



GUAM BEHAVIORAL
HEALTH & WELLNESS
CENTER

790 Governor Carlos Camacho Road
Tamuning, Guam 96913

REQUEST FOR PROPOSAL
Residential, Therapeutic and Support Services for Adults
with Serious Mental Illness with or without Co-occurring
Intellectual Disabilities

GBHWC RFP 2025-01

AMENDMENT NO. 2025-01-A03

ATTACHMENTS, EXHIBIT 19 TO 23

To: All Prospective Offerors

The above numbered and described solicitation is amended as set forth below:

Section VI. ATTACHMENTS

Exhibit 19 to Exhibit 23 contained in Pages 239 through 519 attached
hereto are incorporated and made a part of this request for proposal.

Except as provided herein, all terms and conditions of the document referenced in
the solicitation number above remain unchanged and in full force and effect.

CARISSA E. PANGELINAN
Director
December 11, 2024

The amendment (s) must be included in the proposal.



Title: Residential, Therapeutic and Support Services for Adults with Serious Mental Illness who are with or without Intellectual Disabilities
RFP Number: 2025-01

The individual, firm, entity or organization identified below is registered as an interested party and/or "potential Offeror" to the RFP number above, and is therefore entitled to receive changes, amendments, inquiries and/or related correspondence in accordance with the Guam Procurement Regulations.

ACKNOWLEDGEMENT
Amendment No. 2025-01-A03
ATTACHMENTS, EXHIBIT 19 TO EXHIBIT 23

The person below is the authorized representative or representative delegate and acknowledges receipt of the above numbered amendment(s).

Name of Organization, Firm or Individual	
Name and Signature	
Time and Date	

Instruction: This acknowledgement form must be filled out and returned to GBHWC Director's Office, faxed to (671) 649-6948, or emailed to marilyn.aflague@gbhwc.guam.gov

The amendment (s) must be included in the proposal.

Amendment GBHWC RFP 2025-01-A03



VI. ATTACHMENTS

The following attachments are made a part to this RFP, and are identified as mandatory (Exhibits) and/or Informational (Appendixes). Many require acknowledgement by the offeror and a notary public, or certification through the original (wet) signature of the offeror who is an executive or delegated representative. Proposals that do not contain notarized and/or original (wet) signatures will be deemed “unresponsive” and will be returned to the offeror(s).

No.	Category	Reference		Document	Requirement
20	Informational	Exhibit 19 Appendix 2	239-345	Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions (FAQ) March 29, 2024	Acknowledgement (Page 39)
21	Mandatory	Exhibit 20	346-409	Compliance and Reporting Guidance State and Local Fiscal Recovery Funds October 15, 2024 Version: 8.0	Wet Signature (Page 409)
22	Informational	Exhibit 21 Appendix 3	410-460	Assistance Listing 21.027. 2022 State and Local Fiscal Recovery Funds Compliance Supplement April 2022	Acknowledgement (Page 39)
23	Informational	Exhibit 22 Appendix 4	461-480	Assistance Listing 21.027. 2023 State and Local Fiscal Recovery Funds Compliance Supplement 2023	Acknowledgement (Page 39)
24	Mandatory	Exhibit 23	481-519	Assistance Listing 21.027. 2024 State and Local Fiscal Recovery Funds Compliance Supplement May 2024	Wet Signature (Pag 519)

Electronic signatures accepted from off-island offerors.

Certification and Acknowledgement:

By signature below, the Offeror certifies compliance as applicable to the mandatory documents listed above, and acknowledges the appendixes.

Name of Offer:

Name and Title of Official:

Signature and Date:

Coronavirus State and Local Fiscal Recovery Funds

Frequently Asked Questions

This document contains answers to Frequently Asked Questions (FAQs) regarding the Coronavirus State and Local Fiscal Recovery Funds (SLFRF, or Fiscal Recovery Funds) program. The 2022 final rule became effective April 1, 2022. On December 29, 2022, Congress amended the SLFRF program in the Consolidated Appropriations Act, 2023 (2023 CAA) to provide state, local, territorial and Tribal governments more flexibility to use SLFRF funds to provide emergency relief from natural disasters, build critical transportation infrastructure, and support community development. On August 10, 2023, Treasury released an interim final rule implementing these new eligible uses; this interim final rule was published in the *Federal Register* on September 20, 2023.

Generally, the 2023 CAA did not alter the existing eligible uses, and recipients may continue to use SLFRF funds in accordance with the 2022 final rule.

In November 2023, Treasury issued the [Obligation interim final rule \(Obligation IFR\)](#) to address recipients' questions and comments regarding the definition of obligation. The Obligation IFR clarifies the definition of "obligation" in Treasury's implementing regulations for the SLFRF program and provides related guidance to give additional flexibility and clarity to recipients to support their use of SLFRF funds.

The following FAQs include existing FAQs that address questions regarding the 2022 final rule, existing FAQs that have been updated to address the new eligible uses discussed in the 2023 interim final rule and the guidance in the Obligation IFR, and new FAQs that address the new eligible uses discussed in the 2023 interim final rule.

Treasury intends to update this document periodically in response to questions received from stakeholders. Previously, this document was named "2022 Final Rule Frequently Asked Questions." The title has been updated to "State and Local Fiscal Recovery Funds Frequently Asked Questions."

Two tables are provided below: (1) a revision table to assist in identifying the FAQs that are new or have been updated, including those FAQs that are new or have been updated to address the 2023 interim final rule; and (2) a table of key links to assist in accessing other program information. For general questions about the SLFRF program, please email SLFRF@treasury.gov.

Answers to frequently asked questions on distribution of SLFRF funds to non-entitlement units of local government (NEUs) can be found in this [FAQ supplement](#).

Answers to frequently asked questions on the taxability and reporting of payments from SLFRF can be found in this [FAQ issued by the IRS](#).

Answers to frequently asked questions that are unique to the 2021 interim final rule remain available at [2021 Interim Final Rule: Frequently Asked Questions](#).

Throughout these FAQs, Treasury may refer readers to relevant sections of the [Overview of the 2022 Final Rule](#) and the [Overview of the 2023 Interim Final Rule](#). The overviews provide a summary of major provisions of the 2023 interim final rule and 2022 final rule, respectively, for informational purposes and are intended as brief, simplified user guides to the 2022 final rule and 2023 interim final rule provisions. The descriptions provided in the overviews summarize key provisions of the 2022 final rule and 2023 interim final rule but are non-exhaustive, do not describe all of the terms and conditions associated with the use of SLFRF funds, and do not describe all requirements that may apply to these award funds. Any SLFRF funds received are subject to the terms and conditions of the agreement entered into by Treasury and the respective jurisdiction, which incorporate the provisions of the 2022 final rule, the 2023 interim final rule, and the guidance that implements this program.

FAQ Categorization

Version	Date	Category	FAQ #
1.0	April 27, 2022	FAQs retained with slight modifications from the 2021 Interim Final Rule: Frequently Asked Questions document (please note that FAQ numbering has changed between the two documents)	#1.1 – #1.2, #1.4 – 1.7, #2.10, #2.12 – #2.13, #3.8 – #3.13, #4.3, #4.5, #6.10 – #6.11, #6.14, #8.1, #8.3, #10.1 – #10.2, #11.1 – 11.3, #11.6 – 11.12, #12.1 – 12.2
1.0	April 27, 2022	New or Substantially Updated FAQs	#1.3, #1.8, #2.1 – #2.9, #2.11, #2.14 – #2.24, #3.1 – 3.7, #3.14, #4.1 – #4.2, #4.4, #4.6, #4.7 – #4.10, #5.1 – #5.4, #6.1 – #6.9, #6.12 – #6.13, #6.15 – #6.16, #8.2, #11.4 – #11.5, Section 13
2.0	July 27, 2022	Updated FAQs	#2.14, #3.1, #4.9
2.0	July 27, 2022	New FAQs	#6.17 - #6.20, #13.13 - #13.17
2.1	April 10, 2023	New FAQ	#4.11
3.0	February 1, 2024	FAQs updated to address the 2023 Interim Final Rule	#2.6, #3.1, #3.3, #4.1, #4.2, #4.3, #4.4, #4.5, #4.6, #4.9, #4.11, #6.3, #6.12, #6.13, #6.15, #6.18, #6.20, #13.16
3.0	February 1, 2024	FAQ updated to address the Obligation Interim Final Rule	#13.17
3.0	February 1, 2024	New FAQs	Section 14, Section 15, Section 16

3.0	March 5, 2024	Updated FAQ	#2.14
4.0	March 29, 2024	New FAQs	Section 17
4.0	March 29, 2024	FAQs updated to address the obligation Interim Final Rule	#13.14, 13.17, 16.10

SLFRF Resources

Item	Description
SLFRF Homepage	SLFRF program website
2021 Interim Final Rule	Text of the 2021 interim final rule
2022 Final Rule	Text of the 2022 final rule
Overview of the 2022 Final Rule	Summary overview of 2022 final rule
2022 Final Rule Webinar	Recording of a webinar describing the 2022 final rule
2022 Final Rule Webinar Slides	Slide deck associated with the 2022 Final Rule Webinar
2023 Interim Final Rule	Text of the 2023 interim final rule
Overview of the 2023 Interim Final Rule	Summary overview of the 2023 interim final rule
Obligation Interim Final Rule	Text of the obligation interim final rule
Obligation Interim Final Rule Quick Reference Guide	Summary overview of the obligation interim final rule
Non-Entitlement Units (NEUs) FAQs	FAQs associated with the distribution of SLFRF funds to NEUs
Tribal Government Fact Sheet	Summary of the 2022 final rule for Tribal Governments
Affordable Housing How-To Guide	Provides guidance on how to use SLFRF funds for affordable housing production and preservation
Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule	Provides guidance on compliance with the 2022 final rule and 2021 interim final rule
Tool for Determining Low and Moderate Income (LMI) Households	Microsoft Excel file containing data and guidance on determining low-and-moderate income thresholds
Compliance and Reporting Guidance	Describes compliance and reporting responsibilities under the SLFRF program

1. Eligibility and Allocations

1.1. Which governments are eligible for funds?

The following governments are eligible:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities
- Non-entitlement units, or smaller local governments

1.2. Which governments receive funds directly from Treasury?

Treasury distributes funds directly to each eligible state, territory, metropolitan city, county, or Tribal government. Smaller local governments that are classified as non-entitlement units receive funds through their applicable state government.

1.3. Are special-purpose units of government eligible to receive funds?

Special-purpose units of local government are not eligible to receive an award as a recipient under the SLFRF program; however, a state, territory, local, or Tribal government may transfer funds to a special-purpose unit of government to carry out a program or project on its behalf as a subrecipient. Special-purpose districts perform specific functions in the community, such as fire, water, sewer or mosquito abatement districts. A recipient can also provide funds to an entity that is special-purpose government for the purpose of directly benefitting the entity as a result of the entity experiencing a public health impact or negative economic impact of the pandemic.

1.4. How are funds being allocated to Tribal governments, and how will Tribal governments find out their allocation amounts?

\$20 billion of Fiscal Recovery Funds was reserved for Tribal governments. The American Rescue Plan Act specified that \$1 billion would be allocated evenly to all eligible Tribal governments. The remaining \$19 billion was to be distributed using an allocation methodology determined by Treasury, which was based on enrollment and employment.

There were two payments to Tribal governments. Each Tribal government's first payment included (i) an amount in respect of the \$1 billion allocation that was to be divided equally among eligible Tribal governments and (ii) each Tribal government's pro rata share of the Enrollment Allocation. Tribal governments were notified of their allocation amount and delivery of payment 4-5 days after completing request for funds in the Treasury Submission Portal. The deadline to make the initial request for funds was June 21, 2021.

Exhibit 19 (Appendix)

The second payment included a Tribal government's pro rata share of the Employment Allocation. There was a \$1,000,000 minimum employment allocation for Tribal governments. In late June 2021, Tribal governments received an email notification to re-enter the Treasury Submission Portal to confirm or amend their 2019 employment numbers that were submitted to Treasury for the CARES Act's Coronavirus Relief Fund. To receive an Employment Allocation, including the minimum employment allocation, Tribal governments must have confirmed employment numbers by July 23, 2021. Treasury calculated employment allocations for those Tribal governments that confirmed or submitted amended employment numbers by the deadline. In August, Treasury communicated to Tribal governments the amount of their portion of the Employment Allocation and the anticipated date for the second payment.

1.5. My county is a unit of general local government with population under 50,000. Will my county receive funds directly from Treasury?

Yes. All counties that are units of general local government receive funds directly from Treasury and should apply via the [online portal](#). The list of county allocations is available [here](#).

1.6. My local government expected to be classified as a non-entitlement unit. Instead, it was classified as a metropolitan city. Why?

The American Rescue Plan Act (ARPA) defines, for purposes of the Coronavirus Local Fiscal Recovery Fund (CLFRF), metropolitan cities to include those that are currently metropolitan cities under the Community Development Block Grant (CDBG) program but also those cities that relinquish or defer their status as a metropolitan city for purposes of the CDBG program. This would include, by way of example, cities that are principal cities of their metropolitan statistical area, even if their population is less than 50,000. In other words, a city that is eligible to be a metropolitan city under the CDBG program is eligible as a metropolitan city under the CLFRF, regardless of how that city has elected to participate in the CDBG program.

Unofficial allocation estimates produced by other organizations may have classified certain local governments as non-entitlement units of local government. However, based on the statutory definitions, some of these local governments should have been classified as metropolitan cities.

1.7. In order to receive and use funds, must a recipient government maintain a declaration of emergency relating to COVID-19?

No. Neither the statute establishing the SLFRF nor the 2022 final rule requires recipients to maintain a local declaration of emergency relating to COVID-19.

1.8. Can nonprofit or private organizations receive funds? If so, how?

Exhibit 19 (Appendix)

Yes. Under section 602(c)(3) of the Social Security Act, a State, territory, or Tribal government may transfer funds to a “private nonprofit organization . . . , a Tribal organization . . . , a public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of State or local government.” Similarly, section 603(c)(3) authorizes a local government to transfer funds to the same entities (other than Tribal organizations). The 2021 interim final rule clarified that the lists of transferees in sections 602(c)(3) and 603(c)(3) are not exclusive, and the 2022 final rule clarified that recipients may transfer funds to any entity to carry out, as a subrecipient, an eligible activity on behalf of the SLFRF recipient (transferor), as long as they comply with the SLFRF Award Terms and Conditions and other applicable requirements. A transferee receiving a transfer from a recipient under sections 602(c)(3) and 603(c)(3) will be considered a subrecipient and will be expected to comply with all subrecipient reporting requirements.

Additionally, a recipient can provide funds to an entity, including a nonprofit organization, for the purpose of directly benefitting the entity as a result of the entity experiencing a public health impact or negative economic impact of the pandemic. In this instance, these entities will be considered beneficiaries, not subrecipients, and will not be expected to comply with subrecipient reporting requirements. Beneficiary reporting requirements will apply.

The ARPA does not authorize Treasury to provide SLFRF funds directly to nonprofit or private organizations. Thus, a nonprofit or private organization should seek funds from the SLFRF recipient(s) (in their jurisdiction (e.g., a State, local, territorial, or Tribal government)).

2. Eligible Uses – Responding to the Public Health Emergency / Negative Economic Impacts

2.1. If a use of funds is not explicitly permitted in the 2022 final rule as a response to the public health emergency and its negative economic impacts, does that mean it is prohibited?

No. The 2022 final rule provides a non-exhaustive list of enumerated uses that respond to pandemic impacts. The 2022 final rule also presumes that some populations experienced pandemic impacts and are eligible for responsive services. 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 also may identify groups or “classes” of beneficiaries that experienced pandemic impacts and provide services to those groups.

2.2. What types of services are eligible as responses to the negative economic impacts of the pandemic?

Eligible uses to respond to the negative economic impacts of the pandemic include

Exhibit 19 (Appendix)

assistance to households and communities; assistance to small businesses and nonprofits; aid to impacted industries; and uses to support public sector capacity and workforce. For an overview of the eligible uses within each of these subcategories, please see pages 12-13 and 16-34 of the [Overview of the 2022 Final Rule](#). The eligible uses within this category include programs and services to respond to impacts of the pandemic on households and communities, such as:

- Cash assistance
- Food assistance (e.g., child nutrition programs, including school meals) & food banks
- Childcare and early learning services, home visiting programs, services for child welfare-involved families and foster youth & childcare facilities
- Programs or services to support long-term housing security, including development of affordable housing and permanent supportive housing

They also include uses to bolster public sector capacity and workforce, such as:

- 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.
- Payroll and covered benefits for additional public sector workers 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.

These tools can allow recipients not only to bring back laid-off workers, but to address critical shortages of teachers, instructional aides, transportation workers, behavioral health workers, and other key government personnel, by funding positions at competitive wages and improving job quality in these sectors (see FAQs [#2.15](#), [#2.16](#), [#2.17](#)).

Recipients also have broad flexibility to identify and respond to other pandemic impacts and serve other populations that experienced pandemic impacts, beyond the enumerated uses. For more information on identifying eligible uses beyond those enumerated, please see pages 32-34 of the [Overview of the 2022 Final Rule](#).

2.3. What types of COVID-19 response, mitigation, and prevention activities are eligible?

Please see pages 12-14 of the [Overview of the Final 2022 Rule](#) for a non-exhaustive list of enumerated eligible uses relating to COVID-19 mitigation and prevention, as well as information about how to design other responses that are not included in the list.

2.4. May recipients use funds to respond to the public health emergency and its negative economic impacts by providing direct cash transfers to households?

Yes. Cash transfers, like all eligible uses in the public health and negative economic impacts category, must respond to the negative economic impacts of the pandemic on a household or class of households. Recipients may presume that low- and moderate-income households (as defined in the 2022 final rule), as well as households that experienced unemployment, food insecurity, or housing insecurity, experienced a negative economic impact due to the pandemic. Recipients may also identify other households or classes of households that experienced a negative economic impact of the pandemic and provide cash assistance that is reasonably proportional to, and not grossly in excess of, the amount needed to address the negative economic impact. For example, in the ARPA, Congress authorized Economic Impact Payments to households at certain income levels, identifying and responding to a negative economic impact of the pandemic on these households.

Treasury has reiterated in the 2022 final rule that responses to negative economic impacts should be reasonably proportional to the impact that they are intended to address. Uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses. Reasonably proportional refers to the scale of the response compared to the scale of the harm. It also refers to 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 assistance in a very small amount to a group that experienced severe harm and in a much larger amount to a group that experienced relatively little harm. Please also see questions 7-10 from the [IRS-issued FAQ](#) on SLFRF relating to the taxability of cash transfers.

2.5. May recipients use funds to respond to the public health emergency and its negative economic impacts by replenishing unemployment funds?

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. Through December 31, 2024, 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

Exhibit 19 (Appendix)

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).

2.6. May funds be used to reimburse recipients for costs incurred by state, local and Tribal governments in responding to the public health emergency and its negative economic impacts prior to passage of the American Rescue Plan?

Use of SLFRF is generally forward looking. The 2022 final rule permits funds to be used to cover costs incurred beginning on March 3, 2021, for the eligible use categories described in the 2022 final rule. For the three eligible use categories of emergency relief from natural disasters, Surface Transportation projects, and Title I projects, recipients may use SLFRF funds for costs incurred beginning on December 29, 2022, as provided in the 2023 interim final rule.

2.7. May recipients use funds for general economic development?

Generally, no. General economic 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.

To identify an eligible use of funds under the public health and negative economic impacts category, a recipient must identify a beneficiary or class of beneficiaries that experienced a harm or impact due to the pandemic, and eligible uses of funds must be reasonably designed to respond to the harm, benefit the beneficiaries that experienced it, and be related and reasonably proportional to that harm or impact. For example, job training and other supports – like childcare, transportation, and subsidized employment – for unemployed workers may be used to address negative economic impacts of the public health emergency and be eligible.

2.8. How can recipients use funds to assist the travel, tourism, and hospitality industries? May recipients use funds to assist impacted industries other than travel, tourism, and hospitality?

Please see pages 24-25 of the [Overview of the 2022 Final Rule](#).

2.9. How does the 2022 final rule help address the disparate impacts of COVID-19 on certain populations and geographies?

In recognition of the long-standing disparities in health and economic outcomes in underserved communities that have amplified and exacerbated the impacts of the COVID-19 pandemic, the 2022 final rule identifies certain populations as “disproportionately impacted” by the pandemic and enumerates a broad range of services and programs to help address health disparities, to build stronger communities through investments in

Exhibit 19 (Appendix)

neighborhoods, to address educational disparities, to provide rental assistance vouchers or assistance relocating to areas of greater economic opportunity, and other eligible uses to respond to negative economic impacts in disproportionately impacted communities.

Specifically, Treasury will presume that certain populations were disproportionately impacted by the pandemic and therefore automatically eligible to receive responsive services. See page 19 of the [Overview of the 2022 Final Rule](#) for a full list of the populations presumed disproportionately impacted by the pandemic.

Recipients may also provide responsive services to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately impacted communities, recipients should be able to support their determination for how the pandemic disproportionately impacted the populations, households, or geographic areas to be served.

Treasury has provided a non-exhaustive list of eligible responses to serve disproportionately impacted communities on page 20 of the [Overview of the Final Rule](#). Note that these are an enhanced set of responses available in addition to responses available to respond to impacts of the pandemic on households and communities (including those listed on page 18 of the Overview).

2.10. May recipients use funds to pay for vaccine incentive programs (e.g., cash or in-kind transfers, lottery programs, or other incentives for individuals who get vaccinated)?

Yes. Under the 2022 final rule, recipients may use SLFRF funds to respond to the COVID-19 public health emergency, including expenses related to COVID-19 vaccination programs.

Programs that provide incentives reasonably expected to increase the number of people who choose to get vaccinated, or that motivate people to get vaccinated sooner than they otherwise would have, are an allowable use of funds so long as such costs are reasonably proportional to the expected public health benefit.

2.11. How can recipients use funds to support workers returning to work?

Under the 2022 final rule, recipients may use SLFRF funds under the public health and negative economic impacts eligible use category to provide 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, cash and other incentives for newly employed workers, subsidized employment, grants to hire underserved workers, assistance to unemployed individuals to start small businesses, and development of job and workforce training centers.

2.12. What staff are included in “public safety, public health, health care, human services, and similar employees”? Would this include, for example, 911 operators, morgue staff, medical examiner staff, or EMS staff?

As discussed in the 2022 final rule, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, for the portion of the employee’s time that is dedicated to responding to the COVID-19 public health emergency.

Public safety employees would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel. Note that this category encompasses both public health and health care employees; both are treated as public health employees for the purposes of this eligible use category. Human services staff include employees providing or administering social services; public benefits; child welfare services; and child, elder, or family care, as well as others.

2.13. May recipients use funds to establish a public jobs program?

Yes. Under the public health and negative economic impacts eligible use category, the 2022 final rule permits a broad range of services to unemployed or underemployed workers and other individuals that suffered negative economic impacts from the pandemic. That can include public jobs programs, subsidized employment, combined education and on-the-job training programs, or job training to accelerate rehiring or address negative economic or public health impacts experienced due to a worker’s occupation or level of training. The broad range of permitted services can also include other employment supports, such as childcare assistance or assistance with transportation to and from a jobsite or interview.

2.14. Can funds be used for investments in affordable housing?

Yes. Under the final rule, “Development, repair, and operation of affordable housing and services or programs to increase long-term housing security” is an enumerated eligible use to respond to impacts of the pandemic on households and communities. Treasury continues to strongly encourage the use of SLFRF for affordable housing and has updated this FAQ to promote clarity and administrability in the use of these funds.

