeship.

DOCUMENTATION: We will track the number of students and their positive outcomes in our internal databases and report out to the City of El Paso on a quarterly basis.

OUTCOME: Increase the number of small businesses in the City of El Paso with a Wordpress website.

HOW WILL YOU ACCOMPLISH THIS?

- We will contract with Bitwise Tech Services to create or improve, depending on need, Wordpress websites for 100 small businesses in the City of El Paso.

SPECIFIC INDICATORS: We will measure:

- The number of small businesses supported
- The number of websites create

DOCUMENTATION: We will track the number of small businesses and websites in our internal databases and report out to the City of El Paso on a quarterly basis.

ADDITIONAL FUNDS

Bitwise Impact welcomes the City of El Paso to contribute to the funds that we are already securing for this project in the amount of $1.5 million over two years. Additional funds for this project come from BW Industries Inc. and Microsoft, which are complemented by a verbal commitment from the County of El Paso for a total of $7,443,410 in other funding.

Funding Source		Contact Person and Phone or Email		Years 1 and 2
Other Federal Funds (please itemize)				

n/a				$0
Other State & Local Government Funds (please itemize)				
El Paso County		Michael Hernandez m.hernandez@epcounty.com		TBD
Borderplex Solutions		Alma Aranda alma.aranda@borderplexjobs.com		$130,000
Private Funds (please itemize)				
Microsoft		JJ Childress; Jonathan.Childress@microsoft.com		$2,000,000
BW Industries Inc.				$5,313,410
Total Project Income				**$7,443,410**

Methods and Approaches

We achieve a high rate of success thanks to our recruitment methods, approach to student support services, and understanding our student successes.

Recruitment

Working closely with prospective referral partners, such as Aliviane, Project Bravo, La Fe, CASA, resettlement and re-entry organizations, and the Housing Authority of El Paso among many others, we will recruit students who have been historically marginalized. Through our Community Outreach staff, will also build partnerships with targeted groups that can serve as pipelines or referral networks, including the Diversity, Equity, and Inclusion departments at companies and non-profit networks like the United Way.

Together with El Paso Community College, we would use existing career center services, to reach out to existing and former students, launch intensive marketing campaigns (e.g. social media, internet ads, and slack groups) targeting our demographics, and implement creative recruitment techniques, including a boots-on-the-ground community organizing approach. Marketing campaigns allow us to reach more people so that the word gets out faster and targeted recruitment and working with partners will help us find hard-to-reach applicants.

The communities of people that we are trying to attract often have distrust in the system because the system hasn't served them. This low level of trust means that we have to invest more resources to build trust in target communities, which is often done by word of mouth and earning the support of community validators who can vouch for us and/or the program. Recently, we have found in our post-program evaluations that most people found out about our programs through someone they know or someone who participated in the program. The average student coming to Bitwise is 26 years old, with a high school education, Latinx, and earning less than $22,000 per year. The majority of our students stem from stories of generational poverty and systemic inequity. Our 2020 impact reveals:

		Total	%
Total number of students trained		3,450	100%
Educational Attainment			
	Have Not Completed H5	1,000	28.99%
	Have Not Completed Any Post-Secondary	2,450	71.07%
Gender & Sexuality			
	Female	1,604	46.49%
	Male	1,365	39.57%
	Transgender	184	5.33%
	Nonbinary	297	8.61%
	LGBTQ	1,415	41.04%
Ethnicity			
	Latinx	1,912	55.42%
	White	966	28.00%
	Black	370	11.00%
	Southeast Asian	157	4.55%
	Other	35	1.01%
Other			
	Veteran	201	5.83%
	Formerly Incarcerated/Re-entry	71	2.06%
	Undocumented	311	9.01%
	First-Generation American	1,394	40.41%

Student Support Services

The key to high percentages of positive job outcomes that we seek correlates to the level of support provided to each student throughout the program. We provide all students with one-on-one Student Support Specialist (like a case manager) support to enable our students' success, specifically removing barriers and providing job placement coaching and pathways. The Student Support Specialist checks in with the student during the program to make sure that they are on track to be successful, helping to remove any barriers that may stand in their way, such as child care or transportation. Through our ever-expanding relationships with community partners in and around El Paso, we will connect students to relevant wrap-around services.