Affordable housing projects must be responsive and proportional to the harm identified. This standard may be met by affordable housing projects—which may involve large expenditures and capital investments—if the developments increase the supply of long-

Exhibit 19 (Appendix)

term affordable housing for households that experienced associated pandemic impacts under the final rule.

Presumptively Eligible Uses

For purposes of this standard, if a project fits within either of the below presumptions, Treasury will presume that a project is eligible. As discussed more below, Treasury will presume that the following affordable housing investments are eligible uses of SLFRF funds as responses to the negative economic impacts of the pandemic: (1) projects that would be eligible for funding under (or, in certain cases, that are funded under) an expanded list of federal housing programs and (2) projects for the development, repair, or operation of affordable rental housing with certain income and affordability requirements. Recipients' affordable housing projects may use either of these presumptions to qualify as a presumptively eligible use. If a recipient uses one presumption for an affordable housing project, the recipient may still use a different presumption for another affordable housing project.

Presumption 1: Treasury will presume that any project that is eligible to be funded under any of the following federal housing programs is an eligible use of SLFRF funds as a response to the negative economic impacts of the pandemic:

- The Housing Trust Fund (HTF, administered by HUD);
- The HOME Investment Partnerships Program (HOME, administered by HUD);
- The Low-Income Housing Tax Credit (administered by Treasury);
- The Public Housing Capital Fund (administered by HUD);
- Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons with Disabilities Program (administered by HUD);
- Project-Based Rental Assistance (PBRA, administered by HUD);
- Multifamily Preservation & Revitalization program (administered by USDA);
- Project Based Vouchers (PBVs, administered by HUD);
- Choice Neighborhoods¹ (administered by HUD);
- Section 514/516 Farm Labor Housing Direct Loans and Grants (administered by USDA);
- Section 515 Multifamily Housing Direct Loans (administered by USDA); and
- Section 538 Multifamily Housing Loan Guarantees (administered by USDA).

Second, Treasury will presume that financial assistance to a household benefiting from a loan guarantee under the following federal housing program, that is intended to supplement that federal housing program, is an eligible use of SLFRF funds as a response to the negative economic impacts of the pandemic:

- Section 502 Single Family Housing Guaranteed Loans (administered by USDA).

Third, Treasury will presume that any affordable housing project that is participating or approved to participate in the following federal housing programs is an eligible use of

¹ Recipients may use this presumption only if the funds are used for the development of affordable housing as defined for purposes of the Choice Neighborhoods program.

Exhibit 19 (Appendix)

SLFRF funds as a response to the negative economic impacts of the pandemic:

- Projects financed under the Section 108 Loan Guarantee Program (administered by HUD).

Fourth, Treasury will presume that financial support for an affordable housing project that is or will be financed with a loan that is purchased by Fannie Mae or Freddie Mac (each, a GSE) is an eligible use of SLFRF funds as a response to the negative economic impacts of the pandemic to the extent that the loan purchased by Fannie Mae or Freddie Mac is:

- considered by the GSE to be fully or partially “mission driven” under FHFA’s definition of “Loans on targeted affordable housing properties,” in [Appendix A: Multifamily Definitions](#) of the 2024 Scorecard for Fannie Mae and Freddie Mac; or
- purchased under Fannie Mae’s Sponsor-Dedicated Workforce Housing Program, Fannie Mae’s Sponsor-Initiated Affordability Program, Freddie Mac’s Workforce Housing Preservation, or otherwise considered by the GSE to be fully or partially “mission driven” under FHFA’s definition of “Loans to preserve affordability at workforce housing properties,” in [Appendix A: Multifamily Definitions](#) of the 2024 Scorecard for Fannie Mae and Freddie Mac.

In previous guidance, presumptive eligibility for affordable housing projects was limited to HOME and HTF. Treasury has updated this list by adding additional programs in an effort to increase administrability and clarity in the use of SLFRF funds for affordable housing purposes. This update is also expected to decrease the transaction costs associated with layering SLFRF funds with existing projects. Note that these programs use different income limits than the definitions of low- and moderate-income adopted by Treasury. Given the severity of the affordable housing shortage, and the ways in which the pandemic has exacerbated the need for affordable, high-quality dwelling units, Treasury has determined that the households served by these federal housing programs have been impacted by the pandemic and its negative economic impacts and that development of affordable housing consistent with these programs is a related and reasonably proportional response to those impacts. Additionally, affordable housing projects provided by a Tribal government are eligible uses of SLFRF funds if they would be eligible for funding under the Indian Housing Block Grant program, the Indian Community Development Block Grant program, or the Bureau of Indian Affairs Housing Improvement Program.

To the extent that a recipient chooses to use SLFRF funds to invest in affordable housing projects in alignment with these federal housing programs, the investment agreement must require the covered project or units to adhere to all applicable local codes, and comply, at a minimum, with the applicable federal housing program’s requirements related to the following (to the extent the applicable federal housing program has such requirements):

- Resident income restrictions;
- The period of affordability and related covenant requirements for assisted units;
- Tenant protections; and
- Housing quality standards.

Presumption 2: Treasury will presume that an investment in the development, repair, or

Exhibit 19 (Appendix)

operation of any affordable rental housing unit is an eligible use of SLFRF funds to respond to the negative economic impacts of the pandemic if the unit has a limited maximum income of 120% area median income (AMI), as imposed through a covenant, land use restriction agreement, or other enforceable legal requirement for a period of at least 20 years. A jurisdiction may establish a longer period of affordability at its discretion. This presumption is available even if the project does not align with the federal housing programs specified in Presumption 1.

Under this presumption, recipients may use SLFRF funds as part of the financing for a mixed-income housing project if the total financing made up of SLFRF funds does not exceed the total development costs attributable to affordable housing units limited to households at or below 120% AMI for the affordability period. For example, if 25% of a project's units are reserved for families at or below 120% AMI for the affordability period, and 20% of the total development costs of the project are attributable to such reserved units, then SLFRF funds may be used to pay for up to 20% of the total development costs.

The income limit and 20-year affordability covenant does not need to apply to specific units, but rather it may specify a number of units within the development, in which case the covenant should also specify the bedroom size mix.

Recipients are strongly encouraged to prioritize SLFRF investments for affordable housing in close proximity to, or with strong transit linkages to, centers of employment and/or institutions that provide high quality education or childcare, health care, services and healthy foods.

Additional Eligible Uses:

Note that other affordable housing projects, beyond those eligible under the presumptions described above, may also be eligible uses of SLFRF funds under the final rule if they are related and are reasonably proportional to addressing the negative economic impacts of the pandemic and otherwise meet the final rule's requirements. As an example, in certain rental markets, data indicates that there are gaps in financing for units serving households even above 120% AMI and/or significantly higher than average housing costs relative to AMI that have led communities in this income threshold to be impacted by the pandemic. In such cases, it may be reasonably proportional to address the negative economic impacts of the pandemic by funding units (e.g., above 120% AMI) that do not fall into the presumptively eligible categories listed above. To further support sustainable and durable homeownership, recipients may consider offering down payment assistance, such as through contributions to a homeowner's equity at origination or that establish a post-closing mortgage reserve account on behalf of the borrower that may be utilized to make a missed or partial mortgage payment at any point during the life of the loan (e.g., if the borrower faces financial stress). Homeownership assistance, as well as rental activities, that would be eligible under the Community Development Block Grant program are also an eligible use of SLFRF funds.

2.15. Can I use funds to raise public sector wages and hire public sector workers?

Yes. Under the increased flexibility of the 2022 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, including reasonable increases in compensation, and paying for ancillary administrative costs related to hiring, support, and retention.

Under the set of eligible uses for public-sector rehiring, recipients may fill vacancies and add additional employees using SLFRF funds (see pages 4385-4387 of the 2022 final rule and pages 27-28 of the [Overview of the 2022 Final Rule](#)). Recipients have two options to restore pre-pandemic employment, depending on the recipient's needs. First, 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.

Second, 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. Filling these roles may require recipients to increase wages and improve benefits above and beyond what they currently offer, especially in roles with historically low wages and acute staffing needs. This compensation would be an eligible use of SLFRF funds.

SLFRF funds also may be used to provide 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.

2.16. How can funds be used to improve job quality and address labor supply challenges in the education and childcare sectors?

SLFRF funds can pay for the full salary and benefits of many school and childcare staff, including increased wages needed to recruit and retain excellent staff, and to fund premium pay, bonuses, training, and other worker supports. Some examples of potential uses of funds related to supporting the education and childcare sectors are provided below:

Exhibit 19 (Appendix)

- Under the public health and negative economic impacts eligible use category, SLFRF funds can be used broadly for re-hiring public sector staff, such as school staff, to restore the public sector, including payroll and covered benefits for new or re-hired public employees (see [FAQ #2.15](#)).
 - Even where the recipient, such as the municipality, does not have budgetary authority over a school district, it may choose to sub-award SLFRF funds to districts and other government entities for these purposes (see [FAQ #2.17](#)).
- SLFRF can fund premium pay for essential workers, including school personnel and childcare providers working in person in both the public and private sector, to compensate them for their service during the pandemic (see pages 35-36 of the [Overview of the 2022 Final Rule](#) and [section 5 of the FAQs](#)).
- Under the public health and negative economic impacts eligible use category, SLFRF can fund supports for unemployed and underemployed workers, including hiring bonuses, training, and other labor supports, regardless of sector (see [FAQ #2.11](#)).
 - Under this provision, recipients can help childcare providers and school districts by strengthening pipelines into these sectors, including by using SLFRF funds to train potential workers to fill in-demand roles in childcare and education, including as school bus drivers, school nutrition staff, paraprofessionals, and other staff.
- Childcare subsidies and other supports for childcare programs – public or private – that serve low- and moderate-income families, are broadly eligible uses of SLFRF funding under the public health and negative economic impacts eligible use category (see [FAQ #2.25](#)). These subsidies can support improvements to wages and job quality that make childcare employment an attractive career.
- Recipients can also provide assistance to small businesses under the public health and negative economic impacts eligible use category – which many state and local governments can use to help childcare small businesses expand their business, raise wages for workers, and complete training and other technical assistance to support high-quality care, given the impacts these businesses have faced over the course of the pandemic (see pages 21-22 of the [Overview of the 2022 Final Rule](#)).

2.17. How can recipients use funds to invest in their public sector workforce when the recipient government is not the direct employer, as is the case with some transit agencies and local educational agencies?

Under the increased flexibility of the 2022 final rule, SLFRF funds may be used to support a broader set of uses to restore and support public sector employment as a response to the

Exhibit 19 (Appendix)

pandemic and its negative economic impacts (see [FAO #2.15](#)).

Treasury acknowledges that funding models for public sector workers vary drastically across jurisdictions, and the direct employer of a public sector worker may be an entity separate from the SLFRF recipient government, like an independent transit agency or local educational agency (LEA), rather than the recipient government itself. Recipients may still use SLFRF funds to hire workers in these sectors under such circumstances.

Using the calculation detailed on page 4386 of the 2022 final rule and pages 27-28 of the [Overview of the 2022 Final Rule](#), a recipient may calculate at an entity level the actual number of FTEs for the entity and the adjusted pre-pandemic baseline for the entity. The difference between the actual number of FTEs and the adjusted pre-pandemic baseline represents the number of FTEs that can be hired using SLFRF funds.

A recipient may then transfer funds to the entity, which would act as a subrecipient and cover payroll, covered benefits, and other costs associated with hiring up to this number of FTEs. A recipient may, in addition, “transfer” the FTEs it may hire based on its own calculation to the entity. A recipient may not, however, perform the calculation on the behalf of an entity, and then “transfer” to itself, or to any other entity, any of the FTEs able to be hired by the entity.

As an illustrative example, consider a recipient county government that would like to fund the salary and benefits costs for hiring teachers in a school district.

The school district has 2000 budgeted FTEs on January 27, 2020. The school district’s pre-pandemic baseline is 2000 FTEs; its adjusted pre-pandemic baseline is $2000 * 1.075 = 2150$ FTEs. The county’s pre-pandemic baseline is 1000 FTEs; its adjusted pre-pandemic baseline is $1000 * 1.075 = 1075$ FTEs. Now, assume that on March 3, 2021, the school district had 1800 budgeted FTEs in total, and the county had 1000 budgeted FTEs.

The county would be able to transfer funds to the school district to hire up to 350 FTEs with SLFRF funds (that is, $2150 - 1800 = 350$ FTEs), and additionally, “transfer” up to 75 FTEs to the school district (that is, $1075 - 1000 = 75$ FTEs). If the county decided to “transfer” all of its 75 FTEs to the school district, then the school district could hire up to $350 + 75 = 425$ FTEs using funds from the county. However, the county may not directly hire any more than 75 FTEs under this public sector hiring provision, and may not use any of the funds for the 350 FTEs able to be hired by the school district to fund any of the county’s FTE positions.

This public sector rehiring provision is a powerful tool for addressing staffing needs and shortages across government.

2.18. Can I use SLFRF funds to provide childcare to households?

Yes. Childcare and early learning services, home visiting programs, services for child welfare involved families and foster youth are an enumerated use eligible to respond to

Exhibit 19 (Appendix)

impacts of the pandemic on households and communities. These eligible uses can include new or expanded services, increasing access to services, efforts to bolster, support, or preserve existing providers and services, and similar activities. Further, improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures, subject to the other eligibility standards for capital expenditures.

2.19. How can funds be used for “installation and improvement of ventilation systems in congregate settings, health care settings, or other public facilities” like commercial buildings, office buildings, schools, nursing homes, multi-family residential buildings, and restaurants?

As a general matter, ventilation improvements, including updates to HVAC systems, improved air filtration, and increased outdoor air flow, can help reduce the concentration and risk of exposure to aerosols, and thus infection with COVID-19.² The [National COVID-19 Preparedness Plan](#) specifies that improving ventilation and air filtration is a key component of keeping schools and businesses safely open. Although improvements to ventilation and air cleaning cannot on their own eliminate the risk of airborne transmission of the SARS-CoV-2 virus, the Environmental Protection Agency (EPA) has recommended taking steps to improve [indoor air quality](#) (IAQ) including optimizing fresh air ventilation, enhancing air filtration and cleaning, and managing the way air flows as components of a larger approach that may include individual actions and layered prevention strategies.

Under the SLFRF program, funds for installation and improvement of ventilation systems can be used for projects that respond to the pandemic’s public health impacts and provide longer-term benefits, including the inspection, testing, commissioning, maintenance, repair, replacement, and upgrading of HVAC systems to improve indoor air quality in facilities. Projects can include assessing current HVAC systems, updating HVAC systems, updating air filters, installing functional windows for improved ventilation, repairing windows and doors, installing in-room air cleaning devices, and other projects for improving indoor air quality. For a more extensive guide of how to effectively use funds for ventilation improvements, Treasury recommends reviewing EPA’s [Clean Air in Buildings Challenge](#), a call to action and a set of guiding principles and best practices to assist building owners and operators with improving IAQ in buildings, as well as EPA’s resource page on [“Ventilation and Coronavirus \(COVID-19\).”](#) For a guide on federal programs and resources to support school infrastructure, including ventilation improvements, Treasury recommends consulting the [“White House Toolkit: Federal Resources for Addressing School Infrastructure Needs.”](#) Further, Treasury recommends that recipients engage with public health and infection prevention professionals to develop and support an effective COVID-19 mitigation strategy. Finally, Treasury recommends that recipients ensure that the inspection, testing, commissioning, maintenance, repair, replacement, and upgrading of ventilation systems is performed by a skilled, trained, and certified workforce.

² <https://www.cdc.gov/coronavirus/2019-ncov/community/ventilation.html>;
<https://www.epa.gov/coronavirus/indoor-air-and-coronavirus-covid-19>.

Exhibit 19 (Appendix)

Recipients that undertake ventilation system investments under the public health and negative economic impacts eligible use category should review capital expenditure requirements in the 2022 final rule and note that capital expenditures must be related and reasonably proportional to the pandemic impact identified.

2.20. In what types of buildings can recipients use funds to install and improve of ventilation systems?

In addition to directly installing and improving ventilation systems in congregate settings, health care settings, or other public facilities, recipients may grant or loan funds to businesses, non-profits, and other entities that may benefit from COVID-19 mitigation measures.

In making these investments, Treasury recommends that recipients consult with public health and infection prevention professionals and that recipients ensure work is performed by a workforce that is skilled, trained, and certified in ventilation systems work. Many buildings would benefit from ventilation improvements, including settings where risk of infection is higher, such as when people are indoors for prolonged periods of time, are in crowded environments, or are performing activities that increase emission of respiratory fluids (such as speaking loudly, singing, or exercising).³ This includes commercial buildings, office buildings, dense worksites, schools, nursing homes and other long-term care facilities, multi-family residential buildings, restaurants, correctional facilities, transportation hubs, and public transit vehicles, among other locations. Recipients are encouraged to consider congregate settings and other key locations as priorities for installation and improvement of ventilation systems. Please note that use of funds is not limited to government-owned public facilities and funds may be distributed by recipients to private businesses, non-profits, and others for COVID-19 mitigation and prevention, as the 2022 final rule clarifies that recipients may identify the general public as the impacted population for COVID-19 prevention and mitigation services. Recipients should review capital expenditure requirements for the public health and negative economic impacts eligible use category in the 2022 final rule before undertaking investments in ventilation systems.

For more information on ventilation system upgrades for school settings, Treasury recommends consulting:

- Creating Healthy Indoor Air Quality in Schools: <https://www.epa.gov/iaq-schools>
- Efficient and Healthy Schools campaign: <https://efficienthealthyschools.lbl.gov/>
- Efficient and Healthy Schools website: <https://www.energy.gov/eere/buildings/efficient-and-healthy-schools>

For more information on ventilation system upgrades for office and other commercial building settings, Treasury recommends consulting:

- Enhancing Health with Indoor Air: <https://sftool.gov/learn/about/626/enhancing-health-indoor-air>

³ <https://www.epa.gov/coronavirus/indoor-air-and-coronavirus-covid-19>.

Exhibit 19 (Appendix)

- Sustainable Response to COVID-19: <https://sftool.gov/learn/about/625/sustainable-response-covid-19>
- Better Buildings Resource Center: Building Operations during COVID-19 <https://betterbuildingssolutioncenter.energy.gov/covid19>

For more information on ventilation system upgrades for residential settings, Treasury recommends consulting:

- Improving Ventilation in Your Home: <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/Improving-Ventilation-Home.html>
- Ventilation in Buildings: <https://www.cdc.gov/coronavirus/2019-ncov/community/ventilation.html>

2.21. Can SLFRF funds be used to support public school facility improvements, upgrades, and new construction – such as those that make buildings more energy efficient, increase their use of renewable energy, address capacity constraints, and respond to health and safety concerns?

Yes. There are numerous ways in which SLFRF funds may be used to support public school facility improvements and upgrades.

First, as part of the public health and negative economic impacts (PH-NEI) eligible use category, SLFRF funds may be used address educational disparities in disproportionately impacted communities,⁴ which may include funding improvements or new construction of schools and other educational facilities or equipment. Recipients may consider energy efficiency improvements as part of their facility investments, and may also use funds for pre-project development costs, such as assessment of building conditions, energy audits, feasibility studies, HVAC commissioning and testing, and lead testing, that are tied to or reasonably expected to lead to an eligible investment in school facilities to address educational disparities in disproportionately impacted communities. Recipients should review and comply with the requirements applicable to capital expenditures under the PH-NEI eligible use category as outlined in the 2022 final rule.⁵

Second, as part of the PH-NEI eligible use category, recipients may use funds for adaptations to schools for the purpose of mitigating the spread of COVID-19, including for ventilation improvements. Similar to the above, recipients should ensure compliance with the capital expenditure requirements for the eligible use category.

Third, as part of the water and sewer infrastructure eligible use category, recipients may invest in certain projects to support lead remediation, including replacement of internal plumbing and faucets and fixtures in schools and childcare facilities. Recipients can also

⁴ Please see FAQ 2.9 for more on disproportionately impacted communities, and the [Overview of the 2022 Final Rule](#) (p. 19) for a list of presumed disproportionately impacted communities. 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.

⁵ Please see the [Overview of the 2022 Final Rule](#) (p. 30-31) for a summary of capital expenditure requirements for the public health and negative economic impacts eligible use category.

Exhibit 19 (Appendix)

invest in certain green water infrastructure projects. Eligible water and sewer projects are generally aligned with those allowable under the EPA's Drinking Water and Clean Water State Revolving Funds, and Treasury has added additional eligible projects as part of the 2022 final rule. Recipients should review and comply with the specific requirements provided for in the water and sewer infrastructure eligible use category as outlined in the 2022 final rule.

Fourth, as part of the revenue loss eligible use category, which is the broadest eligible use category that is capped by either the \$10 million standard allowance (up to a recipient's award size) or a recipient's calculated revenue loss, recipients may use SLFRF funds on government services. These government services include any service traditionally provided by a government unless Treasury has stated otherwise. Eligible government services that may be covered under the revenue loss eligible use category include maintenance, improvement, or new construction of public school facilities, including those that address over-crowding and capacity constraints, support energy efficiency, and respond to health and safety concerns, among other purposes.

Under the SLFRF program, recipients must obligate all award funds by December 31, 2024, and expend funds by December 31, 2026, with the exception of projects within the Surface Transportation projects and Title I projects eligible use categories for which recipients must expend funds by September 30, 2026. Recipients may transfer funds to other entities, including local educational agencies, to carry out as subrecipients an eligible use of funds as long as the subrecipients comply with SLFRF program requirements. Recipients should note that the Davis-Bacon Act requirements (prevailing wage rates) do not apply to projects funded solely with award funds from the SLFRF program, except for recipients using funds for Surface Transportation projects and non-Tribal recipients using funds for Title I projects and certain SLFRF-funded construction projects undertaken by the District of Columbia. Requirements under the National Environmental Policy Act, as amended (NEPA), do not apply to Treasury's administration of the SLFRF program, with the exception of Surface Transportation projects and Title I projects as described in [FAQ #16.16](#). However, projects supported with SLFRF funds may still be subject to NEPA requirements if they are also funded by other federal financial assistance programs.

2.22. Would investments in improving outdoor spaces (e.g., parks) be an eligible use of funds as a response to the public health emergency and/or its negative economic impacts?

There are multiple ways that investments in improving outdoor spaces could qualify as eligible uses; several are highlighted below, though there may be other ways that a specific investment in outdoor spaces would meet eligible use criteria.

First, in recognition of the disproportionate negative economic impacts on certain communities and populations, the 2022 final rule includes enumerated eligible uses in disproportionately impacted communities for developing neighborhood features that promote improved health and safety outcomes, such as parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase

Exhibit 19 (Appendix)

access to healthy foods, streetlights, neighborhood cleanup, and other projects to revitalize public spaces.

Second, recipients may provide assistance to disproportionately impacted small businesses. The 2022 final rule included rehabilitation of commercial properties, storefront improvements, and façade improvements as enumerated eligible assistance to these small businesses.

Third, recipients can assist small businesses, nonprofits, or other entities to create or enhance outdoor spaces to mitigate the spread of COVID-19 (e.g., restaurant patios).

Recipients pursuing many of these uses should also note the eligibility standards for capital expenditures in the 2022 final rule, which are summarized on pages 30-31 of the [Overview of the 2022 Final Rule](#).

2.23. Would expenses to address a COVID-related backlog in court cases be an eligible use of funds as a response to the public health emergency?

Yes. The 2022 final rule maintains that SLFRF funds may be used to address administrative needs of recipient governments that were caused or exacerbated by the pandemic. Please see pages 4388-4389 of the 2022 final rule. During the COVID-19 public health emergency, many courts were unable to operate safely during the pandemic and, as a result, now face significant backlogs. Court backlogs resulting from the inability of courts to safely operate during the COVID-19 pandemic decreased the government's ability to administer services. Therefore, steps to reduce these backlogs, such as implementing COVID-19 safety measures to facilitate court operations, hiring additional court staff or attorneys to increase speed of case resolution, and other expenses to expedite case resolution are eligible uses.

2.24. Can funds be used for eviction prevention efforts or housing stability services?

Yes. Treasury provided a non-exhaustive list of eligible services in the 2022 final rule: Rent, rental arrears, utility costs or arrears (e.g., electricity, gas, water and sewer, trash removal, and energy costs, such as fuel oil), reasonable accrued late fees (if not included in rental or utility arrears), mortgage payment assistance, financial assistance to allow a homeowner to reinstate a mortgage or to pay other housing-related costs related to a period of forbearance, delinquency, or default, mortgage principal reduction, facilitating mortgage interest rate reductions, counseling to prevent foreclosure or displacement, relocation expenses following eviction or foreclosure (e.g., rental security deposits, application or screening fees).

Treasury also clarified that assistance to households for delinquent property taxes, for example to prevent tax foreclosures on homes, was permissible under the 2021 interim final rule and continues to be so under the 2022 final rule. In addition, Treasury also clarified that recipients may administer utility assistance or address arrears on behalf of households through direct or bulk payments to utility providers to facilitate utility

Exhibit 19 (Appendix)

assistance to multiple consumers at once, so long as the payments offset customer balances and therefore provide assistance to households. The public health and negative economic impacts eligible use category also includes emergency assistance for individuals experiencing homelessness, either individual-level assistance (e.g., rapid rehousing services) or assistance for groups of individuals (e.g., master leases of hotels, motels, or similar facilities to expand available shelter). Please see page 4360 of the 2022 final rule for further relevant clarifications.

3. Eligible Uses – Revenue Loss

3.1. Does a recipient need to calculate or provide proof of its revenue loss to use SLFRF funds for government services?

The 2022 final rule allowed recipients the option to claim up to \$10 million of their SLFRF allocation, which Treasury termed the “standard allowance,” to replace lost revenue and use that funding to provide government services in lieu of calculating revenue loss. The formula for calculating revenue loss is set out in the 2022 final rule. Recipients may elect a “standard allowance” of up to \$10 million to spend on government services through the period of performance. The standard allowance is available to all recipients and offers a simple, convenient way to determine revenue loss, instead of using the full formula specified in the 2022 final rule. The 2023 CAA codified the option for recipients to claim up to \$10 million in revenue loss funds.

Treasury had previously provided that recipients must make a one-time, irrevocable election to either take the standard allowance or calculate revenue loss. Recipients were able to indicate this choice in their Project and Expenditure Reports due April 30, 2022, and recipients may update their revenue loss election, as appropriate, in future reporting cycles through the April 2023 reporting period. Upon update, any prior revenue loss election will be superseded.

In response to the codification of the standard allowance in the 2023 CAA, recipients need not make any changes to their current revenue loss determination and may continue with their previous determination if they so choose. Recipients that would like to update their revenue loss determination will be able to update their revenue loss determination, as appropriate, through the April 2025 reporting period. Upon update, any prior revenue loss election will be superseded. For example, if a recipient previously elected to calculate revenue loss in their Project and Expenditure Report due April 30, 2022, and would like to update their election, Treasury’s reporting portal will allow the recipient to supersede their prior election in future reporting cycles and instead take the standard allowance. Similarly, recipients that previously elected the standard allowance and would like to supersede their prior election and instead calculate revenue loss may update their revenue loss election in future reporting cycles.

Recipients continue to be required to employ a consistent methodology across the period of performance (i.e., choose to use either the standard allowance or the full formula) and may not elect one approach for certain reporting years and the other approach for different

Exhibit 19 (Appendix)

reporting years. Recipients that elect the standard allowance do not have to produce any further demonstration or calculation of revenue loss.

Electing the standard allowance does not increase or decrease a recipient's total allocation. For example, a recipient with a SLFRF allocation of \$6 million would be allowed to claim no more than \$6 million as revenue loss to use for government services, and a recipient with an allocation of \$12 million would be allowed to claim up to \$10 million as the standard allowance and use the remaining \$2 million toward other eligible use categories in the SLFRF program. Recipients that elect to calculate revenue loss by formula must do so as articulated in the 2022 final rule and described in the [Overview of the 2022 Final Rule](#) and [FAO #3.6](#).

3.2. Can revenue loss funds be used for a purpose that is not explicitly listed as an example of a government service in the Overview of the 2022 Final Rule or 2022 Final Rule?

Yes. Government services generally include any service traditionally provided by a government, unless Treasury has stated otherwise. Common examples are listed on page 11 of the [Overview of the 2022 Final Rule](#) and page 4408 of the 2022 final rule, but these lists are not exhaustive. In addition to the common examples described in the 2022 final rule, many recipients and stakeholders have asked if using funds for activities like payroll for specific public sector staff, renovations to particular government facilities, and equipment to facilitate and improve government services such as health services, waste disposal, road building and maintenance, and water and sewer services would be eligible as government services. Treasury is clarifying here that under the 2022 final rule, payroll for government employees, contracts, grants, supplies and equipment, rent, and the many other costs that governments typically bear to provide services are costs that could comprise the costs of government services, and are eligible uses of funds.

Revenue loss 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 in the Restrictions on Use section in the [Overview of the 2022 Final Rule](#) and 2022 final rule and apply to all eligible use categories, apply to government services as well. Note also that every use that is eligible under other eligible use categories is also eligible under revenue loss, because those eligible uses are also services provided by recipient governments, and Treasury encourages recipients to use their funds for investments that serve the needs of their communities and build a stronger and more equitable recovery.

3.3. Can revenue loss funds be used for a project eligible under other eligible use categories, such as addressing the public health and negative economic impacts of the pandemic, providing premium pay, investing in water, sewer, or broadband infrastructure, providing emergency relief for natural disasters, funding projects eligible under certain Department of Transportation programs (Surface Transportation projects), or funding projects eligible under Title I of the Housing and

Community Development Act of 1974 (Title I projects)?

Yes. The revenue loss eligible use category allows recipients to expend funds with flexibility and streamlined reporting requirements, including on expenditures that would not be eligible under other eligible use categories. In addition, recipients may use revenue loss funds to carry out investments that would be eligible under other eligible use categories, because those eligible uses are also services provided by recipient governments. Treasury encourages the use of government services funds on uses enumerated in these categories, including but not limited to affordable housing, childcare investments, supporting public sector workers, job training and workforce development, and investments in public health.

3.4. How is revenue defined for the purpose of the revenue loss calculation formula?

The 2022 final rule adopts a definition of “General Revenue” that is based on, but not identical, to the Census Bureau’s concept of “General Revenue from Own Sources” in the Annual Survey of State and Local Government Finances.

General Revenue means money that is received from tax revenue, current charges, and miscellaneous general revenue, excluding refunds and other correcting transactions and proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and intergovernmental transfers from the Federal Government, including transfers made pursuant to section 9901 of the American Rescue Plan Act. General Revenue also includes revenue from liquor stores that are owned and operated by state and local governments. General Revenue does not include revenues from utilities, except recipients may choose to include revenue from utilities that are part of their own government as General Revenue provided the recipient does so consistently over the remainder of the period of performance. Revenue from Tribal business enterprises must be included in General Revenue.

Please see the appendix for a diagram of the 2022 final rule’s definition of General Revenue within the Census Bureau’s revenue classification structure.

3.5. Will revenue be calculated on an entity-wide basis or on a source-by-source basis (e.g., property tax, income tax, sales tax, etc.)?

Recipients should calculate revenue on an entity-wide basis. This approach minimizes the administrative burden for recipients, provides for greater consistency across recipients, and presents a more accurate representation of the net impact of the COVID-19 public health emergency on a recipient’s revenue, rather than relying on financial reporting prepared by each recipient, which vary in methodology used and which generally aggregate revenue by purpose rather than by source.

Recipients should classify revenue sources as they would if responding to the U.S. Census Bureau’s Annual Survey of State and Local Government Finances. According to

Exhibit 19 (Appendix)

the Census Bureau's [Government Finance and Employment Classification manual](#), the following is an example of current charges that would be included in a state or local government's General Revenue from own sources: "Gross revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, museums, zoos, etc.); auxiliary facilities in public recreation areas (camping areas, refreshment stands, gift shops, etc.); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities."

Please refer to the appendix for further details on the definition of General Revenue.

3.6. For recipients not electing the \$10 million standard allowance, what is the formula for calculating the reduction in revenue?

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 2022 final rule, recipients can choose whether to use calendar or fiscal year dates but must be consistent throughout the period of performance. To calculate revenue loss at each of these dates, recipients must follow a four-step process:

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

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

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 general revenue, which equals revenues collected over the twelve months immediately preceding the calculation date. Under the 2022 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 2022 final rule (January 6, 2022). Specifically, the estimated fiscal impact of tax cuts and tax increases adopted after January 6, 2022, must be added to or subtracted from 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 2022 final rule. Note that recipients that elect to remove the effect of tax increases enacted before the adoption of the 2022 final rule must also remove the effect of tax decreases enacted before the adoption of the 2022 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

Exhibit 19 (Appendix)

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 for each calculation date.

The supplementary information in the 2022 final rule provides an example of this calculation, which recipients may find helpful, in the Revenue Loss section. Recipients should see the 2022 final rule for the full description of the requirements to reflect the effect of tax cuts and tax increases on actual revenue.

3.7. Are recipients expected to demonstrate that reduction in revenue is due to the COVID-19 public health emergency?

Under the 2022 final rule, any diminution in actual revenue calculated using the formula above would be presumed to have been “due to” the COVID-19 public health emergency, in the case of both the standard allowance and the formula, which, as discussed above adjusts for certain tax policy changes.

3.8. May recipients use pre-pandemic projections as a basis to estimate the reduction in revenue?

No. Treasury is disallowing the use of projections to ensure consistency and comparability across recipients and to streamline verification. However, in estimating the revenue shortfall using the formula above, recipients may incorporate their average annual revenue growth rate in the three full fiscal years prior to the public health emergency.

3.9. In calculating revenue loss, are recipients required to use audited financials?

Where audited data are not available, recipients are not required to obtain audited data. Treasury expects all information submitted to be complete and accurate.

3.10. In calculating revenue loss, should recipients use their own data, or Census data?

Recipients should use their own data sources to calculate General Revenue, and do not need to rely on published revenue data from the Census Bureau. Treasury acknowledges that due to differences in timing, data sources, and definitions, recipients’ self-reported General Revenue figures may differ somewhat from those published by the Census Bureau.

3.11. Should recipients calculate revenue loss on a cash basis or an accrual basis?

Recipients may calculate revenue loss on a cash, accrual, or modified accrual basis, provided that recipients are consistent in their choice of methodology for all inputs of the revenue loss calculation throughout the period of performance and until reporting is no longer required.

3.12. In identifying intergovernmental revenue for the purpose of calculating General Revenue, should recipients exclude all federal funding, or just federal funding related to the COVID-19 response? How should local governments treat federal funds that are passed through states or other entities, or federal funds that are intermingled with other funds?

In calculating General Revenue, recipients should exclude all intergovernmental transfers from the federal government. This includes, but is not limited to, federal transfers made via a state to a locality pursuant to the Coronavirus Relief Fund or Fiscal Recovery Funds. To the extent federal funds are passed through states or other entities or intermingled with other funds, recipients should attempt to identify and exclude the federal portion of those funds from the calculation of General Revenue on a best-efforts basis.

3.13. What entities constitute a government for the purpose of calculating revenue loss?

In determining whether a particular entity is part of a recipient's government for purposes of measuring a recipient's General Revenue, recipients should identify all the entities included in their government and the General Revenue attributable to these entities on a best-efforts basis. Recipients are encouraged to consider how their administrative structure is organized under state and local statutes. In cases in which the autonomy of certain authorities, commissions, boards, districts, or other entities is not readily distinguishable from the recipient's government, recipients may adopt the Census Bureau's criteria for judging whether an entity is independent from, or a constituent of, a given government. Recipients may not include independent entities in calculating General Revenue. For an entity to be independent, it generally meets all four of the following conditions:

- The entity is an organized entity and possesses corporate powers, such as perpetual succession, the right to sue and be sued, having a name, the ability to make contracts, and the ability to acquire and dispose of property.
- The entity has governmental character, meaning that it provides public services, or wields authority through a popularly elected governing body or officers appointed by public officials. A high degree of responsibility to the public, demonstrated by public reporting requirements or by accessibility of records for public inspection, also evidences governmental character.
- The entity has substantial fiscal independence, meaning it can determine its budget without review and modification by other governments. For instance, the entity can determine its own taxes, charges, and debt issuance without another government's supervision.

Exhibit 19 (Appendix)

- The entity has substantial administrative independence, meaning it has a popularly elected governing body, or has a governing body representing two or more governments, or, in the event its governing body is appointed by another government, the entity performs functions that are essentially different from those of, and are not subject to specification by, its creating government.

If an entity does not meet all four of these conditions, a recipient may classify the entity as part of the recipient's government and include the portion of General Revenue that corresponds to the entity.

To further assist recipients in applying the foregoing criteria, recipients may refer to the Census Bureau's *Individual State Descriptions: 2017 Census of Governments* publication, which lists specific entities and classes of entities classified as either independent (defined by Census as "special purpose governments") or constituent (defined by Census as "dependent agencies") on a state-by-state basis. Recipients should note that the Census Bureau's lists are not exhaustive and that Census classifications are based on an analysis of state and local statutes as of 2017 and subject to the Census Bureau's judgment. Though not included in the Census Bureau's publication, state colleges and universities are generally classified as dependent agencies of state governments by the Census Bureau.

If an entity is determined to be part of the recipient's government, the recipient must also determine whether the entity's revenue is covered by the 2022 final rule's definition of General Revenue. For example, some cash flows may be outside the definition of General Revenue. In addition, note that the definition of general revenue includes Tribal enterprises in the case of Tribal governments. Refer to [FAQ #3.4](#) and the Appendix for the components included in General Revenue.

3.14. How should recipients that receive multiple allocations (e.g., a city and a county consolidated government) calculate their revenue loss?

If a government entity receives a combined award (e.g., in its capacity both as an NEU and as a Unit of General Local Government (UGLG) within a non-UGLG county), it must determine its revenue loss only once as the combined entity. The government entity may not, for example, elect the standard allowance once as an NEU and once as an UGLG (i.e., it would only be able to claim up to a total of \$10 million standard allowance against all of its awards). Similarly, if the government entity elects to calculate its revenue according to the formula set out in the 2022 final rule, it must do so on a combined basis.

In the case of an award to an UGLG within a non-UGLG county under section 603(b)(3)(B)(ii) of the Social Security Act, the UGLG is considered the prime recipient of this award. Therefore, the prime recipient in this circumstance may treat these transferred funds as its own award for purposes of the revenue loss determination.

For example, if an NEU receives \$2 million in its NEU distribution, and then receives an additional \$13 million as an UGLG within a non-UGLG county, and the NEU elects the standard allowance of \$10 million in revenue loss, the NEU would be able to spend up to a

Exhibit 19 (Appendix)

total of \$10 million on government services under revenue loss against its awards, and would be able to spend the remaining \$5 million in other expenditure categories.

4. Eligible Uses – General

4.1. How do I know if a specific use is eligible?

The best way to begin evaluation of whether a specific use is an eligible use of SLFRF funds is to consider which of the seven eligible use categories the use may fall into.

As a reminder, there are seven eligible use categories, listed below from the broadest and most flexible to the most specific. The [Overview of the 2022 Final Rule](#) serves as a summary of the major provisions of the four categories authorized in the American Rescue Plan. The [Overview of the 2023 Interim Final Rule](#) summarizes the major provisions of the three new categories of eligible uses authorized by the 2023 CAA.

- Replace lost public sector revenue, using SLFRF funds to provide government services up to the amount of revenue loss due to the pandemic. (pages 9-11 of the [Overview of the 2022 Final Rule](#))
- 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. (pages 12-34 of the [Overview of the 2022 Final Rule](#))
- 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. (pages 35-36 of the [Overview of the 2022 Final Rule](#))
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and expand affordable access to broadband internet. (pages 37-40 of the [Overview of the 2022 Final Rule](#))
- Provide emergency relief from natural disasters or their negative economic impacts. (pages 4-8 of the [Overview of the 2023 Interim Final Rule](#))
- Fund eligible Surface Transportation projects. (pages 9-15 of the [Overview of the 2023 Interim Final Rule](#))
- Fund Title I projects that are eligible activities under the Community Development Block Grant and Indian Community Development Block Grant programs. (pages 9, 16-19 of the [Overview of the 2023 Interim Final Rule](#)).

Exhibit 19 (Appendix)

The SLFRF program provides substantial flexibility for each jurisdiction to meet local needs within these eligible use categories. In general, recipients should think about what services they aim to provide, and for which groups or populations, and assess whether this use of SLFRF funds would fit within the parameters of the eligible use category as described in the 2022 final rule, the 2023 interim final rule, and their respective overviews. Recipients also should be mindful that various forms of assistance have been made available during the pandemic (e.g., Economic Injury Disaster Loans through the U.S. Small Business Administration), and certain restrictions on duplications of benefits may apply.

Revenue loss eligible use category

If a use does not appear to be eligible under the water, sewer, and broadband infrastructure, premium pay, public health emergency or its, negative economic impacts, emergency relief from natural disasters, Surface Transportation projects, and Title I projects eligible use categories, recipients should consider using funds under the revenue loss eligible use category. This category provides recipients broad latitude to use funds for the provision of government services to the extent of a reduction in revenue due to the pandemic.

All recipients may (1) elect a “standard allowance” of up to \$10 million to spend on government services through the period of performance (see [FAQ #3.1](#)), or (2) elect to calculate their revenue loss using the formula provided in the 2022 final rule. Under the revenue loss eligible use category, government services generally include any service traditionally provided by a government, unless Treasury has stated otherwise (see [FAQ #3.2](#)). For additional information and a list of examples of common government services, recipients can refer to page 11 of the [Overview of the 2022 Final Rule](#) and page 4408 of the 2022 final rule. The lists in these materials are not exhaustive and every use that is eligible under other eligible use categories is also eligible under the revenue loss category.

Public health and negative economic impacts eligible use category

To assess the eligibility of a use under the public health and negative economic impacts eligible use category, recipients may refer initially to the non-exhaustive lists of enumerated uses that respond to pandemic impacts, and the lists of populations presumed to have experienced pandemic impacts and be eligible for responsive services. These lists appear in the [Overview of the 2022 Final Rule](#) and the 2022 final rule organized by sub-categories around the types of assistance a recipient may provide. 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. Recipients then should refer to the relevant section for more details on each sub-category of eligible responses.

If a recipient intends to provide enumerated uses of funds to populations presumed eligible, then the use of funds is clearly consistent with the 2022 final rule. However, if the intended expenditure does not match an enumerated use serving a presumed eligible population, that does not necessarily mean it is ineligible. Recipients may consider using

Exhibit 19 (Appendix)

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

Premium pay eligible use category

To assess whether a use falls under the premium pay eligible use category, recipients can follow the steps outlined on pp. 35-36 of the [Overview of the 2022 Final Rule](#) and refer to the FAQs in [section 5](#).

Water, sewer, and broadband infrastructure eligible use category

To assess whether a use falls under the water, sewer, and broadband infrastructure category, recipients can consult pp. 37-40 of the [Overview of the 2022 Final Rule](#) and refer to the FAQs in [section 6](#).

Emergency Relief from Natural Disasters

To assess whether a use falls under the emergency relief from natural disasters category, recipients should first identify a natural disaster that has occurred or is expected to occur imminently, or a natural disaster that is anticipated to occur in the future.

Second, recipients should identify emergency relief that responds to the physical or negative economic impacts, or potential physical or negative economic impacts, of the natural disaster. The emergency relief must be related and reasonably proportional to the impact identified. A non-exhaustive list of eligible emergency relief can be found on pages 5-6 in the Overview of the 2023 Interim Final Rule. For more information, recipients can consult pages 4-8 of the [Overview of the 2023 Interim Final Rule](#) and refer to the FAQs in [section 15](#).

Surface Transportation projects

To assess whether a use falls under the Surface Transportation projects eligible use category, recipients should examine the project to determine whether it falls under Pathway One, Pathway Two, or Pathway Three, and whether the project meets the statutory requirements that apply to this eligible use category.

For more information, see pages 9-15 of the [Overview of the 2023 Interim Final Rule](#) and the FAQs in [section 16](#).

Title I projects

To assess whether a use falls under the Title I projects eligible use category, recipients should assess whether the project is aligned with the eligible activities permitted under the

Exhibit 19 (Appendix)

CDBG and ICDBG programs, activities listed under section 105(a) of the Housing and Development Act of 1974 (HCDA) (42 U.S.C. 5305(a)), and whether the project meets the additional statutory requirements that apply to this eligible use category.

For more information, recipients may refer to pages 9, 16-19 of the [Overview of the 2023 Interim Final Rule](#) and to the FAQs in [section 16](#)

Additionally, recipients should note the restrictions on use that are applicable across all of the eligible use categories. For restrictions on use regarding the categories of replacement of lost public sector revenue, public health and negative economic impacts, premium pay, and water, sewer, and broadband infrastructure, please see the summary on pages 41-42 of the [Overview of the 2022 Final Rule](#). These same restrictions apply to the new eligible use categories, described in the 2023 interim final rule, of emergency relief from natural disaster, Surface Transportation Projects, and Title I projects. Summary information regarding additional statutory requirements that apply to Surface Transportation projects and Title I projects, including that the total amount of SLFRF funds that a recipient may use for Surface Transportation projects and Title I projects, taken together, cannot exceed the greater of \$10 million and 30% of a recipient's SLFRF allocation, can be found on page 9 of the [Overview of the 2023 Interim Final Rule](#).

When assessing whether a specific activity may be eligible, recipients are not required to submit planned expenditures for prior approval by Treasury, except for certain projects in the Surface Transportation projects and Title I projects eligible use categories. Further, Treasury is not pre-approving proposed expenditures, except for certain projects in the Surface Transportation projects and Title I projects eligible use categories, or calculations of revenue loss. Recipients should review the 2022 final rule, [Overview of the 2022 Final Rule](#), and [Overview of the 2023 Interim Final Rule](#) and consult with counsel as needed, to evaluate whether a particular expenditure is an eligible use of SLFRF funds.

4.2. May recipients use funds to invest in traditional infrastructure projects other than water, sewer, and broadband projects (e.g., roads, bridges)?

First, recipients may utilize SLFRF funds for Surface Transportation projects in the following ways:

- Pathway One: Supplementing Surface Transportation projects receiving funding from DOT
- Pathway Two: Funding Surface Transportation projects not receiving funding from DOT
- Pathway Three: Satisfying non-federal share requirements for certain Surface Transportation projects or repaying a loan provided under the TIFIA program. Please see [section 16](#) of the FAQs for more information.

Second, recipients may use SLFRF funds to provide emergency relief from natural disasters for public infrastructure damaged by a natural disaster or for mitigation activities to avert the threat of a future natural disaster. See [section 15](#) of the FAQs for

more information.

Third, as discussed in [FAQ #3.2](#), recipients have broad flexibility under the revenue loss eligible use category to provide government services, which generally include any service traditionally provided by a government. These services may include but are not limited to maintenance of infrastructure or pay-go spending for building of new infrastructure, including roads.