To ensure that 90% of students succeed in finding a job, students will be coached on job interviews and will participate in mock interviews with our teachers, experts, and/or those currently working in the sector. Student Support Specialists will also work with our teachers and experts to make sure that job placements lists are prepared and culled for each cohort and will support students to be placed in those jobs, including helping them to improve their resume and/or cover letter. Finally, Workforce Specialists will recruit employers, such as companies that are part of the El Paso Hispanic Chamber and El Paso Chamber of Commerce, healthcare providers, Fort Bliss contractors, Greater El Paso Credit Union, and WestStar Bank, for potential job placements and ensure that our students' skills match employers' needs.

To date, of the 400 apprentices who have completed our apprenticeship programs more than 95% have been placed into jobs either at Bitwise Industries, another tech firm or in a technical role at a tech-enabled company.

Student Success

To check that the student is understanding the material and will be set up for success on their tech trajectory, we measure individual growth in the classroom and, for apprenticeships, work settings, through summative assessments on projects and presentations.

Our summary check for understanding is an instructor observation of the learner's ability to successfully complete and describe each project during student presentations to class. Incrementally, the Instructor will perform regular milestone completion checks, approximately every week. Each student's milestone progress will be logged in a database, along with their summary check at the completion of each project. In addition, students showcase and explain their project or code to a group of their peers as part of their culminating project.

As part of their classes, students build websites and applications they can add to their body of work and present to prospective employers to showcase skills and abilities. Our staff assists students in remediation, collects and responds to their feedback, addressing needs that fall outside the sphere of technical learning and deal with access to the learning, such as assistance in building reading comprehension, problem solving skills, and communication, to prepare them for their next step on their career path.

Activity Schedule

Our pre-apprenticeship classes have already started in El Paso; we have served 43 students to date. Our current class end September 16th and the next one will start on September 19th, ending October 28. Additional classes will start in January 2023.

Classes meet twice a week from 6-9pm and participants in the cohort are also invited to meet socially on the weekends, as they are able, for team building activities.

Because of the COVID-19 pandemic, these classes are currently running virtually, but we anticipate that this will change in coming months. Of those who participate in our pre-apprenticeships, at least 25-30% move onto Bitwise Industries apprenticeships, while others move on to other positive outcomes (employment, education, or other training).

Led by our teachers and experts, apprentices will participate in a year-long apprenticeship program, which we anticipate will start in the third quarter of the year. The exact start time will depend on the students participating in the pre-apprenticeship programs in the first two quarters of the year and their needs.

Community Partnerships

In addition to community partners like Aliviane, Project Bravo, La Fe, CASA, and others, who we are coordinating on referrals, we are also in active conversations with the University of Texas at El Paso to coordinate on federal opportunities such as Build Back Better and the Good Jobs Challenge. We are in regular communication with The BorderPlex Alliance, the Medical Centers of America, the Community Foundation of El Paso, and others to ensure that we have strong community support, are maximizing public-private partnerships, and are not duplicating others' work. We are also working with private sector partners like Microsoft to fund our programs and share office space with us, and AT&T to advance our efforts on digital literacy.

Preventing Duplication of Benefits

We track all participant data in an internal database that allows us to track each person and their trajectory on our programs. Our model allows for students to take more than one pre-apprenticeship class to help them determine what area of tech they would like to pursue (for example, coding vs. website development). We would be clear about which students are taking one class or more than one class. Any students taking part in our apprenticeship programs are tracked through our human resources system because they are employees. We would provide this information to the City of El Paso at the end of each pre-apprenticeship class and at the beginning of each apprenticeship class.

Eligibility Requirements

Bitwise does not have eligibility requirements for its participants to ensure the greatest level of accessibility. We will be recruiting in communities that have been underserved and underrepresented. More details can be found in the recruitment section of this document.

Evaluation Plan

As noted above, we will track students who participate in the classes in our internal database and conduct summary checks on student knowledge, as described in the Student Success section of this document. We will report back to the City of El Paso the number of students who participated in each class and apprenticeship program and the number of apprentices that land jobs following their year-long course on a quarterly basis.

In addition to these basic metrics, we provide students with the opportunity to give us more information after they leave the class in the form of an evaluation. This evaluation, usually conducted 6-12 months after their course, looks at how/whether the students are using the skills that they learned, satisfaction in what they have learned and whether or not they feel it has prepared them for their tech job, support services that helped them to succeed, individual earnings before and after the Bitwise class, what sector/kind of job they have following the Bitwise class, and other relevant demographic information. These evaluations allow us to better understand the people who participate in our programs and how to make them better in the future.