Fourth, recipients should note that under the public health and negative economic impacts eligible use category, a general infrastructure project typically would not be considered an eligible response unless the project responds to a specific pandemic-related public health need (e.g., investments in facilities for the delivery of vaccines) or a specific negative economic impact of the pandemic (e.g., affordable housing).

4.3. May recipients use funds to pay interest or principal on outstanding debt?

Under the Surface Transportation projects eligible use category, recipients may use SLFRF funds under Pathway Three to repay a TIFIA loan.

Otherwise, generally, no. The 2022 final rule maintains the restriction on the use of funds for debt service for the reasons described on page 4430 of the 2022 final rule and clarifies that this restriction applies to all eligible use categories.

This applies to paying interest or principal on any outstanding debt instrument, including, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt.

4.4. Are governments required to submit proposed expenditures to Treasury for approval?

Under the public health and negative economic impacts, premium pay, revenue loss, water, sewer, broadband infrastructure, and emergency relief from natural disasters eligible use categories, recipients are not required to submit planned expenditures for prior approval by Treasury.

For Surface Transportation projects undertaken via Pathway One or Pathway Three, recipients must consult with the DOT. Surface Transportation projects undertaken via the streamlined framework described under Pathway Two do not require pre-approval by Treasury or the DOT. Recipients that would like to use SLFRF funds for a Surface Transportation project under Pathway Two outside the parameters of the streamlined framework must email a Notice of Intent to Treasury at NOI-SLFRF@treasury.gov by December 20, 2023, as stated in the 2023 interim final rule. Treasury will evaluate the projects included in these Notices of Intent, along with comments to the 2023 interim final rule, to design and implement the framework for approving these types of projects. More information about the notice of intent process can be found in the 2023 interim final rule.

Exhibit 19 (Appendix)

For Title I projects, recipients must submit a project-level environmental review certification to Treasury and receive Treasury's approval prior to using SLFRF funds for projects under this eligible use category, unless the project meets at least one of the criteria listed below. Projects under the Title I eligible use category do not require approval from HUD.

Recipients are not required to submit certifications or receive Treasury's approval and may begin using their SLFRF funds right away for Title I projects that are either:

- Exempt activities as described under 24 CFR 58.34(a); or
- Categorically excluded activities not subject to 24 CFR 58.5 as contemplated by 24 CFR 58.35(b), provided that the circumstances described in 24 CFR 58.35(c) are not present.

Recipients are subject to the requirements and guidelines for all eligible use categories described in the 2022 final rule and 2023 interim final rule. For more information on compliance and reporting, please see the [SLFRF Compliance and Reporting Guidance](#).

4.5. Do restrictions on using funds to cover costs incurred beginning on March 3, 2021, apply to costs incurred by the recipient (e.g., a State, local, territorial, or Tribal government) or to costs incurred by households, businesses, and individuals benefiting from assistance provided using funds?

The 2022 final rule permits funds to be used to cover costs incurred beginning on March 3, 2021. This limitation applies to costs incurred by the recipient of SLFRF funds (i.e., the state, local, territorial, or Tribal government). Recipients may use SLFRF funds to provide assistance to households, businesses, and individuals within the eligible use categories described in the 2022 final rule for economic harms experienced by those households, businesses, and individuals prior to March 3, 2021. The 2023 interim final rule permits recipients to use SLFRF funds for the new eligible uses for costs incurred beginning on December 29, 2022, which is the date the 2023 CAA was enacted. Please see the examples set out below.

- Public Health/Negative Economic Impacts – Recipients may use SLFRF funds to provide assistance to households – such as rent, mortgage, or utility assistance – for economic harms experienced or costs incurred by the household prior to March 3, 2021 (e.g., rental arrears from preceding months), provided that the cost of providing assistance to the household was not incurred by the recipient prior to March 3, 2021.
- Premium Pay – As discussed further in [FAQ #5.2](#), recipients may provide premium pay retrospectively for work performed at any time since the start of the COVID-19 public health emergency. Such premium pay must be “in addition to” wages and remuneration already received and the obligation to provide such pay must not have been incurred by the recipient prior to March 3, 2021. Employers

Exhibit 19 (Appendix)

may not simply reimburse themselves for pay already received by the employee.

- **Revenue Loss** – The 2022 final rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue due to the pandemic. If the recipient has elected to calculate lost revenue, the calculation begins with the recipient’s revenue in the last full fiscal year prior to the COVID-19 public health emergency. However, use of funds for government services must be forward looking for costs incurred by the recipient after March 3, 2021.
- **Investments in Water, Sewer, and Broadband Infrastructure** – Recipients may use SLFRF funds to make necessary investments in water, sewer, and broadband. See [FAQ Section 6](#). Recipients may use funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the funds were incurred after March 3, 2021.
- **Emergency Relief from Natural Disasters** – Recipients may use SLFRF funds for emergency relief from natural disasters. See [FAQ Section 15](#). Funds may be used to cover costs incurred beginning on December 29, 2022, regardless of the date of the declared natural disaster. Recipients must obligate SLFRF funds for this purpose by December 31, 2024, and expend SLFRF funds by December 31, 2026.
- **Surface Transportation** – Recipients may use SLFRF funds for certain surface transportation projects. Funds may be used to cover costs incurred beginning on December 29, 2022. See [FAQ Section 16](#). Recipients must obligate SLFRF funds by December 31, 2024, and expend SLFRF funds by September 30, 2026.
- **Title I** – Recipients may use SLFRF funds for eligible Title I projects. Funds may be used to cover costs incurred beginning on December 29, 2022. See [FAQ Section 16](#). Recipients must obligate SLFRF funds by December 31, 2024, and expend SLFRF funds by September 30, 2026.

4.6. May recipients use funds to satisfy non-federal matching requirements?

Under the specific circumstances described below, recipients may use SLFRF funds to satisfy non-federal matching requirements. Otherwise, recipients may not use SLFRF funds to meet the non-federal match or cost-share requirement of other federal financial assistance programs.

- **Revenue Loss:** Funds 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 Children’s Health Insurance Programs (CHIP) because the Office of Management and Budget has approved a waiver as requested by the Centers for Medicare & Medicaid Services pursuant

Exhibit 19 (Appendix)

to 2 CFR 200.102 of the Uniform Guidance and related regulations.

If a recipient seeks to use SLFRF funds to satisfy match or cost-share requirements for a federal grant program, it should first confirm with the relevant awarding agency that no waiver has been granted for that program, that no other circumstances enumerated under 2 CFR 200.306(b) would limit the use of SLFRF funds to meet the match or cost-share requirement, and that there is no other statutory or regulatory impediment to using the SLFRF funds for the match or cost-share requirement.

- **Certain projects described in IIJA:** The Infrastructure Investment and Jobs Act (IIJA) 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 2022 final rule for further details if they seek to utilize SLFRF funds as matching funds for these projects.
- **Surface Transportation projects under Pathway Three:** Recipients may use SLFRF funds under Pathway Three of the Surface Transportation projects eligible use category to repay a TIFIA loan or satisfy the non-federal share requirements of projects eligible under the following programs: INFRA Grants, Fixed Guideway Capital Investment Grants, Mega Grants, and projects eligible for credit assistance under the TIFIA program, such as to repay a TIFIA loan.
- **Title I projects:** Recipients may use SLFRF funds to satisfy the non-federal share requirement of a federal financial assistance program in connection with eligible activities under the CDBG and ICDBG programs.

4.7. May recipients pool funds for regional projects?

Yes, provided that the project is itself an eligible use of SLFRF funds for each recipient that is contributing to the pool of funds and that recipients are able to track the use of funds in line with the reporting and compliance requirements of the SLFRF. In general, when pooling funds for regional projects, recipients may expend funds directly on the project or transfer funds to another government or other entity that is undertaking the project on behalf of multiple recipients. To the extent recipients undertake regional projects via transfer to another organization or government, recipients would need to comply with the rules on transfers specified in the 2022 final rule supplementary information. A recipient may transfer funds to a government outside its boundaries (e.g., county transfers to a neighboring county, or an NEU transferring its funds to a County), provided that the transferor can document that the transfer constitutes an eligible expense of the transferor government and that its jurisdiction receives a benefit proportionate to the amount transferred.

4.8. May recipients fund a project with both ARPA funds and other sources of funding (e.g., blending, braiding, or other pairing funding sources), including in conjunction with financing provided through a debt issuance?

Generally, yes, provided that the costs are eligible costs under each source program and are compliant with all related statutory and regulatory requirements and policies, as applicable, including restrictions on use of funds (e.g., Buy America Preference (see [FAQs #6.18, #6.19](#)), National Environmental Policy Act (see [FAQ #6.3](#))).

The recipient must comply with applicable reporting requirements for all sources of funds supporting the SLFRF project.

The recipient may source funding for a project in multiple ways, including but not limited to the following:

- Using funds available under the revenue loss eligible use category for non-federal match (see [FAQ #4.6](#))
- Pooling funds for a joint project with another SLFRF recipient (see [FAQ #4.7](#))
- Transferring funds to a subrecipient to finance a project that also uses other sources of funding
- Blending or braiding SLFRF funds with other sources of government funding, including debt issuance, to pursue a project

Localities may also transfer their funds to the state through section 603(c)(4) of the Social Security Act, which would decrease the locality's award and increase the state award amounts.

Note that using a recipient blending and braiding funds in conjunction with other sources of funding is distinct from using funds for non-federal match. In the case of non-federal match, the recipient would be using SLFRF funds to satisfy cost-sharing or matching requirements in order to qualify for another source of federal funding, while blending and braiding refers to using multiple sources of funding for complementary purposes.

If the entirety of a project is funded with SLFRF funds, then the entire project must be an eligible use. The use of funds is subject to the deadline of obligating funds no later than December 31, 2024, and expending funds no later than December 31, 2026, except for Surface Transportation projects and Title I projects that have an expenditure deadline of September 30, 2026. If a project is partially funded with SLFRF funds, then the relevant portion must be an eligible use of SLFRF funds and the SLFRF funds must be obligated by December 31, 2024, and expended by December 31, 2026, except for Surface Transportation projects and Title I projects that have an expenditure deadline of September 30, 2026. In either case, recipients must be able to, at a minimum, determine and report to Treasury on the amount of SLFRF funds obligated and expended and when such funds

Exhibit 19 (Appendix)

were obligated and expended.

SLFRF funds may not be used to fund the entirety of a project that is partially, although not entirely, an eligible use under the 2022 final rule. However, SLFRF funds may be used for a smaller component project that does constitute an eligible use, while other funds are used for the remaining portions of the larger planned project that do not constitute an eligible use. In this case, the “project” for SLFRF purposes under this program would be only the eligible use component of the larger project. For example, a recipient government may use SLFRF funds to subsidize the production of affordable housing units as a response to the pandemic and its negative economic impacts and use other funds to build other parts of a larger development that contains these affordable units.

4.9. May funds be used to make loans or other extensions of credit (“loans”) to support an eligible use?

Yes. SLFRF funds may be used to make loans, provided that the loan supports an activity that is an eligible use of funds.

The cost of the loan must be tracked and reported in accordance with the points set out below. For example, a recipient may, consistent with the requirements of the 2021 interim final rule and 2022 final rule, use funds to finance the construction of affordable housing or a necessary investment in water, sewer, or broadband infrastructure. For the eligible use categories outlined in the 2022 final rule, funds may be used to cover “costs incurred” beginning on March 3, 2021, and such funds must be obligated by December 31, 2024. For the eligible use categories outlined in the 2023 interim final rule, funds may be used to cover “costs incurred” beginning on December 29, 2022, and must be obligated by December 31, 2024.

Accordingly, recipients must be able to determine the amount of funds used to make a loan.

- For loans that mature or are forgiven on or before December 31, 2026 (or September 30, 2026, for Title I projects), the recipient must account for the use of funds on a cash flow basis, consistent with the approach to loans taken in the Coronavirus Relief Fund.
 - Recipients may use SLFRF funds to fund the principal of the loan and in that case must track repayment of outstanding principal and interest amounts (i.e., “program income” as defined in 2 CFR 200.1).
 - When the loan is made, recipients must report the principal of the loan as an expense.
 - Repayment of principal may be re-used only for eligible uses and subject to restrictions on timing of use of funds. Interest payments received prior to the

Exhibit 19 (Appendix)

end of the period of performance will be considered an addition to the total SLFRF award and may be used for any purpose that is an eligible use of SLFRF funds. Recipients are not subject to restrictions under 2 CFR 200.307(e)(1) with respect to such payments.

- For loans with maturities longer than December 31, 2026 (or September 30, 2026, for Title I projects), the recipient may use funds for only the projected cost of the loan.
 - Recipients can project the cost of the loan by estimating the subsidy cost. The subsidy cost is the estimated present value of the cash flows from the recipient (excluding administrative expenses) less the estimated present value of the cash flows to the recipient resulting from a loan, discounted at the recipient's cost of funding and discounted to the time when the loan is disbursed. The cash flows are the contractual cash flows adjusted for expected deviations from the contract terms (delinquencies, defaults, prepayments, and other factors). A recipient's cost of funding can be determined based on the interest rates of securities with a similar maturity to the cash flow being discounted that were either (i) recently issued by the recipient or (ii) recently issued by a unit of state, local, or Tribal government similar to the recipient.
 - Alternatively, recipients may treat the cost of the loan as equal to the expected credit losses over the life of the loan based on the Current Expected Credit Loss (CECL) standard. Recipients may measure projected losses either once, at the time the loan is extended, or annually over the period of performance.
 - Under either approach for measuring the amount of funds used to make loans with maturities longer than December 31, 2026 (or September 30, 2026, for Title I projects), recipients would not be subject to restrictions under 2 CFR 200.307(e)(1) and need not separately track repayment of principal or interest amounts.
 - Additionally, recipients may use funds for eligible administrative expenses incurred in the period of performance, which include the reasonable administrative expenses associated with a loan made in whole, or in part, with SLFRF funds. See section IV.E of the 2022 final rule.
- Contributions to Revolving Loan Funds. A recipient may contribute SLFRF funds to a revolving loan fund if the loaned SLFRF funds are restricted to financing eligible uses under the public health emergency/negative economic impacts, premium pay, necessary water, sewer and broadband infrastructure categories (or under the government services category if the contribution to the revolving loan fund is made using SLFRF funds), and Title I projects eligible use categories. The amount contributed using SLFRF funds must be limited to the projected cost of loans made over the life of the revolving loan fund, following the approach described above for loans with maturities longer than December 31,

Exhibit 19 (Appendix)

2026 (or September 30, 2026, for Title I projects).

- Loans funded with SLFRF funds under the revenue loss eligible use category. Notwithstanding the above, if a recipient uses SLFRF funds under the revenue loss eligible use category to fund a loan, whether or not the maturity of the loan is after December 31, 2026, the loaned funds may be considered to be expended at the point of disbursement to the borrower, and repayments on such loans are not subject to program income rules. Similarly, any contribution of revenue loss funds to a revolving loan fund may also follow the approach of loans funded under the revenue loss eligible use category.

- Loans to fund investments in affordable housing projects. Notwithstanding the above requirements for loans with maturities beyond December 31, 2026, Treasury has determined that SLFRF funds may be used to finance certain loans that finance affordable housing investments, as it is typical for state and local governments to finance such investments through loans and because the features of these loans significantly mitigate concerns about funds being deployed for purposes of recycling funds, potentially for ineligible uses, following the SLFRF program's expenditure deadline. Specifically, under the "public health and negative economic impacts" eligible use category, recipients may use SLFRF funds to make loans to finance affordable housing projects, funding the full principal amount of the loan, if the loan and project meet the following requirements:
 - The loan has a term of not less than 20 years;
 - The affordable housing project being financed has an affordability period of not less than 20 years after the project or assisted units are available for occupancy after having received the SLFRF investment; and
 - For loans to finance projects expected to be eligible for the low-income housing credit (LIHTC) under section 42 of the Internal Revenue Code of 1986 (the Code),
 - the project owner must agree, as a condition for accepting such a loan, to waive any right to request a qualified contract (as defined in section 42(h)(6)(F) of the Code); and
 - the project owner must agree to repay any loaned funds to the entity that originated the loan at the time the project becomes non-compliant, including if such project ceases to satisfy the requirements to be a qualified low-income housing project (as defined in section 42(g) of the Code) or a qualified residential rental project (as defined in section 142(d) of the Code), or if such project fails to comply with any of the requirements of the extended low-income housing commitment that are described in section 42(h)(6)(B)(i)-(iv) of the Code.

Loans that fund investments in affordable housing projects under the public health and negative economic impacts eligible use category and meet the above criteria may be considered to be expended at the point of disbursement to the borrower, and repayments on such loans are not subject to program income rules. Loan

Exhibit 19 (Appendix)

modifications are permitted if the modifications do not result in repayment of all or substantially all funds to the lender prior to the end of the affordability period. To reduce administrative complexity, the start date of the 20-year affordability covenant may conform to the start date of other covenants on the same project or units that are required by another source of federal or state funding associated with the project or units.

4.10. May funds be used for outreach to increase uptake of federal assistance like the Child Tax Credit or federal programs like SNAP?

Yes. Eligible uses to address negative economic impacts include “assistance accessing or applying for public benefits or services.” This can include benefits navigators or marketing efforts to increase consumer uptake of federal tax credits, benefits, or assistance programs that respond to negative economic impacts of the pandemic.” Of note, per the 2022 final rule, allowable uses of funds for evaluations may also include other types of program evaluations focused on program improvement and evidence building.

4.11. How does the end of the COVID-19 National Emergency, declared by the President in 2020, have an impact on the SLFRF program?

The end of the COVID-19 National Emergency has an impact on one of the eligible use categories of SLFRF funds, Premium Pay. There are no impacts on the other eligible use categories.

On March 29, 2023, Congress voted to terminate the National Emergency concerning COVID-19 that President Trump had declared in 2020 pursuant to the National Emergencies Act. This termination is effective as of April 10, 2023. The 2022 final rule defines “COVID-19 public health emergency” by including reference to this National Emergency declaration, providing that the COVID-19 public health emergency is the “period beginning on January 27, 2020 and lasting until the termination of the national emergency concerning the COVID-19 outbreak declared pursuant to the National Emergencies Act (50 U.S.C. 1601 et seq).”⁶

Following the termination of the National Emergency, recipients generally will be able to continue to make investments using their SLFRF funds without changes, with the exception of projects in the premium pay eligible use category, as discussed below. Specifically:

- *Premium Pay*: The SLFRF statute and the 2022 final rule provide that recipients can use SLFRF funds to provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency, as defined in the 2022 final rule as the period ending when the COVID-19 National Emergency ends (i.e., until termination of the National Emergency described above). Accordingly, recipients may not use SLFRF funds to provide premium pay to essential workers for work performed after the end of the National Emergency on

⁶ 31 CFR 35.3.

Exhibit 19 (Appendix)

April 10, 2023. Recipients may continue to make payments retroactively for premium pay for work performed between the start of the pandemic and April 10, 2023. The obligation to provide such premium pay must not have been incurred by the recipient prior to March 3, 2021.

- *Public Health and Negative Economic Impacts:* SLFRF recipients may continue to use funds to respond to the public health impacts or negative economic impacts of the COVID-19 pandemic. This eligible use does not require recipients' responses to be provided during the National Emergency. Under this eligible use category, recipients may continue to use SLFRF funds to support and expand the workforce, including by helping impacted workers enter in-demand careers, such as in health care and child care. Recipients may also use SLFRF funds to build public sector capacity, including hiring public sector workers and providing retention incentives. In addition, using funds for payroll under this eligible use is distinct from the premium pay eligible use category and is not affected by the end of the National Emergency. Payroll remains an eligible use of SLFRF funds.
- *Revenue Loss:* The end of the National Emergency does not impact how recipients calculate revenue loss according to the formula articulated in the 2022 final rule. The end of the National Emergency also does not have an impact on how recipients claim up to \$10 million in revenue loss under the standard allowance. In addition, the end of the National Emergency does not have an impact on how recipients may use their revenue loss funds, including for payroll or premium pay.
- *Water/Sewer/Broadband:* The end of the National Emergency does not have an impact on how recipients may use SLFRF funds under the water, sewer, and broadband infrastructure eligible use category.
- *Emergency Relief from Natural Disasters, Surface Transportation projects, and Title I projects:* These eligible use categories are not impacted by the termination of the National Emergency.

In addition, on May 11, 2023, the Biden-Harris Administration ended the COVID-19 Public Health Emergency declared by the Secretary of the U.S. Department of Health and Human Services (HHS) pursuant to the Public Health Service Act (42 U.S.C. 247d). The end of the COVID-19 Public Health Emergency does not have an impact on recipients' ability to spend funds under the SLFRF program.

5. Eligible Uses – Premium Pay

5.1. What criteria should recipients use in identifying workers to receive premium pay?

SLFRF may be used to provide premium pay to eligible workers performing essential work during the pandemic or to provide grants to eligible employers that have eligible workers who perform essential work. 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.

Exhibit 19 (Appendix)

Premium pay must be responsive to eligible workers performing essential work during the pandemic, and like the 2021 interim final rule, the 2022 final rule emphasizes the need for recipients to prioritize premium pay for lower-income workers. Premium pay that would go to a worker whose total pay is above 150% of the greater of the state or county average annual wage for all occupations (with or without the premium) requires specific justification for how it responds to the needs of these workers unless that worker is not exempt from the Fair Labor Standards Act overtime provisions.

For a detailed description of what constitutes an eligible worker and essential work, as well other premium pay requirements, please see pages 35-36 of the [Overview of the 2022 Final Rule](#). Recipients should also review [FAQ #4.11](#) which describes that following the end of the public health emergency on April 10, 2023, recipients may not provide premium pay for work performed after that date. Recipients may continue to provide premium pay for work performed prior to that date.

5.2. May recipients provide premium pay retroactively for work already performed?

Yes. Treasury encourages recipients to consider providing premium pay retroactively for work performed during the pandemic, recognizing that many essential workers have not yet received additional compensation for their service during the pandemic. SLFRF funds may not be used to reimburse a recipient or eligible employer grantee for premium pay or hazard pay already received by the employee. To make retroactive premium payments funded with SLFRF funds, a recipient or eligible employer grantee must make a new cash outlay for the premium payments and the payments must be in addition to any wages or remuneration the eligible worker already received.

5.3. Can SLFRF be used to pay for benefits and taxes associated with premium pay wages?

Premium pay is taxable as wage income, and therefore, employers are encouraged to treat the premium pay earned by the employee just as they would other wage income and withhold from the additional pay any required taxes. For further guidance, please see the [FAQ published by the IRS on SLFRF](#).

5.4. Does non-base compensation, such as overtime, count toward the 150% pay threshold? Is the 150% threshold calculated based off of income only from the awarding employer or from an employee's total yearly compensation?

Yes, non-base compensation, including overtime and bonuses, counts toward the 150% pay threshold; however, the 150% pay threshold does *not* take into account other sources of income earned by an employee (e.g., income from a second job). For an hourly employee, or an employee that does not have a year's worth of earnings, an employer should extrapolate the hourly wage at an annual rate by multiplying the hourly rate by forty hours per week and then by fifty-two weeks per year.

6. Eligible Uses – Water, Sewer, and Broadband Infrastructure

6.1. What types of water and sewer projects are eligible uses of funds?

Eligible water and sewer projects are outlined on pages 37-38 of the [Overview of the 2022 Final Rule](#). Under the 2021 interim final rule, SLFRF funds could be used to fund projects that would be eligible under EPA’s Clean Water State Revolving Fund or Drinking Water State Revolving Fund. With broadened eligibility under the 2022 final rule, SLFRF funds may also 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 2022 final rule and outlined on page 38 of the [Overview of the 2022 Final Rule](#).