ATTACHMENT "B"
BUDGET

Agency Name: BitWise Impact **Project Name: Workforce Development and Smal**

Line Item Expense Category			Budget Year 2022-2024 Total Budget
Salaries			$ 710,378.40
Fringe benefits			$ 147,134.28
Contract services			$ 600,000.00
Rent			
Communications			
Utilities & occupancy expenses			$ -
Equipment rental & maintenance			$ -
Equipment purchases			$ 37,487.32
Mileage reimbursements			$ -
Postage & shipping			$ -
Printing & publications			$ -
Supplies			$ -
Local conferences & meetings			$ -
Insurance			$ -
Travel - long distance			$ -
Other Expenses			$ 105,000.00
Total Project Expenses	**$ -**	**$ -**	**$ 1,600,000.00**

TEXAS Health and Human Services | Texas Department of State Health Services

Exhibit E

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.***

Legal Name of Contractor: **Bitwise Impact**	**FFATA Contact: (Name, Email and Phone Number):** **Chrystine Villarreal** **cvillarreal@bitwiseimpact.org** **408-439-3024**
Primary Address of Contractor: **700 Van Ness Avenue** **Fresno, CA**	**Zip Code: 9-digits required www.usps.com** **93721-2912**
Unique Entity ID (UEI): This number replaces the DUNS www.sam.gov **46-4127911**	**State of Texas Comptroller Vendor Identification Number (VIN) – 14 digits:** **14641279113**

Printed Name of Authorized Representative: **Chrystine Villarreal**	**Signature of Authorized Representative**
Title of Authorized Representative **Vice President of Development**	**Date Signed** 01 / 05 / 2023

Fiscal Federal Funding Accountability and Transparency Act (FFATA) CERTIFICATION

As the duly authorized representative (Signor) of the Contractor, I hereby certify that the

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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:

N/A

Doc ID: 7d8a85581e02ce92d3879bbe8d81df0f7ce80cbf

Dropbox Sign

Audit trail

Title	Hi CLV- please kindly sign the FFATA
File name	FFATA (April 2022...960-exhibit-e.pdf
Document ID	7d8a85581e02ce92d3879bbe8d81df0f7ce80cbf
Audit trail date format	MM / DD / YYYY
Status	• Signed

Document History

SENT	**01 / 05 / 2023** 10:53:41 UTC-8	Sent for signature to Chrystine Villarreal (cvillarreal@bitwiseindustries.com) from aearly@bitwiseindustries.com IP: 70.160.252.229
VIEWED	**01 / 05 / 2023** 13:16:25 UTC-8	Viewed by Chrystine Villarreal (cvillarreal@bitwiseindustries.com) IP: 161.123.72.174
SIGNED	**01 / 05 / 2023** 13:16:57 UTC-8	Signed by Chrystine Villarreal (cvillarreal@bitwiseindustries.com) IP: 73.71.98.100
COMPLETED	**01 / 05 / 2023** 13:16:57 UTC-8	The document has been completed.

ATTACHMENT "C"
INSURANCE CERTIFICATES / CERTIFICATIONS

BITWIMP-01 GURUSAIYADAV

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 3/30/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Evelyn Rios	
NFP Property & Casualty Services, Inc. 400 S Farrell Drive Suite B-170 Palm Springs, CA 92262	PHONE (A/C, No, Ext): (714) 577-4535	FAX (A/C, No): (714) 975-8966
	E-MAIL ADDRESS: evelyn.rios@nfp.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A : Nonprofits' Insurance Alliance of California Inc.	XXXXX
INSURED Bitwise Impact 700 Van Ness Ave Fresno, CA 93721	INSURER B :	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	$ 1,000,000
	[ ] CLAIMS-MADE [X] OCCUR	X		2022-76260	10/31/2022	10/31/2023	DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 500,000
							MED EXP (Any one person)	$ 20,000
							PERSONAL & ADV INJURY	$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$ 2,000,000
	X POLICY [ ] PRO-JECT [ ] LOC						PRODUCTS - COMP/OP AGG	$ 2,000,000
	[ ] OTHER:							$
A	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
	[ ] ANY AUTO			2022-76260	10/31/2022	10/31/2023	BODILY INJURY (Per person)	$
	[ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS ONLY X NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	[ ] UMBRELLA LIAB [ ] OCCUR						EACH OCCURRENCE	$
	[ ] EXCESS LIAB [ ] CLAIMS-MADE						AGGREGATE	$
	[ ] DED [ ] RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N						[ ] PER STATUTE [ ] OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? [ ] (Mandatory in NH)	N / A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Liquor Law Liability			2022-76260	10/31/2022	10/31/2023	Aggregate	1,000,000
A	Directors & Officers			2022-76260-DO-NPO	11/8/2022	10/31/2023	Aggregate	1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
The City of El Paso is named Additional insured as respects to General Liability so long as a written contract or agreement to such exists with the named insured prior to a loss as per attached endorsement CG 20 26 12 19.