6.2. May recipients use funds as a non-federal match for the Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF)?

Per [FAQ #4.6](#), SLFRF funds available for the provision of government services, up to the amount of the recipient’s reduction in revenue due to the public health emergency (the revenue loss eligible use category), may be used to meet the non-federal cost-share or matching requirements of other federal programs, including the CWSRF and DWSRF programs administered by the EPA. Per [FAQ #4.9](#), loans funded under the revenue loss eligible use category may be deemed expended at the point of disbursement. Thus, recipients using SLFRF funds available under revenue loss for non-federal matching requirements for the DWSRF or CWSRF may consider funds expended at the point the recipient makes the deposit into the State Revolving Funds. Recipients using SLFRF funds available under revenue loss should log projects under expenditure category 6.2.

As further noted in [FAQ #4.6](#), 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. Recipients using funds under the eligible use category for water and sewer infrastructure may not use funds as a state match for the CWSRF and DWSRF.

6.3. Does the National Environmental Policy Act (NEPA) apply to projects funded with SLFRF funds?

NEPA requirements do not apply to Treasury’s administration of SLFRF funds, under the following eligible use categories: revenue loss; public health and negative economic impacts; water, sewer, and broadband infrastructure; and emergency relief from natural disasters. Projects supported with payments from the funds may still be subject to NEPA review if they are also funded by other federal financial assistance programs or have certain federal licensing or registration requirements.

Exhibit 19 (Appendix)

However, NEPA requirements apply to Surface Transportation projects and Title I projects. Please see [FAQ #16.16](#) for additional information about these eligible use categories.

6.4. What types of broadband projects are eligible uses of funds?

Recipients are required to design projects that, upon completion, reliably meet or exceed symmetrical 100 Mbps download and upload speeds where practicable. More details on eligible broadband projects, including eligible areas for investment and the affordability requirement, are outlined on pages 39-40 of the [Overview of the 2022 Final Rule](#).

6.5. For broadband investments, may recipients use funds for related programs such as cybersecurity or digital literacy training?

Yes. In the 2022 final rule, Treasury maintained the enumerated eligible use for assistance to households for internet access and digital literacy programs. Recipients may use funds to provide assistance to households facing negative economic impacts due to the pandemic, including digital literacy training and other programs that promote access to the Internet.

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. Under the 2022 final rule, recipients may also invest in general cybersecurity upgrades, unrelated to broadband infrastructure, under the revenue loss eligible use category.

6.6. Do I need pre-approval for my water, sewer, or broadband project?

See [FAQ #4.4](#). Generally, recipients are not required to submit planned expenditures for prior approval by Treasury and recipients are subject to the requirements and guidelines for eligible uses contained in the 2022 final rule.

While recipients must ensure that water and sewer infrastructure projects are eligible under the 2022 final rule, recipients are not required to obtain project pre-approval from Treasury or any other federal agency when using SLFRF funds for necessary water and sewer infrastructure projects unless otherwise required by federal law. For projects that are pursued under the eligibility categories provided through the DWSRF or CWSRF programs, project eligibilities are based on federal project categories and definitions for the programs and not on each state's eligibility or definitions. While reference in the 2022 final rule to the DWSRF, CWSRF, or other federal water programs is provided to assist recipients in understanding the types of water and sewer infrastructure projects eligible to be funded with SLFRF, recipients do not need to apply for funding from the applicable state programs or through any federal water program. Similarly, besides eligible project categories, the 2022 final rule does not incorporate other program requirements or guidance that attach to the DWSRF, CWSRF, or other federal water programs. However, as noted above, recipients should be aware of other federal or state laws or regulations that

Exhibit 19 (Appendix)

may apply to construction projects or water and sewer projects, independent of SLFRF funding conditions, and that may require preapproval from another federal or state agency.

6.7. For broadband infrastructure investments, what are eligible areas of investment?

Recipients are encouraged to prioritize projects that are designed to serve locations without access to reliable wireline 100/20 Mbps broadband service, but are broadly able to invest in projects designed to provide service to locations with an identified need for additional broadband investment. For more details, see page 39 of the [Overview of the 2022 Final Rule](#).

6.8. May recipients use payments from the SLFRF for “middle mile” broadband projects?

Yes. Under the 2022 final rule, recipients may use payments from the SLFRF for “middle-mile projects,” but Treasury encourages recipients to focus on projects that will achieve last-mile connections—whether by focusing on funding last-mile projects or by ensuring that funded middle-mile projects have potential or partnered last-mile networks that could or would leverage the middle-mile network.

6.9. For broadband infrastructure investments, what does the requirement to “reliably” meet or exceed a broadband speed threshold mean?

See page 39 of the [Overview of the 2022 Final Rule](#), as well as pages 4419-4420 of the 2022 final rule.

6.10. May recipients use funds for pre-project development for eligible water, sewer, and broadband projects?

Yes. To determine whether funds can be used on pre-project development for an eligible water or sewer project, recipients should consult whether the pre-project development use or cost is eligible under the Drinking Water and Clean Water State Revolving Funds (DWSRF and CWSRF, respectively). Generally, the CWSRF and DWSRF often allow for pre-project development costs that are tied to an eligible project, as well as those that are reasonably expected to lead to a project. For example, the DWSRF [allows](#) for planning and evaluations uses, as well as numerous pre-project development costs, including costs associated with obtaining project authorization, planning and design, and project start-up like training and warranty for equipment. Likewise, the CWSRF [allows](#) for broad pre-project development, including planning and assessment activities, such as cost and effectiveness analyses, water/energy audits and conservation plans, and capital improvement plans.

Similarly, pre-project development uses and costs for broadband projects should be tied to an eligible broadband project or reasonably expected to lead to such a project. For example, pre-project costs associated with planning and engineering for an eligible

Exhibit 19 (Appendix)

broadband infrastructure build-out is considered an eligible use of funds, as well as technical assistance and evaluations that would reasonably be expected to lead to commencement of an eligible project (e.g., broadband mapping for the purposes of finding an eligible area for investment).

All funds must be obligated by recipients within the statutory period between March 3, 2021, and December 31, 2024, and expended to cover such obligations by December 31, 2026.

6.11. May funds be used to support energy or electrification infrastructure that would be used to power new water treatment plants and wastewater systems?

The EPA's [Overview of Clean Water State Revolving Fund Eligibilities](#) describes eligible energy-related projects. This includes a “[p]ro rata share of capital costs of offsite clean energy facilities that provide power to a treatment works.” Thus, SLFRF funds may be used to finance the generation and delivery of clean power to a wastewater system or a water treatment plant on a pro-rata basis. If the wastewater system or water treatment plant is the sole user of the clean energy, the full cost would be considered an eligible use of funds. If the clean energy provider provides power to other entities, only the proportionate share used by the water treatment plant or wastewater system would be an eligible use of funds.

6.12. How should states and local governments assess whether a stormwater management project, such as a culvert replacement, is an eligible project under the water and sewer eligible use category?

Pages 37-38 of the [Overview of the 2022 Final Rule](#) describe the overall approach that recipients must take to evaluate the eligibility of water or sewer projects. With broadened eligibility under the 2022 final rule, a wide range of culvert repair, resizing, and removal, replacement of storm sewers, and additional types of stormwater infrastructure are eligible projects, as outlined further in the 2022 final rule.

6.13. May recipients use funds for road repairs and upgrades that occur in connection with an eligible water or sewer project?

Under the water and sewer infrastructure eligible use category, recipients may use SLFRF funds for road repairs and upgrades directly related to an eligible water or sewer project. For example, a recipient could use funds to repair or re-pave a road following eligible sewer repair work beneath it. Water and sewer infrastructure projects are often a single component of a broader transportation infrastructure project, such as, for example, the implementation of stormwater infrastructure needed to meet water quality standards established under the Clean Water Act. In this example, the components of the infrastructure project that interact directly with the stormwater infrastructure may be funded by SLFRF funds under the water and sewer infrastructure eligible use category. Recipients seeking to use SLFRF funds for road repairs and upgrades can find additional

information about the Surface Transportation projects eligible use category in [section 16](#) of the FAQs.

6.14. May funds be used to build or upgrade broadband connections to schools or libraries?

As outlined in the 2022 final rule, recipients may use SLFRF funds to invest in broadband infrastructure that, where practicable, is designed to deliver service that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps to households or businesses with an identified need for additional broadband investment. “Businesses” in this context refers broadly to include non-residential users of broadband, including private businesses and institutions that serve the public, such as schools, libraries, healthcare facilities, and public safety organizations.

6.15. Are eligible water, sewer, and broadband infrastructure projects, eligible capital expenditures under the public health and negative economic impacts eligible use category, eligible projects under the revenue loss eligible use category, eligible emergency relief from natural disasters, eligible Surface Transportation projects, and eligible Title I projects subject to the Davis-Bacon Act?

The Davis-Bacon Act requirements (prevailing wage rates) do not apply to projects funded solely with award funds from the SLFRF program, under the public health and negative economic impacts, revenue loss, water, sewer, and broadband infrastructure, emergency relief from natural disasters eligible use categories, and for Tribal governments, the Title I projects eligible use categories, except for SLFRF-funded construction projects undertaken by the District of Columbia. The Davis-Bacon Act specifically applies to the District of Columbia when it uses federal funds (SLFRF funds or otherwise) to enter into contracts over \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Recipients may be otherwise subject to the requirements of the Davis-Bacon Act when SLFRF award funds are used on a construction project in conjunction with funds from another federal program that requires enforcement of the Davis-Bacon Act. Additionally, corollary state prevailing-wage-in-construction laws (commonly known as “baby Davis-Bacon Acts”) may apply to projects. Please refer to [FAQ #4.8](#) concerning projects funded with both SLFRF funds and other sources of funding.

In the 2022 final rule, Treasury indicated the importance of capital expenditure projects and necessary investments in water, sewer, or broadband infrastructure be carried out in ways that produce high-quality results, avert disruptive and costly delays, and promote efficiency. Additionally, Treasury indicated in the 2023 interim final rule that it is important that emergency relief from natural disasters projects that involve construction, such as public infrastructure and mitigation activities, be carried out similarly. Treasury encourages recipients to ensure that capital expenditure projects, water, sewer, and broadband projects, and emergency relief from natural disasters construction projects use 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, not only to promote effective and efficient delivery of high-quality projects, but also to support the economic recovery through strong employment opportunities for workers. Using these practices in projects may help to ensure a reliable supply of skilled labor that would minimize disruptions, such as those associated with labor disputes or workplace injuries.

In addition, Treasury has stated in its reporting guidance that recipients will need to provide documentation of wages and labor standards for capital expenditure projects, water, sewer, and broadband infrastructure, and emergency relief from natural disasters construction projects over \$10 million, and that that these requirements can be met with certifications that the project is in compliance with the federal Davis-Bacon Act (or related state laws, commonly known as “baby Davis-Bacon Acts”) and subject to a project labor agreement. Please refer to the [Reporting and Compliance Guidance](#) for more detailed information on the reporting requirement.

For the Surface Transportation projects and Title I projects eligible use categories provided under the 2023 CAA, the Davis-Bacon Act applies, except for Title I projects undertaken by Tribal governments, as stated above. See also [FAQ #16.2](#).

6.16. What is the difference between using funds for eligible water and sewer projects and using funds under revenue loss for non-federal match for the Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF)?

As noted in [FAQ #6.1](#) and the [Overview of the 2022 Final Rule](#), eligible projects that a recipient may fund under the water and sewer infrastructure eligible use category of SLFRF include eligible projects under EPA’s CWSRF and EPA’s DWSRF. Recipients may also fund certain additional projects, including a wide set of lead remediation, stormwater infrastructure, and aid for private wells and septic units. Per [FAQ #6.6](#), recipients spending SLFRF funds under the water and sewer eligible use category are not required to obtain project pre-approval from Treasury or any other federal agency unless otherwise required by federal law.

Projects that recipients undertake with SLFRF funds under the water and sewer eligible use category are separate and distinct from projects that a recipient manages through their CWSRF and DWSRF. As noted in [FAQ #4.6](#) and [FAQ #6.2](#), recipients may use funds under the revenue loss eligible use category for non-federal matching requirements, including for EPA’s Clean Water State Revolving Fund and EPA’s Drinking Water State Revolving Fund. By contrast, funds spent under the water and sewer infrastructure eligible use category may not be used to meet non-federal matching requirements.

6.17. Can SLFRF funds be used to pay for the replacement or placement of utility poles under the water, sewer, and broadband infrastructure eligible use category?

Under the water, sewer, and broadband infrastructure eligible use category, the replacement or placement of utility poles is eligible when it is directly related to or part of

Exhibit 19 (Appendix)

an eligible SLFRF infrastructure project, such as an eligible SLFRF broadband infrastructure project that is consistent with Treasury's 2022 final rule. The use of SLFRF funds to fund a project for which the only purpose is to pay for the replacement or placement of utility poles is not an eligible use under the water, sewer, broadband infrastructure eligible use category.

6.18. Do the Buy America Preference requirements for infrastructure projects apply to awards made under the SLFRF program?

Awards made under the SLFRF program are not subject to the Buy America Preference requirements set forth in section 70914 of the Build America, Buy America Act included in the Infrastructure Investment and Jobs Act, Pub. L. 117-58.

As such, infrastructure projects undertaken solely using SLFRF award funds are not subject to the Buy America Preference requirements set forth in section 70914 of the Build America, Buy America Act included in the Infrastructure Investment and Jobs Act, Pub. L. 117-58. However, as described below, certain Surface Transportation projects are subject to domestic procurement preference requirements.

In the case of Pathway One and Pathway Three under the Surface Transportation projects eligible use category, under which recipients use SLFRF funds along with funding provided by the Department of Transportation (DOT), the Buy America preference requirements of titles 23, 40, or 49 of the U.S. Code apply to the use of SLFRF funds, as part of the DOT's regular administration of its federal financial assistance programs. Furthermore, as described in FAQ #6.19, recipients may be subject to the Buy America Preference requirements set forth in the Build America, Buy America Act included in the Infrastructure Investment and Jobs Act, Pub. L. 117-58 when SLFRF funds are used on an infrastructure project in conjunction with funds from DOT.

Recipients generally must satisfy the Buy America requirements of titles 23, 40, or 49 of the U.S. Code when SLFRF funds are used on Surface Transportation projects under Pathway Two. For instance, under titles 23 and 49 of the U.S. Code, certain DOT programs are subject to the Buy America domestic content procurement preference related to steel, iron, and manufactured goods. However, under the streamlined framework under Pathway Two, recipients are not required to satisfy the Buy America requirements. As stated in the 2023 interim final rule, the Buy America requirements apply to Surface Transportation projects that do not meet the criteria for the streamlined framework, and Treasury will work with recipients to comply with Buy America requirements for SLFRF-funded projects outside of the streamlined framework.

6.19. Do the Buy America Preference requirements for infrastructure projects apply to SLFRF-funded projects if they are supplemented with funding from other federal financial assistance programs?

As stated in FAQ #6.18, infrastructure projects funded solely with SLFRF award funds are

Exhibit 19 (Appendix)

not subject to the Buy America Preference requirements set forth in section 70914 of the Build America, Buy America Act included in the Infrastructure Investment and Jobs Act, Pub. L. 117-58. However, SLFRF recipients may be otherwise subject to the Buy America Preference requirements if SLFRF funds are used on an infrastructure project in conjunction with funds from other federal programs that require compliance with the Buy America requirements. Recipients are advised to consult with the other federal agency(ies) administering federal financial assistance that is being blended or braided with SLFRF funds regarding the applicability of the Buy America Preference requirements (see [FAQ #4.8](#)).

6.20. Does Section 106 of the National Historic Preservation Act (NHPA) apply to projects funded with SLFRF funds?

For the eligible use categories described in the 2022 final rule and the emergency relief from natural disasters eligible use category described in the 2023 interim final rule, Section 106 of the NHPA does not apply to Treasury's administration of SLFRF funds. Under these eligible use categories, projects supported with payments from SLFRF funds may be subject to Section 106 of the NHPA if they involve other federal agencies' participation, including funding from other federal financial assistance programs, or are subject to receipt of approvals from other federal agencies.

In the case of Surface Transportation projects under Pathway One and Pathway Three, Section 106 of the NHPA applies consistent with how it would otherwise apply as part of DOT's administration of the project.

To qualify for the streamlined framework under Pathway Two, recipients must design projects that meet three criteria specified in the 2023 interim final rule, including limiting the project scope to a set of actions or activities deemed by DOT as meeting the criteria for a categorical exclusion as listed under 23 C.F.R. 771.116(c)(1)-(22), 771.117(c)(1)-(30), and 771.118(c)(1)-(16). In addition, as part of determining that a project meets a categorical exclusion, recipients must demonstrate that their actions do not involve unusual circumstances, as described in 23 CFR 771.116(b), 771.117(b), and 771.118(b). Such unusual circumstances include significant environmental impacts; substantial controversy on environmental grounds; significant impact on properties protected by Section 4(f) of the Department of Transportation Act of 1966 or Section 106 of the NHPA; or inconsistencies with any federal, state, or local law, requirement, or administrative determination relating to the environmental aspects of the action.

Eligible Surface Transportation projects under the streamlined framework in Pathway Two may still be subject to NEPA review and other environmental statutes, such as Section 106 of the NHPA, if they are also funded by other federal financial assistance programs or have certain federal licensing or registration requirements.

In the case of Title I projects, Section 106 of the NHPA does not apply to a project that either is:

- An "exempt activity" as contemplated by 24 CFR 58.34(a), or

Exhibit 19 (Appendix)

- “Categorically excluded” and not subject to 24 CFR 58.5, as contemplated by 24 CFR 58.35(b), provided that the extraordinary circumstances described in 24 CFR 58.35(c) are not present.

For Title I projects that do not satisfy either of the above criteria, the requirements of Section 106 of the NHPA apply, and recipients must assume responsibilities, as the responsible entity, for environmental review, decision-making and action that would generally apply to federal agencies under Section 106 of the NHPA. Treasury will provide additional information on NHPA-related compliance as part of forthcoming information on environmental review requirements.

7. Non-Entitlement Units (NEUs)

Answers to frequently asked questions on distribution of SLFRF funds to NEUs can be found in this [FAQ supplement](#).

8. Ineligible Uses

8.1. May recipients use funds to replenish a budget stabilization fund, rainy day fund, or similar reserve account?

No. Funds made available to respond to the public health emergency and its negative economic impacts are intended to help meet pandemic response needs and provide immediate stabilization for households and businesses. Contributions to rainy day funds and similar reserve funds would not address these needs or respond to the COVID-19 public health emergency, but would rather be savings for future spending needs. Similarly, funds made available for the provision of governmental services (to the extent of reduction in revenue) are intended to support direct provision of services to citizens. Contributions to rainy day funds are not considered provision of government services, since such expenses do not directly relate to the provision of government services.

8.2. What is meant by a pension “deposit”? Can governments use funds for routine pension contributions for employees whose payroll and covered benefits are eligible expenses?

In the context of the restriction on deposits into pension funds, “deposit” means an extraordinary payment of an accrued, unfunded liability. The term deposit does not refer to routine contributions made by an employer to pension funds as part of the employer’s obligations related to payroll, such as either a pension contribution consisting of a normal cost component related to current employees or a component addressing the amortization of unfunded liabilities calculated by reference to the employer’s payroll costs.

In general, if an employee’s wages and salaries are an eligible use of SLFRF funds, recipients may treat the employee’s covered benefits as an eligible use of funds.

8.3. May recipients use Fiscal Recovery Funds to fund Other Post-Employment Benefits (OPEB)?

OPEB refers to benefits other than pensions (see, e.g., [Governmental Accounting Standards Board, “Other Post-Employment Benefits”](#)). Treasury has determined that Sections 602(c)(2)(B) and 603(c)(2) of the Social Security Act, which refer only to deposits to pensions funds, do not prohibit SLFRF recipients from funding OPEB. Recipients may use funds for eligible uses, and a recipient seeking to use SLFRF funds for OPEB contributions would need to justify those contributions under one of the seven eligible use categories.

9. Reporting

Recipients should consult the Recipient Compliance and Reporting Responsibilities [page on Treasury’s website](#) to access the latest Compliance and Reporting Guidance. Recipients should consult this guidance for additional detail and clarification on recipients’ compliance and reporting responsibilities. User guides, which also contain FAQs pertaining to reporting, are provided for additional information.

10. Miscellaneous

10.1. Are recipients required to remit interest earned on SLFRF payments made by Treasury?

No. SLFRF payments made by Treasury to states, territories, and the District of Columbia are not subject to the requirement of the Cash Management Improvement Act and Treasury’s implementing regulations at 31 CFR Part 205 to remit interest to Treasury. SLFRF payments made by Treasury to local governments and Tribes are not subject to the requirements of 2 CFR 200.305(b)(8) and (9) to maintain SLFRF award funds in an interest-bearing account and remit interest earned above \$500 on such payments to Treasury. Moreover, interest earned on SLFRF award funds is not subject to program restrictions. Finally, states may retain interest on payments made by Treasury to the state for distribution to NEUs that is earned before funds are distributed to NEUs, provided that the state adheres to the statutory requirements and Treasury’s guidance regarding the distribution of funds to NEUs. Such interest is also not subject to program restrictions.

Among other things, states and other recipients may use earned income to defray the administrative expenses of the program, including with respect to NEUs.

10.2. May recipients use funds to cover the costs of consultants to assist with managing and administering the funds?

Yes. Recipients may use funds for administering the SLFRF program, including costs of consultants to support effective management and oversight, including consultation for

ensuring compliance with legal, regulatory, and other requirements.

11. Operations

11.1. How do I know if my entity is eligible?

The American Rescue Plan Act of 2021 set forth the jurisdictions eligible to receive funds under the SLFRF program, which are:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities (typically, but not always, those with populations over 50,000)
- Non-entitlement units of local government, or smaller local governments (typically, but not always, those with populations under 50,000)

11.2. How does an eligible entity request payment?

Eligible entities (other than non-entitlement units) must submit their information to the [Treasury Submission Portal](#). Please visit the [Coronavirus State and Local Fiscal Recovery Fund website](#) for more information on the submission process.

11.3. I cannot log into the Treasury Submission Portal or am having trouble navigating it. Who can help me?

If you have questions about the Treasury Submission Portal or for technical support, please email covidreliefitsupport@treasury.gov.

11.4. What do I need to do to receive my payment?

All eligible payees are required to have a Unique Entity ID (UEI) as part of registration in addition to maintaining an active registration in the System for Award Management (SAM) (<https://www.sam.gov>).

Eligible payees must have a bank account enabled for Automated Clearing House (ACH) direct deposit. Payees with a Wire account are encouraged to provide that information as well.

More information on these and all program pre-submission requirements can be found on the [SLFRF website](#).

11.5. Why is Treasury employing ID.me for the Treasury Submission Portal?

Exhibit 19 (Appendix)

ID.me is only required for submitting applications for funding in the Treasury Portal. ID.me is not required for users accessing the Treasury portal to complete reporting.

ID.me provides secure digital identity verification to those government agencies and healthcare providers to validate the individual entity – and block fraudulent attempts to access online services. All personally identifiable information provided to ID.me is encrypted and disclosed only with the express consent of the user. Please refer to ID.me Contact Support for assistance with your ID.me account. Their support website is <https://help.id.me>.