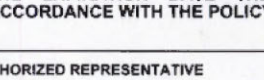
CERTIFICATE HOLDER

The City of El Paso
P.O. Box 1850
El Paso, TX 79950

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):
Any person or organization that you are required to add as an additional insured on this policy, under a written contract or agreement currently in effect, or becoming effective during the term of this policy. The additional insured status will not be afforded with respect to liability arising out of or related to your activities as a real estate manager for that person or organization.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. **Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

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ATTACHMENT "D"
ADDITIONAL TERMS & CONDITIONS (ARPA)

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

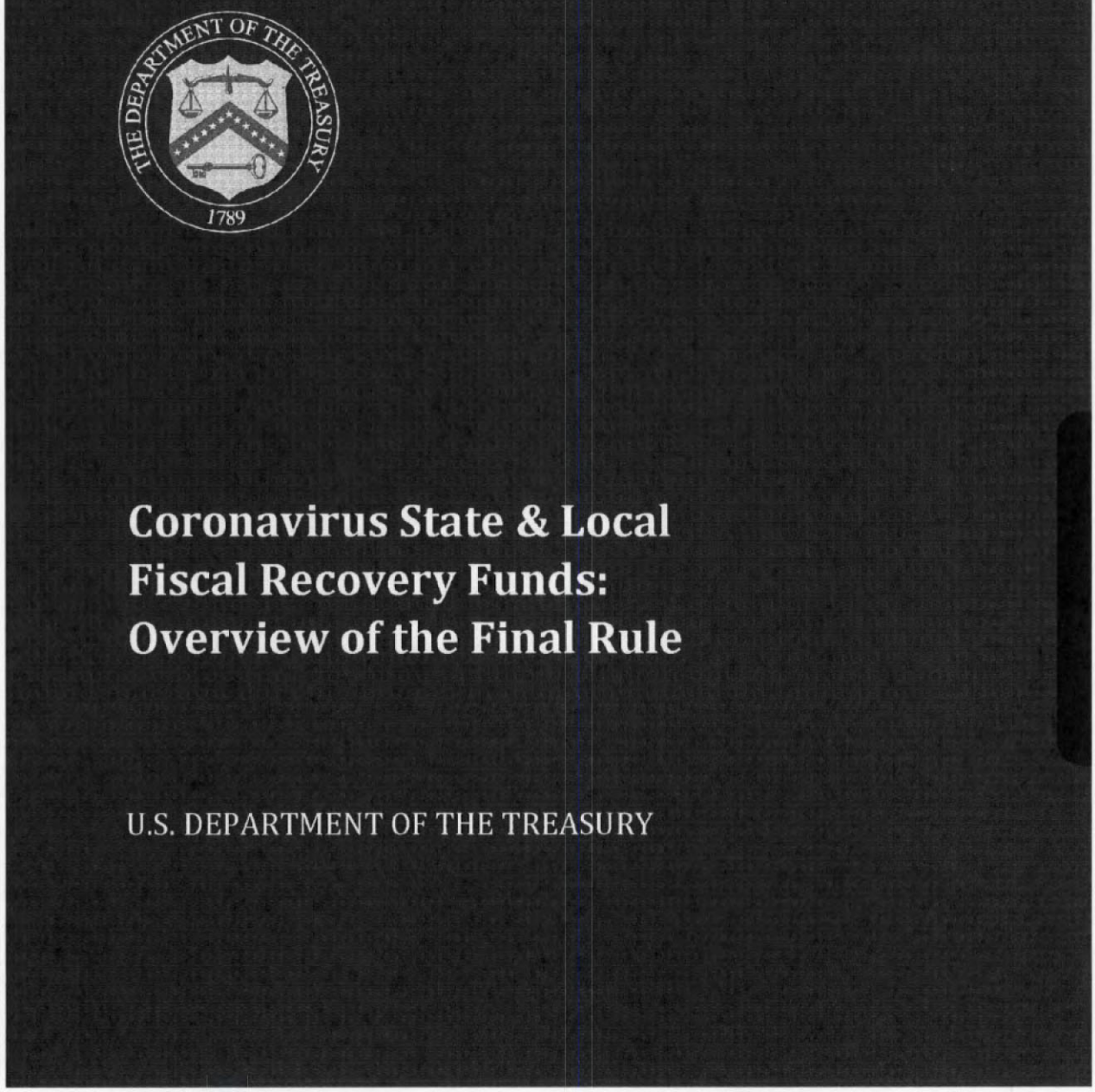
A) Social Security Act Title VI Sections 602 and 603, Enacted March 11, 2021.