11.6. Why is an entity not on the list of eligible entities in the Treasury Submission Portal?

The ARPA lays out which governments are eligible for payments. The list of entities within the Treasury Submission Portal includes entities eligible to receive a direct payment of funds from Treasury, which include states (defined to include the District of Columbia), territories, Tribal governments, counties, and metropolitan cities.

Eligible non-entitlement units of local government will receive a distribution of funds from their respective state government and should not submit information to the Treasury Submission Portal.

If you believe an entity has been mistakenly left off the eligible entity list, please email SLFRF@treasury.gov.

11.7. What is an Authorized Representative?

An Authorized Representative is an individual with legal authority to bind the government entity (e.g., the Chief Executive Officer of the government entity). An Authorized Representative must sign the Acceptance of Award terms for it to be valid.

11.8. How do I know the status of my request for funds (submission)?

Entities can check the status of their submission at any time by logging into the [Treasury Submission Portal](#).

11.9. My Treasury Submission Portal submission requires additional information/correction. What is the process for that?

If your Authorized Representative has not yet signed the award terms, you can edit your submission within the [Treasury Submission Portal](#). If your Authorized Representative has signed the award terms, please email SLFRF@treasury.gov to request assistance with updating your information.

11.10. My request for funds was denied. How do I find out why it was denied or appeal the decision?

Please check to ensure that no one else from your entity has applied, causing a duplicate submission. Please also review the list of all eligible entities on the [Coronavirus State and Local Fiscal Recovery Fund website](#).

If you still have questions regarding your submission, please email SLFRF@treasury.gov.

11.11. When will entities get their money?

Before Treasury is able to execute a payment, a representative of an eligible government must submit the government's information for verification through the [Treasury Submission Portal](#). The verification process takes approximately four business days. If any errors are identified, the designated point of contact for the government will be contacted via email to correct the information before the payment can proceed. Once verification is complete, the designated point of contact of the eligible government will receive an email notifying them that their submission has been verified. Payments are generally scheduled for the next business day after this verification email, though funds may not be available immediately due to processing time of their financial institution.

11.12. How does a local government entity provide Treasury with a notice of transfer of funds to its State?

For more information on how to provide Treasury with notice of transfer to a state, please email SLRedirectFunds@treasury.gov.

12. Tribal Governments

12.1. Do Treasury's pandemic recovery program awards terms and conditions impose civil rights laws on Tribes?

The award terms and conditions for Treasury's pandemic recovery programs, including SLFRF, do not impose antidiscrimination requirements on Tribal governments beyond what would otherwise apply under federal law. Treasury has amended its reporting requirements with respect to the SLFRF, Treasury's Emergency Rental Assistance Program, and Homeowner Assistance Fund to reflect this clarification.

12.2. How does a Tribal government determine its allocation?

Tribal governments received information about their allocation when their submission to the Treasury Submission Portal was confirmed to be complete and accurate.

13. Uniform Guidance

13.1. What provisions of the Uniform Guidance for grants apply to these funds? Will the Single Audit requirements apply?

Most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program, including the Cost Principles and Single Audit Act requirements. Recipients should refer to the Assistance Listing for detail on the specific provisions of the Uniform Guidance that do not apply to this program. The Assistance Listing will be available at <https://sam.gov/fal/7cecfdef62dc42729a3fdcd449bd62b8/view>.

For information related to Single Audit requirements specifically, please refer to the [Compliance Supplement materials](#) released by the Office of Management and Budget.

13.2. Do federal procurement requirements apply to SLFRF?

Yes. The procurement standards for federal financial assistance are located in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200.317 through 2 CFR 200.327 and apply to procurements using SLFRF funds. Pursuant to 2 CFR 200.317, recipients that are non-state entities, such as, metropolitan cities, counties, non-entitlement units of local government, and Tribes must comply with the procurement standards set forth in 2 CFR 200.318, through 2 CFR 200.327, when using their SLFRF award funds to procure goods and services to carry out the objectives of their SLFRF award. States, the District of Columbia, and U.S. Territories must follow their own procurement policies pursuant to 2 CFR 200.317, as well as comply with the procurement standards set forth at 2 CFR 200.321 through 2 CFR 200.323, and 2 CFR 200.327 when using their SLFRF award funds to procure goods and services to carry out the objectives of their SLFRF award. *See also* SLFRF Award Terms and Conditions.

Recipients are prohibited from using SLFRF funds to enter into subawards and contracts with parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs. *See* [2 CFR 200.214](#).

Moreover, a contract made under emergency circumstances under the Coronavirus Relief Fund (CRF) cannot automatically be transferred over to SLFRF. These programs are subject to different treatment under the Uniform Guidance. Under the CRF program, recipients are permitted to use their own procurement policies to acquire goods and services to implement the objectives of the CRF award. Under the SLFRF program, recipients are required to follow the procurement standards set out in 2 CFR Part 200 (Uniform Guidance) pursuant to the SLFRF Award Terms and Conditions executed by the recipients in connection with their SLFRF awards.

13.3. What is the threshold for competitive bidding for my government?

As stated above, recipients are required to comply with the procurement standards set forth

Exhibit 19 (Appendix)

in 2 CFR 200.317 through 2 CFR 200.327 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Pursuant to 2 CFR 200.317, States, the District of Columbia, and U.S. Territories should refer to the competitive bidding thresholds described in their own procurement policies and procedures. Other non-federal entities, such as metropolitan cities, counties, non-entitlement units of local government, and Tribes must adhere to the competitive bidding thresholds set forth in 2 CFR 200.320 for the relevant procurement methods.

2 CFR 200.320 describes methods of procurement based on two procurement thresholds. There are two thresholds that recipients should keep in mind related to procurement requirements: the Micro purchase threshold (MPT) and the Simplified Acquisition Threshold (SAT).

Micro-purchase threshold (MPT) - 2 CFR 200.320(a)(1): Purchase of supplies and services for a price below the MPT, currently set at \$10,000, are not required to be solicited competitively. However, there are circumstances when a recipient may have a MPT that is greater than \$10,000. For example, all non-Federal entities may increase their MPT up to \$50,000 if they follow the protocols described in 200.320(a)(1)(iv). Additionally, non-federal entities such as metropolitan cities, counties, non-entitlement units of local government, and Tribes may use their own MPT if they follow the protocols described in 200.320(a)(1)(iv).

Simplified Acquisition Threshold (SAT) - 2 CFR 200.320(a)(2): Purchases of property and services at a price above the recipient's MPT and below the SAT, currently set at \$250,000, may be made following the small purchase procedures described in the definition of SAT in 2 CFR 200.1 and 2 CFR 200.320(a)(2). Procurement of property and services at a price above the SAT must follow the formal procurement methods outlined in 2 CFR 200.320(b).

13.4. Can a recipient prequalify firms for projects funded with SLFRF?

The Uniform Guidance permits recipients to use prequalified lists of persons, firms, or products so long as a list is current and includes enough qualified sources to ensure maximum open and free competition. The Uniform Guidance does not specifically define the term "current" for purposes of 2 CFR 200.319(e), and Treasury has not adopted additional guidance regarding this requirement as it applies to the SLFRF. As such, recipients must determine when a prequalified list would be sufficiently current, and a recipient must not preclude potential bidders from qualifying during the solicitation period. See 2 CFR 200.319(e). Furthermore, recipients may not utilize this provision to evade conducting their procurement transactions in a manner that provides for full and open competition.

Recipients should be mindful that other provisions of the Uniform Guidance inform the procurement requirements. For example, metropolitan cities, counties, non-entitlement units of local government, and Tribes must have and use documented procurement procedures, consistent with binding State, local, and Tribal laws and regulations. See 2

Exhibit 19 (Appendix)

CFR 200.318(a).

13.5. Where can one find the most current information on assuring minority-owned businesses are included in the awards process?

The most up-to-date information on assuring that minority-owned businesses are included in the procurement process is located in [2 CFR 200.321](#), *Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms*.

13.6. Is there certain language that needs to be included in a bidding package?

Treasury does not require that there be specific language included in bidding packages, but SLFRF recipients must ensure all contracts made with SLFRF award funds contain the applicable contract provisions listed in 2 CFR Part 200, Appendix II.

13.7. Are recipients allowed to leverage existing contracts?

Recipients may leverage existing contracts for SLFRF activities if the existing contracts conform to the procurement standards in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200 (Uniform Guidance). States, the District of Columbia, and U.S. Territories must follow their own procurement policies pursuant to 2 CFR 200.317 as well as comply with the procurement standards set forth at 2 CFR 200.321 – 200.323, and 2 CFR 200.327. All other recipients must follow 2 CFR 200.318, *General procurement standards*, through 200.327, *Contract provisions*.

13.8. Would an interlocal agreement—an agreement entered into between governments to effectuate an eligible use of the funds—or a cooperative purchase agreement need to be bid out?

States, the District of Columbia, and U.S. Territories must follow their own procurement policies pursuant to 2 CFR 200.317 as well as comply with the procurement standards set forth at 2 CFR 200.321 through 2 CFR 200.323, and 2 CFR 200.327. All other recipients must follow 2 CFR 200.318, *General procurement standards*, through 200.327, *Contract provisions*.

Recipients should consult the applicable procurement standards or policies to determine whether a cooperative purchase agreement must be bid out. Information on when competition is required and when exceptions to competition are permitted are located in 2 CFR 200.319, *Competition*, and 2 CFR 200.320, *Methods of procurement to be followed*.

It is permissible for recipients to use interlocal agreements but procurement standards set forth in the Uniform Guidance may still apply.

13.9. How is a “contract” different than a “subaward”?

Exhibit 19 (Appendix)

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200 (Uniform Guidance) provides definitions for “contract” and “subaward.” A *contract* is a legal instrument by which a recipient or subrecipient purchases property or services needed to carry out the project or program under a federal award. A *subaward* is distinct from a contract in that a subaward is an award provided by a recipient of a federal award to a subrecipient to carry out part of a federal award on behalf of the recipient. Recipients may make subawards through any form of legal agreement, including an agreement that the recipient considers a contract. See 2 CFR 200.331 for more information on the differences between contracts and subawards.

13.10. What other background laws must recipients comply with?

SLFRF recipients must comply with all laws outlined in the SLFRF Award Terms and Conditions that the recipients accepted in connection with their SLFRF award and all other applicable executive orders, federal statutes, and regulations in carrying out their SLFRF award. Recipients must also provide for such compliance by other parties in any agreements it enters into with other parties relating to the award. The award terms listed specific statutes and regulations that apply to the award, but the award terms made clear that these lists were not exclusive. Particularly in the case of the SLFRF, it’s not possible to enumerate the full list of federal statutes, regulations and executive orders that may be applicable to the award given that the range of eligible uses of funds is so broad, including the provision of government services.

13.11. How does Treasury treat program income?

Per 2 CFR 200.307, Treasury is specifying here that recipients may add program income to the Federal award. Any program income generated from SLFRF funds must be used for the purposes and under the conditions of the Federal award.

Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds **is not** program income. For more information on what constitutes “Program Income” please see 2 CFR 200.1.

13.12. Does COVID-19 and the national emergency qualify as "exigency" as a special circumstance under 2 CFR 200.320 (c) in which a noncompetitive procurement can be used? If so, may a contract utilizing this special circumstance have a term that extends beyond the national emergency? For example, may the County execute a contract (without going through a competitive solicitation) immediately with a contractor to provide services with a term through the end of 2024, relying upon this special circumstance?

Exhibit 19 (Appendix)

The COVID-19 public health emergency does not itself qualify as a “public exigency or emergency” under 2 CFR 200.320(c). In other words, a recipient may not justify a noncompetitive procurement simply on the basis that the procurement is conducted during the public health emergency or that the project is in response to the public health emergency.

Instead, the recipient must make its own assessment as to whether in the case of a particular project there is a public exigency or emergency that “will not permit a delay resulting from publicizing a competitive solicitation.”

13.13. What compliance and reporting requirements apply to subrecipients and beneficiaries?

As detailed in Treasury’s [Compliance and Reporting Guidance](#) (pg. 11), subrecipients are required to comply with all of the restrictions applicable to recipients, including audit requirements under the Single Audit Act, whereas beneficiaries are not subject to these requirements. The distinction between subrecipients and beneficiaries is addressed in the supplemental information to Treasury’s 2022 final rule.⁷ For example, when recipients of SLFRF funds provide award funds to individuals or entities as a result of experiencing a public health or negative economic impact of the pandemic, those receiving such funding are beneficiaries of the funds. In contrast, when recipients provide award funds to an entity to carry out a program in response to the public health emergency or its negative economic impacts, the entities receiving such funding are subrecipients.

Treasury requires recipients to report detailed information in the Treasury reporting portal as part of the Project and Expenditure Report regarding subrecipients that receive subawards of \$50,000 or more and certain beneficiaries that receive direct payments of \$50,000 or more in SLFRF funds. Requirements for this reporting can be found in the [Compliance and Reporting Guidance](#) (pg. 21).

Recipients are not required to separately identify payments to specific individuals receiving funds as beneficiaries in the Project and Expenditure Report. Those funds must be reported in the aggregate as part of the “Payments to Individuals” section.

As in the case of reporting under the Coronavirus Relief Fund, information on both beneficiaries and subrecipients will be collected in a single form in the Project and Expenditure Report.

13.14. Do recipients need to report subrecipient information for the revenue loss eligible use category?

No. Treasury is not collecting subaward data for projects categorized under Expenditure Category Group 6 “Revenue Replacement.” Treasury has determined that there are no subawards under this eligible use category. The definition of subrecipient in the Uniform

⁷ Coronavirus State and Local Fiscal Recovery Funds, 87 FR 4338, 4394.

Exhibit 19 (Appendix)

Guidance provides that a subaward is provided for the purpose of “carrying out” a portion of a federal award. Recipients’ use of revenue loss funds does not give rise to subrecipient relationships given that there is no federal program or purpose to carry out in the case of the revenue loss portion of the award. While there is no federal program or purpose to carry out in the same way that there is for the other SLFRF expenditure categories, these funds retain their federal character and recipients remain subject to laws and regulations applicable to Federal financial assistance programs.

13.15. Which requirements of the Uniform Guidance apply to revenue loss funds?

Under the statute and the 2022 final rule, recipients may use SLFRF funds for the provision of government services up to the amount of their revenue loss due to the pandemic. Under the 2022 final rule, recipients may either calculate their revenue loss amount using a formula provided in the 2022 rule or elect up to a \$10 million “standard allowance” of revenue loss over the life of the program. Recipients have considerable flexibility to use SLFRF revenue loss funds on activities to address the diverse needs of their communities, as discussed in [#FAQ 3.2](#), but may not use the funds for the following ineligible uses:

- Offset a reduction in net tax revenue (applicable to states and territories)
- Make a deposit into a pension fund (applicable to all recipients except Tribes)
- Service debt or replenish financial reserves (e.g., “rainy day funds”) (applicable to all recipients)
- Satisfy settlements and judgments (applicable to all recipients)
- Fund programs, services, or capital expenditures that include a term or condition that undermines efforts to stop the spread of COVID-19 (applicable to all recipients)

In-depth descriptions of the ineligible uses can be found in the “Restrictions on Use” section of the [Coronavirus State and Local Fiscal Recovery Funds: Overview of the 2022 Final Rule](#).

The SLFRF award terms and conditions provide that the requirements of the Uniform Guidance, 2 C.F.R. Part 200, apply to SLFRF awards other than such provisions as Treasury may determine are inapplicable to the award and subject to such exceptions as may be otherwise provided. The 2022 Compliance Supplement also provided that the requirements of 2 C.F.R. Part 200 are applicable unless stated otherwise. As such, recipients are required to follow Subparts A, B, C, and F of the Uniform Guidance for expenses categorized under Expenditure Category 6 “Revenue Replacement.” However, given the purpose and very broad scope of eligible uses of the revenue replacement funds, only a subset of the requirements in Subparts D and E of the Uniform Guidance apply to recipients’ use of such funds. The applicable requirements are listed below. In general, these requirements provide that recipients should not deviate from their established practices and policies regarding the incurrence of costs, and that they should expend and account for the funds in accordance with laws and procedures for expending

Exhibit 19 (Appendix)

and accounting for the recipient's own funds.⁸ Recipients' use of revenue replacement funds remains subject to the other applicable requirements of the SLFRF program, including among other things the deadlines for obligations and expenditures and the application of federal antidiscrimination requirements.

Uniform Guidance Subpart D and E Requirements Applicable to Revenue Loss Funds Used for the Provision of Government Services

Subpart D Post Federal Award Requirements

- 200.300 Statutory and national policy requirements.
- 200.302 Financial management.
- 200.303 Internal controls.
- 200.328 Financial reporting.
- 200.329 Monitoring and reporting program performance.
- Record Retention and Access (2 C.F.R. 200.334 – 200.338)
 - 200.334 Retention requirements for records.
 - 200.335 Requests for transfer of records.
 - 200.336 Methods for collection, transmission, and storage of information.
 - 200.337 Access to records.
 - 200.338 Restrictions on public access to records.
- Remedies for Noncompliance (2 C.F.R. 200.339 – 200.343)

Note: These sections will apply to Treasury's administration of the funds. Because the revenue loss eligible use category does not give rise to subawards, as discussed in FAQ 13.14, recipients will not be in a position to apply these provisions with respect to subrecipient relationships.

 - 200.339 Remedies for noncompliance.
 - 200.340 Termination.
 - 200.341 Notification of termination requirement.
 - 200.342 Opportunities to object, hearings, and appeals.
 - 200.343 Effects of suspension and termination.
- 200.344 Closeout.

Note: This section will apply to Treasury's administration of the funds. Because the revenue loss eligible use category does not give rise to subawards, as discussed in FAQ 13.14, recipients will not be in a position to apply this provision with respect to subrecipient relationships.
- 200.345 Post-closeout adjustments and continuing responsibilities.

Note: This section will apply to Treasury's administration of the funds. Because the revenue loss eligible use category does not give rise to subawards, as discussed in FAQ 13.14, recipients will not be in a position to apply this provision with respect to subrecipient relationships.
- 200.346 Collection of amounts due.

The program income requirements of 2 CFR 200.307 do not apply under revenue loss eligible use category. As such, recipients may maintain program income, which will not

⁸ Cf. 2 CFR 200.302(a), 2 CFR 200.404(e).

be considered an addition to the federal award.

Consistent with the Uniform Guidance, if SLFRF is to be used to cover a cost incurred by a recipient, the cost must be one that is allowable. In determining whether a cost is allowable for purposes of funds used under the revenue loss eligible use category, only the following factors and requirements apply:

Subpart E – Cost Principles

- 200.400(a) - (c), and (e) Policy guide.
- 200.403(a), (c), (d), (g), and (h) Factors affecting allowability of costs.
- 200.404(e) Reasonable costs.

13.16. What are the use and disposition requirements for assets purchased with SLFRF funds?

SLFRF funds may be used to acquire real and personal property, supplies, and equipment. For example, a recipient may use SLFRF funds to, among other things, construct or renovate affordable housing, childcare facilities, schools, and hospitals under the eligible use category for responding to the public health emergency or its negative economic impacts pursuant to Treasury's 2022 final rule, 31 CFR 35.6(b), and to make investments in water, sewer, and broadband infrastructure pursuant to the 2022 final rule, 31 CFR 35.6(e).

Except for property, supplies, or equipment acquired using revenue loss funds, recipients must follow the applicable provisions of the Uniform Guidance regarding property standards (2 CFR 200.310 – 200.316), subject to the requirements set out in this FAQ.

For the following eligible use categories – public health and negative economic impacts, water, sewer, and broadband infrastructure, emergency relief from natural disasters, and Title I projects – a recipient may, during the period of performance, use property, supplies, or equipment purchased or improved with SLFRF funds for a purpose other than the purpose for which it was purchased or improved if such other purpose is also consistent with the eligible use requirements. If a recipient changes the use of an asset to an ineligible use or sells the asset prior to the end of the period of performance, the recipient must follow the disposition procedures set out in the Uniform Guidance. *See* 2 CFR 200.311, 200.313, 200.314, and 200.315. In addition, in the case of changes during the period of performance to the use of property, supplies or equipment acquired as part of a Title I project, the recipient would also have to ensure that the new use of the property, supplies or equipment complies with Treasury's guidance regarding NEPA, NHPA and other environmental requirements.

For the Surface Transportation projects eligible use category, recipients using SLFRF funds for a Pathway One or Pathway Three project must follow the use and disposition requirements provided by the U.S. Department of Transportation pursuant to its administration of the project. For example, for rights-of-way involving title 23 assistance, the requirements of 23 CFR part 710 apply.

Exhibit 19 (Appendix)

For projects under the streamlined framework under Pathway Two, recipients may use property, supplies, or equipment purchased or improved with SLFRF funds for a purpose other than the purpose for which it was purchased or improved, if such other purpose is consistent with the parameters of the streamlined framework under Pathway Two, as provided in the 2023 interim final rule. If a recipient changes the use of an asset to an ineligible use or sells the asset prior to the end of the period of performance, the recipient must follow the disposition procedures set out in the Uniform Guidance.

After the end of the period of performance, the property, supplies, or equipment purchased or improved with SLFRF funds must be used consistent with the purpose for which it was purchased or improved or for any other eligible purpose in the same eligible use category as reported to Treasury as of the final reporting period, as set forth in the table below.

Category	Use Requirements
Public Health and Assistance to Households and Individuals	Property, supplies, or equipment last reported as being used to respond to the public health impacts of the public health emergency, as outlined in 31 CFR 35.6(b)(3)(i), or being used for the provision of services to households provided in 31 CFR 35.6(b)(3)(ii)(A), are authorized to fulfill any eligible use of funds provided in these subparagraphs of the 2022 final rule.
Assistance to Small Businesses, Nonprofits, and Impacted Industries	Property, supplies, or equipment last reported as being used for the provision of services to small businesses, nonprofits, and impacted industries outlined in 31 CFR 35.6(b)(3)(ii)(B)-(D) are authorized to fulfill any eligible use of funds outlined in the public health and negative economic impacts eligible use category.
Water, Sewer, or Broadband Infrastructure	Property, supplies, or equipment last reported as being used to make investments in water, sewer, or broadband infrastructure pursuant to 31 CFR 35.6(e) are authorized to fulfill any eligible use of funds outlined in the water, sewer, and broadband infrastructure eligible use category.
Government Services/Revenue Loss	Property, supplies, or equipment acquired with revenue loss funds are exempt from the use and disposition requirements of the Uniform Guidance, regardless of award size.
Premium Pay	N/A
Emergency Relief from Natural Disasters	Property, supplies, or equipment last reported as being used to provide emergency relief from natural disasters, as outlined in 31 CFR 35.6(g), are authorized to fulfill any eligible use of funds outlined in the emergency relief from natural disasters eligible use category.
Surface Transportation projects	For Pathway One and Pathway Three, recipients should follow the use and disposition guidance provided by the Department of Transportation for the project. For projects within the streamlined framework of Pathway Two, property, supplies, or equipment last reported as being used to make investments in surface transportation projects that meet the parameters pursuant to 31 CFR

Exhibit 19 (Appendix)

	35.6(h)(1)(ii)(B)(2) are authorized to fulfill any project that meets the parameters of the streamlined framework under Pathway Two.
Title I projects	Property, supplies, or equipment last reported as being used to provide assistance under activities eligible under the Community Development Block Grant (CDBG) and Indian Community Development Block Grant (ICDBG) programs, as outlined in 31 CFR 35.6(h)(2), are authorized to fulfill any eligible use of funds outlined in the Title I projects eligible use category that continues to satisfy the CDBG National Objectives requirement for non-Tribal recipients, and the requirements of the Primary Objective for Tribal recipients.