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.



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.

- 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.

- **For all recipients except for Tribal governments:** No extraordinary contributions to a pension fund for the purpose of reducing an accrued, unfunded liability.

- **For all recipients:** No payments for debt service and replenishments of rainy day funds; no satisfaction of settlements and judgments; no uses that contravene or violate the American Rescue Plan Act, Uniform Guidance conflicts of interest requirements, and other federal, state, and local laws and regulations.

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

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

Replacing Lost Public Sector Revenue

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

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

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

DETERMINING REVENUE LOSS

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

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

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

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

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

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

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

a. Calculate revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the *base year revenue*.

b. Estimate *counterfactual revenue*, which is equal to the following formula, where n is the number of months elapsed since the end of the base year to the calculation date:

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

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.[1]

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.

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

Step	1. Identify COVID-19 public health or economic impact	2. Design a response that addresses or responds to the impact
Analysis	• Can identify impact to a specific household, business or nonprofit or to a class of households, businesses, or nonprofits (i.e., group) • Can also identify disproportionate impacts, or more severe impacts, to a specific beneficiary or to a class	• Types of responses can include a program, service, or capital expenditure • Response should be related and reasonably proportional to the harm • Response should also be reasonably designed to benefit impacted individual or class
Simplifying Presumptions	• Final Rule presumes certain populations and classes are impacted and disproportionately impacted	• Final Rule provides non-exhaustive list of enumerated eligible uses that respond to pandemic impacts and disproportionate impacts

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.[2] 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."

[2] 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

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.[3] 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.

[3] 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[4]

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

Disproportionately Impacted Households and Communities

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

- ✓ Low -income households and communities
- ✓ Households residing in Qualified Census Tracts
- ✓ Households that qualify for certain federal benefits[5]
- ✓ 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.[6] 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.

[5] 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.

[6] 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[7]
- ✓ 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)

[7] 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[8] (which includes, among other requirements, that the business is independently owned and operated and is not dominant in its field of operation).

Impacted Small Businesses

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

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

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

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

Disproportionately Impacted Small Businesses

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

[8] 15 U.S.C. 632.

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

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

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

Assistance to Nonprofits

Nonprofits have faced significant challenges due to the pandemic's increased demand for services and changing operational needs, as well as declines in revenue sources such as donations and fees. Nonprofits eligible for assistance are those that experienced negative economic impacts or disproportionate impacts of the pandemic and meet the definition of "nonprofit"—specifically those that are 501(c)(3) or 501(c)(19) tax-exempt organizations.

Impacted Nonprofits

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

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

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

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

Disproportionately Impacted Nonprofits

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

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

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

Aid to Impacted Industries

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

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

1. **Designating an impacted industry.** There are two main ways an industry can be designated as "impacted."

    1. If the industry is in the travel, tourism, or hospitality sectors (including Tribal development districts), the industry is impacted.

    2. If the industry is outside the travel, tourism, or hospitality sectors, the industry is impacted if:

        a. The industry experienced at least 8 percent employment loss from pre-pandemic levels,[9] 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.

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

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

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

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

PUBLIC SECTOR CAPACITY

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

Public Safety, Public Health, and Human Services Staff

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

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

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

   Public health staff include:

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

   Human services staff include:

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

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

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

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

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

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

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

Government Employment and Rehiring Public Sector Staff

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

- **Restoring pre-pandemic employment.** Recipients have two options to restore pre-pandemic employment, depending on the recipient's needs.

  - *If the recipient simply wants to hire back employees for pre-pandemic positions:* Recipients may use SLFRF funds to hire employees for the same positions that existed on January 27, 2020 but that were unfilled or eliminated as of March 3, 2021. Recipients may use SLFRF funds to cover payroll and covered benefits for such positions through the period of performance.

  - *If the recipient wants to hire above the pre-pandemic baseline and/or would like to have flexibility in positions:* Recipients may use SLFRF funds to pay for payroll and covered benefits associated with the recipient increasing its number of budgeted FTEs up to 7.5 percent above its pre-pandemic baseline. Specifically, recipients should undergo the following steps:

    a. Identify the recipient's budgeted FTE level on January 27, 2020. This includes all budgeted positions, filled and unfilled. This is called the *pre-pandemic baseline*.
    b. Multiply the pre-pandemic baseline by 1.075. This is called the *adjusted pre-pandemic baseline*.
    c. Identify the recipient's budgeted FTE level on March 3, 2021, which is the beginning of the period of performance for SLFRF funds. Recipients may, but are not required to, exclude the number of FTEs dedicated to responding to the COVID-19 public health emergency. This is called the *actual number of FTEs*.
    d. Subtract the *actual number of FTEs* from the *adjusted pre-pandemic baseline* to calculate the number of FTEs that can be covered by SLFRF funds. Recipients do not have to hire for the same roles that existed pre-pandemic.

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.[10] 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:**

[10] 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.

- ✓ 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:

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

A Written Justification includes:

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

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

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

Treasury presumes that the following capital projects are generally ineligible:

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

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

FRAMEWORK FOR ELIGIBLE USES BEYOND THOSE ENUMERATED

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

Step	1. Identify COVID-19 public health or economic impact	2. Design a response that addresses or responds to the impact
Analysis	• Can identify impact to a specific household, business or nonprofit or to a class of households, businesses or nonprofits (i.e., group) • Can also identify disproportionate impacts, or more severe impacts, to a specific beneficiary or to a class	• Types of responses can include a program, service, or capital expenditure • Response should be related and reasonably proportional to the harm • Response should also be reasonably designed to benefit impacted individual or class

1. **Identify a COVID-19 public health or negative economic impact on an individual or a class.** Recipients should identify an individual or class that is "impacted" or "disproportionately impacted" by the COVID-19 public health emergency or its negative economic impacts as well as the specific impact itself.

    - "Impacted" entities are those impacted by the disease itself or the harmful consequences of the economic disruptions resulting from or exacerbated by the COVID-19 public health emergency. For example, an individual who lost their job or a small business that saw lower revenue during a period of closure would both have experienced impacts of the pandemic.

    - "Disproportionately impacted" entities are those that experienced disproportionate public health or economic outcomes from the pandemic; Treasury recognizes that pre-existing disparities, in many cases, amplified the impacts of the pandemic, causing more severe impacts in underserved communities. For example, a household living in a neighborhood with limited access to medical care and healthy foods may have faced health disparities before the pandemic, like a higher rate of chronic health conditions, that contributed to more severe health outcomes during the COVID-19 pandemic.

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

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

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

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

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

2. **Design a response that addresses or responds to the impact.** Programs, services, and other interventions must be reasonably designed to benefit the individual or class that experienced

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

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

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

Premium Pay

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

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

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

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

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

2. **Verify that the eligible worker performs "essential work,"** meaning work that:

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

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

    - Eligible worker receiving premium pay is earning (with the premium included) at or below 150 percent of their residing state or county's average annual wage for all occupations, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, whichever is higher, on an annual basis; or

    - Eligible worker receiving premium pay is not exempt from the Fair Labor Standards Act overtime provisions; or

    - If a worker does not meet either of the above requirements, the recipient must submit written justification to Treasury detailing how the premium pay is otherwise responsive to workers performing essential work during the public health emergency. This may include a description of the essential worker's duties, health, or financial risks faced due to COVID-19, and why the recipient determined that the premium pay was responsive. Treasury anticipates that recipients will easily be able to satisfy the justification requirement for front-line workers, like nurses and hospital staff.

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



U.S. DEPARTMENT OF THE TREASURY

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.

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.

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

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.

ATTACHMENT "E"

IDENTIFICATION OF BACKGROUND INTELLECTUAL PROPERTY

ATTACHMENT "E"

IDENTIFICATION OF BACKGROUND INTELLECTUAL PROPERTY

1. All materials and know-how, whether pre-existing or improved, modified, enhanced or upgraded as described in Section 7.3.1 of the Sub-Recipient Agreement, relating to Bitwise Industries' pre-apprenticeship and apprenticeship classes and programs, including but not limited to curriculum, other instructional and training materials, summative assessments, evaluation materials, databases, and recruitment and marketing materials.