If the use of an asset shifts within the parameters of the eligible purpose according to this table after the period of performance, no repayment would be required. For example, converting a hospital to a behavioral health facility would qualify as being used for the eligible purpose because both expenditures respond to the public health impacts of the public health emergency, as outlined in 31 CFR 35.6(b)(3)(i), so reimbursement to Treasury would be unnecessary.

If the use of an asset shifts outside the parameters of the eligible purpose according to this table after the period of performance, the recipient or subrecipient must follow the disposition procedures in the Uniform Guidance and SLFRF program policies. *See* 2 CFR 200.311, 200.313, 200.314, and 200.315. Note that the applicability of these sections of the Uniform Guidance does not govern use and disposition requirements under the CDBG and ICDBG programs, but does apply to the use of SLFRF funds under the Title I projects eligible use category.

Recipients are responsible for being able to substantiate their determinations on whether the use of an asset is authorized and maintain a record of that determination in accordance with the requirements set forth in the financial assistance agreement accepted in connection with their award. Recipients are not required to seek or obtain the approval of Treasury prior to changing the use within the parameters of the authorized purpose.

13.17. In the definition of “obligation” in the 2022 final rule, what does Treasury mean by “similar transactions that require payment?”

As stated in the 2022 final rule, obligation means “an order placed for property and services and entering into contracts, subawards, and similar transactions that require payment.”⁹ On November 20, 2023, Treasury published an interim final rule to clarify the definition of “obligation” ((88 Fed. Reg. 80584 (Nov. 20, 2023)) (Obligation IFR). The term “obligation” continues to mean an order placed for property and services and entry into contracts, subawards, and similar transactions that require payment. As discussed in the Obligation IFR, a recipient is also considered to have incurred an obligation by December 31, 2024, with respect to satisfying a requirement under federal law or

⁹ See 31 CFR 35.3.

Exhibit 19 (Appendix)

regulation or a provision of the SLFRF award terms and conditions to which the recipient becomes subject as a result of receiving or expending SLFRF funds. See FAQs [17.6](#), [17.7](#), and [17.10](#) for additional information about this amendment.

As contemplated by the definition of obligation, both in the 2022 final rule and the following publication of the Obligation IFR, Treasury recognizes that recipients may obligate funds through means other than contracts or subawards, for example in the case of payroll costs. In these circumstances (when obligating funds through “similar transactions that require payment”), recipients must follow state or local law and their own established practices and policies regarding when they are considered to have incurred an obligation and how those obligations are documented. For example, a recipient may have incurred an obligation even though the recipient and its employee may not have entered into an employment contract.

In the Obligation IFR and in the updated FAQs published in March 2024, Treasury provided further guidance on several ways that recipients may consider payroll costs to be obligated, including for purposes of using SLFRF funds to cover personnel costs between January 1, 2025, and December 31, 2026. One FAQ provides an example of “similar transactions that require payment,” which included interagency agreements meeting certain conditions, as discussed in [FAQ 17.6](#). Another FAQ describes when recipients may consider personnel costs to be obligated by the December 31, 2024, deadline. See [FAQ 17.7](#).

Recipients should reference the [Obligation IFR](#) and the [Obligation Interim Final Rule Quick Reference Guide](#) for more information.

14. Consolidated Appropriations Act, 2023 New Eligible Uses – General Questions

14.1. Did Treasury’s 2023 interim final rule impact the four existing eligible uses provided in the American Rescue Plan?

The 2023 interim final rule implements how recipients may use SLFRF funds for the three new eligible uses authorized by the 2023 CAA. The four eligible uses provided in the American Rescue Plan and implemented in the 2022 final rule remain available to recipients and generally are unchanged. Accordingly, recipients may continue to use SLFRF funds for eligible projects and activities in accordance with the 2022 final rule.

14.2. Did Treasury’s 2023 interim final rule impact how recipients may use SLFRF funds for the provision of government services, whether a recipient is claiming up to \$10 million under the standard allowance or calculating revenue loss according to the formula?

Exhibit 19 (Appendix)

Recipients can continue to use SLFRF funds for the provision of government services under the revenue loss eligible use category in accordance with the 2022 final rule which provides two options for determining revenue loss. Recipients may calculate revenue loss according to the formula described in the 2022 final rule or claim up to \$10 million in revenue loss, not to exceed a recipient's total SLFRF allocation, under the standard allowance. The 2023 CAA amendments to the SLFRF program codified these options into law. Recipients may update their revenue loss determinations through the April 2025 reporting period, as described in [FAO #3.1](#), so long as they use a consistent methodology throughout the period of performance.

14.3. Can a recipient that used funds under the revenue loss eligible use category for a project that would otherwise be eligible under the new eligible use categories shift these costs to one of the new eligible use categories?

Treasury's 2023 interim final rule discusses three new eligible use categories of emergency relief from natural disasters, Surface Transportation projects, and Title I projects. For all three new eligible use categories, recipients may use SLFRF funds for costs incurred beginning December 29, 2022.

Recipients that had previously used SLFRF funds under the revenue loss eligible use category for costs that would otherwise be eligible under the new eligible uses articulated in the 2023 interim final rule may choose to use their SLFRF funds under the new eligible use categories, as long as these costs meet the requirements of the 2023 interim final rule and were not incurred prior to December 29, 2022, and for Surface Transportation projects and Title I projects, the revenue loss funds did not supplant other Federal, State, territorial, Tribal, and local government funds, as provided in the statute and Treasury's 2023 interim final rule. Recipients choosing to use their SLFRF funds under a new eligible use category must reflect the change in their Project and Expenditure reports to be submitted to Treasury.

14.4. Can a recipient that is using funds under the revenue loss eligible use category for a project that would otherwise be eligible under the new eligible use categories continue to fund that project under the revenue loss eligible use category?

As described in [FAO #3.2](#), every use that is eligible under the other eligible use categories is also eligible under revenue loss, because those eligible uses are also services provided by recipient governments. This continues to apply to the new eligible uses described in the 2023 interim final rule. Recipients that have been using SLFRF funds under the revenue loss eligible use category for a project that would otherwise be eligible under one of the new eligible use categories, as detailed in the 2023 interim final rule, may continue to fund that project under the revenue loss eligible use category in accordance with the 2022 final rule.

14.5. Does the supplement, not supplant provision that applies to the Surface Transportation projects and Title I projects eligible use categories apply to the other eligible use categories?

As summarized on page 9 of the [Overview of the 2023 Interim Final Rule](#), recipients using SLFRF funds under the Surface Transportation projects and Title I projects eligible use categories must supplement, not supplant other federal, state, territorial, Tribal, and local funds (as applicable) otherwise available. The “supplement, not supplant” requirement does not apply to the emergency relief from natural disasters, public health and negative economic impacts, premium pay, revenue loss, and water, sewer, and broadband infrastructure eligible use categories.

14.6. What are the expenditure deadlines for the SLFRF program?

Across all seven eligible use categories, recipients must obligate SLFRF funds by December 31, 2024. In the case of the four eligible use categories described in the 2022 final rule (public health and negative economic impacts; premium pay; revenue loss; and water, sewer, and broadband infrastructure), and the new emergency relief from natural disasters eligible use category described in the 2023 interim final rule, recipients must expend funds by December 31, 2026. SLFRF funds used for a Surface Transportation project or a Title I project must be expended by September 30, 2026. See pages 3, 9, and 19 of the [Overview of the 2023 Interim Final Rule](#).

14.7. How does Treasury’s 2023 interim final rule impact how SLFRF funds can be used for non-federal match requirements?

Recipients may use SLFRF funds for non-federal match or cost share requirements as follows:

As described in the 2022 final rule and in [FAQ #4.6](#), recipients may use SLFRF funds under the revenue loss eligible use category to satisfy non-federal match or cost share requirements.

The 2023 interim final rule describes three pathways under which recipients may direct SLFRF funds toward the new eligible use category of Surface Transportation projects. Specifically, recipients may use SLFRF funds under Pathway Three to repay a TIFIA loan or for the non-Federal cost share requirements of certain DOT programs: INFRA Grants, Fixed Guidance Capital Investment Grants, Mega Grants, and projects eligible for credit assistance under the TIFIA program. See also page 15 of the [Overview of the 2023 Interim Final Rule](#).

Also as described in the 2023 interim final rule, recipients may use SLFRF funds to satisfy the non-federal share requirement of a federal financial assistance program in support of a

project or activity that is eligible under the CDBG or ICDBG programs. See page 16 of the [Overview of the 2023 Interim Final Rule](#).

Otherwise, recipients may not use SLFRF funds for the non-federal match requirements of other federal programs, other than as specifically provided for by statute. For example, the emergency relief from natural disasters eligible use category does not add any new authority for recipients to use SLFRF funds to satisfy non-federal match requirements of other federal programs.

14.8. Did Congress appropriate additional funds when it amended the SLFRF program and added the three new eligible uses described in the 2023 interim final rule?

No. Congress did not appropriate additional funds in amending the SLFRF program in the 2023 CAA. The 2023 interim final rule implements the three new eligible uses provided in the 2023 CAA for how recipients may use SLFRF funds to provide emergency relief from natural disasters, build surface transportation infrastructure, and support community development.

14.9. Can a recipient amend how it previously indicated it was spending SLFRF funds in order to direct funds to the new eligible uses?

Recipients may use their SLFRF award funds to meet the unique needs of their communities, including reconsideration of existing plans and changing how they plan to spend SLFRF funds in accordance with the eligible use categories discussed in the 2022 final rule and the new eligible use categories described in the 2023 interim final rule. The obligation deadline for all seven eligible uses is December 31, 2024. Recipients should reference the guidance in [FAQ #16.10](#) and be mindful that they may use SLFRF funds for projects under the new eligible use categories for costs incurred beginning on December 29, 2022.

14.10. When recipients use SLFRF funds under the public health and negative economic impacts eligible use category, recipients must serve populations impacted or disproportionately impacted by the pandemic and must respond to a public health or negative economic impact of the pandemic. Does this standard also apply to the new eligible uses?

The American Rescue Plan Act provided that among other eligible uses, recipients could use SLFRF funds “to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality.” Treasury’s 2022 final rule provides a framework for identifying responses to the public health and negative economic impacts of the

pandemic, including identifying populations impacted or disproportionality impacted by the pandemic. In contrast, the 2023 CAA does not require that recipients respond to a public health or negative economic impact of the pandemic when using SLFRF funds for emergency relief from natural disasters, Surface Transportation projects, or Title I projects.

As provided in both the 2022 final rule and the 2023 interim final rule, each eligible use category has separate and distinct standards for assessing whether a use of funds may be eligible. Standards or restrictions pertaining to one eligible use category do not necessarily apply to other categories. Therefore, recipients should first determine which eligible use category a potential project or activity fits within, and then assess whether that potential use meets the eligibility standards or criteria for that category.

14.11. When will compliance and reporting guidance be updated to address the new eligible uses?

Treasury released updated [Compliance and Reporting Guidance](#) that addresses the new eligible use categories on September 27, 2023. Recipients will be able to report on how they are using SLFRF funds for the new eligible uses beginning with the October reporting period.

15. Emergency Relief from Natural Disasters

15.1. How can recipients use SLFRF funds to provide emergency relief from a disaster that has occurred or is expected to occur imminently?

Recipients seeking to use SLFRF funds for projects under the emergency relief from natural disasters eligible use category must undertake the following two-step process:

1. Identify a natural disaster that has occurred or is expected to occur imminently, or a natural disaster that is threatened to occur in the future; and
2. Identify emergency relief that responds to the physical or negative economic impacts, or potential physical or negative economic impacts, of the identified natural disaster.

The emergency relief must be related and reasonably proportional to the impact identified. If responding to a natural disaster that has occurred or is expected to occur imminently, recipients must identify a natural disaster that meets Treasury's definition of natural disaster (see page 4 of the [Overview of the 2023 Interim Final Rule](#)) and an emergency declaration or designation for the recipient's geography and jurisdiction in the form of:

1. An emergency declaration pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 *et seq.*) (Stafford Act);
2. An emergency declaration by the Governor of a state pursuant to respective state law;
3. An emergency declaration by a Tribal government; or

Exhibit 19 (Appendix)

4. A designation of an event of a natural disaster by the chief executive (or equivalent) of a recipient government, as long as the chief executive documents that the event satisfies the definition of natural disaster provided in the 2023 interim final rule.

A recipient may work to identify eligible emergency relief that may be referenced in the non-exhaustive list of eligible emergency relief set forth in the 2023 interim final rule, such as temporary housing, food assistance, and emergency protective measures (see pages 5-6 of the [Overview of the 2023 Interim Final Rule](#)). Recipients may also identify other eligible emergency relief needed to save lives and protect property and public health and safety that is related and reasonably proportional to the physical or negative economic impacts of a natural disaster that has occurred or is expected to occur imminently.

15.2. How can recipients use SLFRF funds for preventative measures to lessen or avert the threat of catastrophe?

As discussed in [FAQ #15.1](#), recipients seeking to use SLFRF funds for projects under the emergency relief from natural disasters eligible use category must undertake the following two-step process:

1. Identify a natural disaster that has occurred or is expected to occur imminently, or a natural disaster that is threatened to occur in the future; and
2. Identify emergency relief that responds to the physical or negative economic impacts, or potential physical or negative economic impacts, of the natural disaster. The emergency relief must be related and reasonably proportional to the impact identified.

If providing assistance to lessen or avert the threat of a future natural disaster, recipients must document evidence of historical patterns or predictions of natural disasters that would reasonably demonstrate the likelihood of future occurrence of a natural disaster in its community that also meet the definition of natural disaster provided in the 2023 interim final rule (see page 4 of [Overview of the 2023 Interim Final Rule](#) and [FAQ #15.7](#) for the definition of a natural disaster). For example, a recipient could utilize [FEMA's National Risk Index](#) to establish the likelihood of a future hurricane, or a Tribal government could cite [Indigenous Traditional Ecological Knowledge](#) to determine future risks. A recipient must use this evidence to support its determination that mitigation activities would be related and reasonably proportional to the threat of a natural disaster.

As summarized on page 6 of the [Overview of the 2023 Interim Final Rule](#), mitigation activities may be stand-alone projects that reduce or eliminate the potential impacts of the threat of natural disaster and may also be incorporated into repair or reconstruction projects that address the impacts of a natural disaster.

As summarized on page 7 of the [Overview of the 2023 Interim Final Rule](#), recipients, except for Tribal governments, pursuing mitigation activities with total expected capital

Exhibit 19 (Appendix)

expenditures of \$1 million or greater must complete and meet the substantive requirements of a written justification for the capital expenditures in their project. The written justification must include a description of emergency relief to be provided and potential impact to be addressed, an explanation of why a capital expenditure is appropriate, and a comparison of the proposed capital expenditure against alternative capital expenditures. More information on the requirements of the written justification can be found in the 2023 interim final rule.

15.3. If a use of funds is not explicitly included in the non-exhaustive list of emergency relief from natural disasters in the 2023 interim final rule, does that mean it is prohibited?

No. The 2023 interim final rule provides a non-exhaustive list of emergency relief from natural disasters. In this list, Treasury references other federal programs as examples, such as [Category B of FEMA's Public Assistance program](#) for recipients seeking to use SLFRF funds to provide emergency protective measures and [FEMA's Hazard Mitigation Assistance Guidance](#) for recipients seeking to use SLFRF funds for eligible mitigation activities. Recipients also have broad flexibility to first identify a natural disaster and then identify emergency relief that responds to the natural disaster's physical or negative economic impacts, as described in the 2023 interim final rule. All emergency relief must be related and reasonably proportional to the physical or negative economic impacts of a natural disaster that has occurred or is expected to occur imminently, or to the potential physical or negative economic impacts of a natural disaster that is threatened to occur in the future.

As an example, in the 2023 interim final rule, Treasury did not specifically mention the repair or installation of tornado sirens in the non-exhaustive list of emergency relief. However, a recipient could identify the repair or installation of tornado sirens as eligible emergency relief using the framework described on pages 64990-64991 of the 2023 interim final rule, the [Overview of the 2023 Interim Final Rule](#), and in FAQs 15.1 and 15.2. If the recipient experienced a declared or designated natural disaster that damaged a tornado siren, the recipient could use its SLFRF award funds to make repairs to the tornado siren. Further, if the recipient had documented evidence of historical patterns or predictions of tornadoes that would reasonably demonstrate the likelihood of future occurrence of a tornado in its community, it could determine that using SLFRF funds to install a tornado siren was a related and reasonably proportional mitigation activity.

15.4. How can a recipient provide cash assistance to households as emergency relief from natural disasters?

The 2023 interim final rule provides a non-exhaustive list of emergency relief from natural disasters that includes financial assistance for lost wages, cash assistance for uninsured or

Exhibit 19 (Appendix)

underinsured disaster-caused expenses, and cash assistance for low-income households. Recipients also have broad flexibility to identify a natural disaster that has a declaration or designation as described in the 2023 interim final rule and then identify emergency relief that responds to the natural disaster's physical or negative economic impacts, which could include identifying other forms of cash assistance. All emergency relief must be related and reasonably proportional to the physical or negative economic impacts of a natural disaster that has occurred or is expected to occur imminently, or to the potential physical or negative economic impacts of a natural disaster that is threatened to occur in the future.

15.5. What is the prohibition on duplication of benefits?

In addition to adherence to relevant Uniform Guidance cost principles provisions, specific requirements regarding duplication of benefits apply if a recipient uses federal funds to provide assistance with respect to losses suffered as a result of a major disaster or emergency declared under the Stafford Act (referred to as "disaster losses" in the [Overview to the 2023 Interim Final Rule](#)). Accordingly, if a recipient uses SLFRF funds under the emergency relief from natural disasters eligible use category to cover a disaster loss, the Stafford Act's prohibition on duplication of benefits applies, that is, the recipient may not provide financial assistance to a person, business concern, or other entity with respect to disaster losses for which the beneficiary will receive financial assistance under any other program or from insurance or any other source. The recipient may provide assistance with respect to disaster losses to a person, business concern, or other entity that is or may be entitled to receive assistance for those losses from another source, if such person, business concern, or other entity has not received the other benefits by the time of application for SLFRF funds and the person, business concern, or other entity agrees to repay any duplicative assistance to the SLFRF recipient. Additionally, the recipient may use SLFRF funds to provide assistance for any portion of the disaster losses not covered by other benefits.

Treasury recommends that recipients review FEMA's guidance located at 44 CFR 206.191, which describes a "delivery sequence," or order in which disaster relief agencies and organizations provide assistance for disaster losses. As discussed on page 64992 of the 2023 interim final rule, recipients must treat SLFRF funds as last in the delivery sequence, unless the recipient, in consultation with the appropriate FEMA Regional Administrator or state disaster-assistance administrator, determines that another sequence is appropriate. Recipients also must notify subrecipients and contractors that, when providing assistance in response to a Stafford Act declaration, they are responsible for ensuring that beneficiaries disclose any other assistance received for the same disaster losses prior to receiving assistance with SLFRF funds.

15.6. Does the prohibition on duplication of benefits that applies to the emergency relief from natural disasters eligible use category apply to other SLFRF eligible use categories?

Exhibit 19 (Appendix)

As provided on page 64991 of the 2023 interim final rule, recipients generally may not use federal financial assistance to cover a cost that the recipient is covering with another federal award, by insurance, or from another source, and subrecipients are bound by this same prohibition as recipients. See e.g., the definition of “improper payment” in the Uniform Guidance at 2 CFR 200.1 and factor affecting allowability of costs at 2 CFR 200.403.

However, specific requirements apply if a recipient uses federal funds to provide assistance with respect to losses suffered as a result of a major disaster or emergency declared under the Stafford Act (referred to as “disaster losses” in the [Overview to the 2023 Interim Final Rule](#)), in addition to relevant Uniform Guidance cost principles requirements.

Accordingly, the Stafford Act’s duplication of benefits requirements applies to recipients using SLFRF funds to provide emergency relief from a natural disaster with a Stafford Act declaration. That is, recipients may not provide financial assistance to a person, business concern, or other entity with respect to disaster losses for which such beneficiary will receive financial assistance under any other program or from insurance or any other source. A recipient may provide assistance with respect to disaster losses to a person, business concern, or other entity that is or may be entitled to receive assistance for those losses from another source, if such person, business concern, or other entity has not received the other benefits by the time of application for SLFRF funds and the person, business concern, or other entity agrees to repay any duplicative assistance to the SLFRF recipient. Recipients may also use SLFRF funds to provide assistance for any portion of disaster losses not covered by other benefits. To ensure compliance with the Stafford Act’s requirements, SLFRF recipients are advised to review the Federal Emergency Management Agency’s (FEMA) guidance located at 44 CFR 206.191. See also pages 64991-64992 of the 2023 interim final rule.

15.7. Are all disasters declared as a state of emergency or that receive a Stafford Act declaration, such as the COVID-19 pandemic, considered a natural disaster under the 2023 interim final rule?

For purposes of the SLFRF program, the 2023 interim final rule defines a natural disaster as a hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, or fire, in each case attributable to natural causes, that causes or may cause substantial damage, injury, or imminent threat to civilian property or persons. A natural disaster may also include another type of natural catastrophe, attributable to natural causes, that causes or may cause substantial damage, injury, or imminent threat to civilian property or persons. See page 64990 of the 2023 interim final rule.

Exhibit 19 (Appendix)

After the recipient has identified a natural disaster that meets the definition set out above, the natural disaster, having occurred or imminent, must be the subject of an emergency declaration or designation relevant to the recipient's geography and jurisdiction in the form of one of the following:

1. An emergency declaration pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act;
2. An emergency declaration by the Governor of a state pursuant to respective state law;
3. An emergency declaration by a Tribal government; or
4. A designation of an event of a natural disaster by the chief executive (or equivalent) of a recipient government that documents that the event satisfies the definition of natural disaster provided on page 64990 of the 2023 interim final rule.

Recipients only need one type of declaration or designation from the list above, and not all disasters with an emergency declaration will meet the definition of a natural disaster above. For more information, please see pages 64990-64991 of the interim final rule.

15.8. Can recipients use SLFRF funds for the non-federal match or cost share requirements associated with other federal financial assistance, such as FEMA grants?

With respect to the emergency relief from natural disasters eligible use category, the 2023 CAA does not add new authority for recipients to use SLFRF funds to satisfy non-federal match requirements of other federal programs. However, as described in the 2022 final rule, recipients may use SLFRF funds for a project under the revenue loss eligible use category to satisfy non-federal match requirements. In addition, the new Surface Transportation projects and Title I projects eligible use categories, discussed in [FAQ #14.7](#), provide recipients the ability to use funds to satisfy non-federal cost share requirements in certain instances. Please refer to the 2022 final rule and 2023 interim final rule for more information.

15.9. If a recipient uses SLFRF funds to provide emergency relief from a natural disaster, how will this impact other federal funding, such as funds received from FEMA?

Subject to the prohibition on duplication of benefits explained in the 2023 interim final rule and in [FAQ #15.5](#), a recipient's use of SLFRF funds to provide emergency relief from a natural disaster will not impact other sources of federal funding. The 2023 interim final rule provides significant flexibility for recipients to use SLFRF funds to provide emergency relief from the widespread physical and negative economic impacts of natural disasters. See pages 5-6 of the [Overview of the 2023 Interim Final Rule](#) for a non-exhaustive list of eligible emergency relief.

Explained in [FAO #15.5](#), in addition to adherence to relevant Uniform Guidance cost principles provisions, recipients are required to follow the “delivery sequence,” or order in which disaster relief agencies and organizations provide assistance pursuant to FEMA’s guidance located at 44 CFR 206.191. Detailed in the 2023 interim final rule, SLFRF funds must be used last in the delivery sequence unless the recipient, in consultation with the appropriate Regional Administrator of FEMA or state disaster-assistance administrator, determines that another sequence is appropriate.

15.10. If a recipient experiences a natural disaster, could the recipient use SLFRF funds to repair damage to public infrastructure caused by the natural disaster?

As discussed in [FAO #15.1](#), recipients seeking to use SLFRF funds to provide the emergency relief from the physical or economic impacts of a natural disaster must undertake the following two-step process:

1. Identify a natural disaster that has occurred or is expected to occur imminently, or a natural disaster that is threatened to occur in the future.
2. Identify emergency relief that responds to the physical or negative economic impacts, or potential physical or negative economic impacts, of the natural disaster. The emergency relief must be related and reasonably proportional to the impact identified.

On pages 5-6 of the [Overview of the 2023 Interim Final Rule](#), Treasury provided a non-exhaustive list of eligible uses to address immediate needs in connection with a declared or designated natural disaster, including public infrastructure repairs to roads, bridges, and utilities damaged by a natural disaster. In addition, recipients may incorporate mitigation activities into the project as part of restoring the public infrastructure damaged by the natural disaster, and making it more resilient to future natural disasters. See page 64993 of the 2023 interim final rule.

15.11. If a disaster is expected to occur imminently (i.e., the hurricane is expected to land in a few days), but is not declared by the Governor or President, are the expenses that are incurred eligible under the emergency relief from natural disasters eligible use category?

To provide emergency relief before, during, or after a natural disaster that has already occurred or is expected to occur imminently, the recipient should first identify how the disaster meets the definition of a natural disaster described in the 2023 interim final rule and in [FAO #15.7](#). The natural disaster that has occurred or is expected to occur imminently must be, or have been, the subject of an emergency declaration or designation applicable to the recipient’s geography and jurisdiction. If an emergency declaration pursuant to the Stafford Act, or an emergency declaration by the Governor of a state or a Tribal government is not available, the 2023 interim final rule provides a path for recipients to satisfy this requirement through the designation of an event as a natural

Exhibit 19 (Appendix)

disaster by the chief executive (or equivalent) of the recipient government, provided that the chief executive documents that the event meets the definition of natural disaster provided above. Recipients should maintain documentation consistent with the terms and conditions of the award agreement. An emergency designation by the chief executive (or equivalent) of the recipient government is required only in the absence of an emergency declaration made pursuant to the Stafford Act or made by a state or Tribal government.

15.12. To qualify as a natural disaster under the interim final rule, does the event have to be the subject of all four types of declarations, including a declaration pursuant to the Robert T. Stafford Act?

To provide emergency relief before, during, or after a natural disaster that has already occurred or is expected to occur imminently, the recipient should first identify how the disaster meets the definition of a natural disaster. Please see page 64990 of the 2023 interim final rule and [FAQ #15.7](#) for the definition of a natural disaster for the purposes of the SLFRF program.

The natural disaster that has occurred or is expected to occur imminently must be, or have been, the subject of an emergency declaration or designation applicable to the recipient's geography and jurisdiction in the form of one of the following:

1. An emergency declaration pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act;
2. An emergency declaration by the Governor of a state pursuant to respective state law; or
3. An emergency declaration by a Tribal government.

If one of the declarations listed in (1)-(3) above is not available, recipients may satisfy this requirement through the designation of an event as a natural disaster by the chief executive (or equivalent) of the recipient government, provided that the chief executive documents that the event meets the definition of a natural disaster provided in the 2023 interim final rule. Recipients only need one declaration or designation for the relevant natural disaster.

15.13. If a recipient has both a declaration by the State and a Stafford Act declaration for the natural disaster, should the recipient report both declarations?

If the event has a Stafford Act declaration, this declaration supersedes an emergency declaration made by the state or Tribal government, and an emergency designation made by the chief executive (or equivalent) of a recipient government. An emergency designation by the chief executive (or equivalent) of the recipient government is required only in absence of an emergency declaration made pursuant to the Stafford Act or made by a state or Tribal government.

15.14. Under the definition of natural disasters, does civilian property or persons include government property?

Yes. The 2023 interim final rule defines natural disaster as: “a hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, or fire, in each case attributable to natural causes, that causes or may cause substantial damage, injury, or imminent threat to civilian property or persons. A natural disaster may also include another type of natural catastrophe, attributable to natural causes, that causes, or may cause substantial damage, injury, or imminent threat to civilian property or persons.” The definition of natural disaster in the 2023 interim final rule is based on the definition of natural disaster under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, which provides the statutory authority for most Federal disaster response activities, including as they pertain to Federal Emergency Management Agency (FEMA) assistance and programs. In this definition, property of a state, local or Tribal government is considered civilian property.

16. Surface Transportation and Title I Projects

16.1. How do recipients calculate the maximum amount of SLFRF funds they may spend on Surface Transportation and Title I projects, taken together?

Pursuant to the 2023 CAA, the maximum amount of SLFRF funds that a recipient may use for Surface Transportation projects and Title I projects, taken together, cannot exceed the greater of \$10 million and 30% of a recipient’s SLFRF allocation. As stated on page 64997 of the 2023 interim final rule, this limitation does not apply to SLFRF funds used for the other eligible uses in the SLFRF program, including funds used for the provision of government services under the revenue loss eligible use category. Accordingly, if a recipient chooses to use SLFRF funds under the revenue loss eligible use category for projects that would also be eligible under the Surface Transportation projects or Title I projects eligible use categories, that spending would not be included in the statutory cap on funds used for Surface Transportation projects and Title I projects described above. Recipients may choose to spend additional funding beyond what is available under the cap on funds on projects that might otherwise be eligible as Surface Transportation projects or Title I projects under the revenue loss eligible use category.

The following three examples are illustrative of calculations regarding the statutory limitation applicable to the total amount of SLFRF funds that a recipient may use for Surface Transportation projects and Title I projects taken together:

1. For a recipient that received \$500 million in SLFRF funds, it may spend a maximum of \$150 million, which is 30% of \$500 million, on any combination of eligible Surface Transportation projects and Title I projects.
2. For a recipient that received \$15 million in SLFRF funds, it may spend a maximum of \$10 million (as \$10 million is greater than 30% of the recipient’s \$15 million

Exhibit 19 (Appendix)

allocation, which is \$4.5 million) on any combination of eligible Surface Transportation projects and Title I projects.

3. For a recipient that received \$6 million in SLFRF funds, it may spend a maximum of \$6 million on any combination of eligible Surface Transportation projects and Title I projects. This recipient has its total SLFRF allocation available for Surface Transportation projects and Title I projects because its allocation is less than \$10 million. Note that if this recipient chose to claim \$6 million in revenue loss (by claiming up to \$10 million in revenue loss, not to exceed its allocation), it may spend its total allocation of \$6 million under the revenue loss eligible use category toward the provision of government services, which may include projects that would otherwise be eligible under the Surface Transportation projects and Title I projects eligible use categories.

16.2. Are Surface Transportation projects and Title I projects subject to the Davis-Bacon Act requirements?

The 2023 interim final rule provides that for recipients using SLFRF funds for Surface Transportation projects under Pathways One, Two, and Three, the requirements of titles 23, 40, and 49 of the U.S. Code generally apply, which include the requirements of, for example, 23 U.S.C. 113 and 49 U.S.C. 5333(a) and (b), that apply the Davis-Bacon prevailing wage protections for highway and transit projects, respectively, receiving federal financial assistance.

In addition, non-Tribal recipients using SLFRF funds for Title I projects must comply with the prevailing wage rate requirements under the Davis-Bacon Act and other labor standards applied by HUD to construction work under Title I of the Housing and Community Development Act of 1974, in accordance with HUD regulations for Title I labor standards requirements set forth at 24 CFR 570.603. Such requirements do not apply to Tribal government recipients of SLFRF funds.

Please see [FAQ #6.15](#) for information regarding how the Davis-Bacon Act applies to other eligible use categories in the SLFRF program.

16.3. What are the obligation and expenditure deadlines for SLFRF funds under the Surface Transportation projects and Title I projects eligible use categories?

Across all seven eligible use categories in the SLFRF program, funds must be obligated by December 31, 2024. For Surface Transportation projects and Title I projects, recipients must expend SLFRF funds by September 30, 2026. For the other five eligible use categories, SLFRF funds must be expended by December 31, 2026.

Exhibit 19 (Appendix)

16.4. What are the 26 programs administered by the Department of Transportation under which recipients can use SLFRF funds for Pathway One projects under the Surface Transportation eligible use category?

Under Pathway One, recipients may use SLFRF funds for projects under the following programs:

Exhibit 19 (Appendix)

- INFRA Grants
- National Highway Performance Program
- Bridge Investment Program
- Surface Transportation Block Grant Program
- Highway Safety Improvement Program
- Congestion Mitigation and Air Quality Improvement Program
- Charging and Fueling Infrastructure Discretionary Grant Program
- Territorial and Puerto Rico Highway Program
- National Highway Freight Program
- Rural Surface Transportation Grant Program
- Carbon Reduction Program
- Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation Program
- Tribal Transportation Program
- Federal Lands Transportation Program
- Federal Lands Access Program
- Rebuilding American Infrastructure with Sustainability and Equity Grant Program
- Transportation Infrastructure Finance and Innovation Act Program
- Urbanized Formula Grants
- Fixed Guideway Capital Investment Grant
- Formula Grants for Rural Areas
- State of Good Repair Grants
- Grants for Buses and Bus Facilities
- National Culvert Removal, Replacement, and Restoration Grant Program
- Bridge Replacement, Rehabilitation, Preservation, Protection, and Construction Program
- Activities to carry out metropolitan transportation planning
- Projects that further the completion of a designated route of the Appalachian Development Highway System

16.5. The 2023 interim final rule indicated that recipients may use SLFRF funds for Pathway One projects that are receiving funding from the Department of Transportation. Does this include funds awarded by a State's Department of Transportation?

Under Pathway One, recipients may use SLFRF award funds to supplement surface transportation projects receiving funding from the U.S. Department of Transportation or for projects that will receive funding from the U.S. Department of Transportation prior to December 31, 2024, the obligation deadline for the SLFRF program. These projects could include projects receiving funding from a State Department of Transportation acting as a pass through of funding from the U.S. Department of Transportation.

Exhibit 19 (Appendix)

If a recipient is seeking to use SLFRF funds for a project that is receiving funds from a State Department of Transportation, but the State is not acting as a pass through and no funds for the project are provided by the U.S. Department of Transportation, the recipient should review the parameters of Pathway Two's streamlined framework, which is summarized on pages 12-14 of the [Overview of the 2023 Interim Final Rule](#), to determine project eligibility.

16.6. What are the parameters of the streamlined framework under Pathway Two?

For a Surface Transportation project that is eligible under the RAISE Grant Program pursuant to the 2023 Notice of Funding Opportunity for RAISE, under Pathway Two, a recipient may use SLFRF funds for a project that does not receive DOT funds and that meets the parameters of the streamlined framework summarized on page 12 of the Overview of the 2023 Interim Final Rule and set out below:

1. The recipient's contribution of SLFRF funds to the project must not exceed \$10 million; and
2. The entire project scope must be limited to the set of actions or activities deemed by DOT as meeting the criteria for categorical exclusion as listed under 23 CFR 771.116(c)(1)-(22), 771.117(c)(1)-(30), and 771.118(c)(1)-(16). The recipient also must determine that those actions do not involve unusual circumstances, as described in 23 CFR 771.116(b), 771.117(b), and 771.118(b).

For these projects, recipients are not required to submit an application to, or receive approval from, Treasury to conduct the project. However, the requirements of titles 23, 40, and 49, such as design, planning, construction, operation, and maintenance requirements, apply to projects under the Pathway Two streamlined framework (and projects outside the streamlined framework). For more information, see pages 12 – 13 of the Overview of the 2023 Interim Final Rule.

16.7. Where can recipients find the 2023 RAISE grant Notice of Funding Opportunity?

Recipients can find the 2023 Notice of Funding Opportunity for the RAISE Grant Program on the Department of Transportation's website at:
<https://www.transportation.gov/RAISEgrants/raise-nofo>.

16.8. What requirements of titles 23, 40, and 49 apply to projects under the streamlined framework under Pathway Two?

On pages 65008-65011 of the 2023 interim final rule, Treasury discusses the application of the requirements of titles 23, 40, and 49 to surface transportation projects under Pathway Two's streamlined framework. The application of these requirements to projects under Pathway Two's streamlined framework is also summarized on pages 12-14 in the

[Overview of the 2023 Interim Final Rule](#). Recipients using SLFRF funds for a surface transportation project that meets the parameters of the streamlined framework (summarized on page 12 of the [Overview of the 2023 Interim Final Rule](#)) are not required to submit an application to, or receive approval from, Treasury to conduct the project.

16.9. For which programs can recipients use SLFRF funds for non-federal cost share requirements under Pathway Three of the Surface Transportation eligible use category?

As summarized on page 15 of the [Overview of the 2023 Interim Final Rule](#), under Pathway Three, recipients may use SLFRF funds to repay a TIFIA loan or to satisfy non-federal cost share requirements for projects eligible under the following programs:

- INFRA Grant Program;
- Fixed Guideway Capital Investments;
- Mega Grants; and
- Projects eligible for credit assistance under the TIFIA program.

For additional information, see page 65011 in the 2023 interim final rule and the TIFIA program overview on DOT's website at:

<https://www.transportation.gov/buildamerica/financing/tifia>.

16.10. How does the “supplement, not supplant” provision for Surface Transportation and Title I projects apply to projects that are in the process of being awarded federal funds from DOT or HUD? How does it apply to existing CDBG recipients?

Summarized on page 9 of the [Overview for the 2023 Interim Final Rule](#), recipients using SLFRF funds for Surface Transportation projects and Title I projects must supplement, and not supplant, other federal, state, territorial, Tribal, and local government funds (as applicable) otherwise available for such uses. The phrase “available for such uses” means:

1. Non-federal funds are considered “otherwise available for such uses” if they have been obligated for activities or projects that are eligible as part of any Surface Transportation project or Title I project. Identifying non-federal funds that have been obligated for specific uses follows the definition of “obligation” in the 2022 final rule and as amended by the Obligation IFR (see also [FAQ #13.17](#) and Section 17 of the FAQs on obligation); and
2. Federal funds are considered “otherwise available for such uses” if a federal agency has committed to a particular project pursuant to an award agreement or otherwise.

In practice, this places the following two restrictions on SLFRF recipients:

1. Recipients may not de-obligate, meaning cancel, amend, renegotiate, or otherwise revise or abrogate a contract, subaward, or similar transaction that requires payment,

Exhibit 19 (Appendix)

and replace any previously obligated funds with SLFRF funds in a Surface Transportation or Title I project.

2. Recipients may not use SLFRF funds to replace federal or non-federal funds identified in a federal commitment to a particular project, such as an award agreement.

If a recipient undertaking a Surface Transportation project is in the process of being awarded federal funds from DOT but has not yet entered into a formal award agreement, the recipient may, in consultation with DOT, adjust the funding mix for the project to include SLFRF funds. If a formal award agreement has been entered into with DOT, then SLFRF funds may be added to the project only to expand the scope of the project or to cover unexpected costs. Under Pathway One and Pathway Three, recipients must consult with DOT prior to adding SLFRF funds to the project.

For a recipient undertaking a Title I project, the first restriction (above) on de-obligating funds and replacing those previously obligated funds with SLFRF funds applies. However, the second restriction to not use SLFRF funds to replace federal or non-federal funds identified in a federal commitment to a project does not apply to HUD funds provided to a Community Development Block Grant (CDBG) grantee for activities included in its annual plan, as HUD provides CDBG recipients flexibility to adjust those plans throughout the year to reflect modifications in planned spending. To clarify, the second restriction does apply to Tribal government recipients of Indian Community Development Block Grant (ICDBG) grants, as grants under the ICDBG program are commitments to particular projects approved by HUD.

16.11. If a recipient wants to use funds for housing and community development, how should it consider whether to pursue a project under the Title I projects eligible use category or the public health and negative economic impacts (PH-NEI) eligible use category?

As stated on page 64013 of the 2023 interim final rule, in the Title I projects eligible use category, recipients may use SLFRF funds for any of the activities listed in section 105(a) of the Housing and Community Development Act of 1974 (HCDA). Many eligible Title I projects may also be eligible in the PH-NEI eligible use category, which is discussed in the 2022 final rule. Recipients should consider the following when evaluating whether to pursue a project under the PH-NEI or Title I projects eligible use categories:

1. Under the PH-NEI eligible use category, recipients have the flexibility to use SLFRF funds for a range of capital expenditure projects that may include investments in property and facilities, such as those described in [FAQs #2.14](#) and [#4.9](#). The PH-NEI eligible use category also offers a framework for determining if other uses of funds, beyond those listed in the 2022 final rule, are eligible. See page 32 in the [Overview to the 2022 Final Rule](#). In general, to decide whether a project may be eligible under the PH-NEI eligible use category, recipients should (a) identify a COVID-19 public health

Exhibit 19 (Appendix)

- or economic impact on an individual or class (i.e., a group); and (b) 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.
2. Under the Title I projects eligible use category, recipients may pursue activities listed under section 105(a) of the Housing and Community Development Act of 1974 (see [FAQ #16.13](#)), which are the eligible activities under the Community Development Block Grant (CDBG) and Indian Community Development Block Grant (ICDBG) programs, subject to certain requirements and limitations. Recipients should comply with the related eligibility requirements and other criteria set forth at 24 CFR 570.201 – 570.209 with respect to recipients that are not Tribal governments and 24 CFR 1003.201 – 1003.209 with respect to Tribal governments.
 3. There are certain projects that are uniquely eligible under the Title I projects eligible use category, such as, for example, the ability to use SLFRF funds for the non-federal cost share or match requirements of a federal financial assistance program in support of eligible activities under the CDBG and ICDBG programs.
 4. Under the PH-NEI eligible use category, there is no cap on the amount of SLFRF funds that may be directed toward an activity in this category. Under the Title I projects eligible use category, recipients are limited to using the greater of \$10 million or 30% of their total allocation towards Surface Transportation projects and Title I projects, taken together.
 5. The requirements of the National Environmental Policy Act (NEPA) apply to all projects under the Title I projects eligible use category. Please see [FAQ #16.16](#) for more information. NEPA requirements do not apply to projects under the PH-NEI eligible use category.
 6. As stated above, applicable requirements of Title I of the HCDA apply to Title I projects, which include the CDBG Primary Objective requirement, the Planning and Administrative Costs cap requirement, and the Public Services Cap requirement, and the Broadband Equity Access and Deployment program. The requirements of the CDBG National Objectives and Labor Standards apply to non-Tribal recipients. See pages 65015-65019 of the 2023 interim final rule. In contrast, these requirements do not apply to projects under the PH-NEI eligible use category, under which projects must serve impacted or disproportionately impacted communities. The 2022 final rule provides a non-exhaustive list of enumerated eligible uses to respond to pandemic impacts and presumes that some populations experienced pandemic impacts and are eligible for responsive services. The 2022 final rule also provides a framework for determining if non-enumerated uses or populations may be eligible under the PH-NEI eligible use category.

16.12. If a recipient is using its SLFRF funds for the non-federal match requirement associated with a CDBG grant award under the revenue loss eligible use category, does the guidance provided in the 2023 interim final rule relating to the Title I projects eligible use category apply, such as the Public Services and Administrative Caps and the obligation and expenditure deadlines?

Exhibit 19 (Appendix)

As described in [FAQ #14.2](#) and page 65020 of the 2023 interim final rule, the 2023 CAA codified the standard allowance discussed in the 2022 final rule under the revenue loss eligible use category. Under this category, recipients generally may use SLFRF funds to meet the non-federal match requirements of other federal programs, subject to the limitations explained in the 2022 final rule and described in [FAQ #4.6](#). The additional requirements that apply to the Title I projects eligible use category do not apply to SLFRF funds used under the revenue loss eligible use category. As described in the 2023 interim final rule and the 2022 final rule, each eligible use category has separate and distinct standards for assessing whether a use of funds is eligible. Standards and restrictions applicable to one eligible use category may not apply to other categories. Therefore, recipients should first determine which eligible use category a potential use of funds may fit within, and then assess whether the potential use of funds meets the eligibility standard or criteria for that category.

If a recipient seeks to use SLFRF funds under the revenue loss eligible use category to satisfy the match or cost-share requirements for a federal grant program, it should first confirm with the relevant awarding agency that (1) no waiver has been granted for that program, (2) that no other circumstances enumerated under 2 CFR 200.306(b) of the Uniform Guidance would limit the use of SLFRF funds to meet the match or cost share requirement, and (3) that there is no other statutory or regulatory impediment to using the SLFRF funds for the match or cost share requirement. Please refer to the 2022 final rule and [FAQ #4.6](#) for more information regarding the use of SLFRF funds under the revenue loss eligible use category to satisfy non-federal match requirements.

16.13. What are the eligible activities under the Title I projects eligible use category?

In the Title I projects eligible use category, recipients may use SLFRF funds for any of the activities listed under section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)). These activities include:

- Acquisition of real property
- Acquisition, construction, reconstruction, or installation of public works, sites, or other public purposes
- Code enforcement in deteriorated or deteriorating areas
- Clearance, demolition, removal, reconstruction, and rehabilitation
- Removal of barriers restricting mobility and accessibility of elderly and handicapped persons
- Payments to housing owners for losses of rental income for holding units for relocation of displaced persons
- Disposition or retention of real property
- Provision of public services

Exhibit 19 (Appendix)

- Payment of non-federal match or cost-share requirements of a federal financial assistance program in support of activities that would be eligible under the CDBG and ICDBG programs
- Payment of the cost of completing a project funded under title I of the Housing Act of 1949
- Relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations
- Community development plan or policy-planning-management capacity development
- Payment of reasonable administrative costs related to establishing and administering federally approved enterprise zones, administering the HOME program, or planning and executing community development and housing activities.
- Provision of assistance for activities carried out by public or private nonprofit entities
- Assistance to carry out a neighborhood revitalization or community economic development or energy conservation project, or for development of shared housing opportunities
- Development of energy use strategies
- Assistance to private, for-profit entities to carry out economic development projects
- Rehabilitation or development of housing assisted under 42 U.S.C. 1437
- Technical assistance to public or nonprofit entities to increase their capacity to carry out neighborhood revitalization or economic development activities
- Housing services
- Assistance to institutions of higher education
- Assistance to public and private organizations, agencies, and other entities to facilitate economic development
- Activities necessary to make essential repairs and to pay operating expenses to maintain habitability of housing units acquired through tax foreclosure proceedings
- Direct assistance to facilitate and expand homeownership
- Construction or improvement of tornado-safe-shelters and assistance to nonprofit and for-profit entities for such construction or improvement
- Lead-based paint hazard evaluation and reduction

When carrying out these activities, recipients should comply with the related eligibility requirements set forth at 24 CFR 570.201 – 570.209 with respect to recipients that are not Tribal governments and 24 CFR 1003.201 – 1003.209 with respect to Tribal governments. Recipients may refer to additional HUD guidance for further information about the projects eligible under the CDBG program, including guidance about complying with the national objectives and other program requirements.

16.14. If a recipient is using SLFRF funds under the Title I projects eligible use category for an activity that is a NEPA exempt or categorically excluded, not subject to 24 CFR 58.5 activity, does the recipient need to document that determination?

Exhibit 19 (Appendix)

Yes. To claim an activity or project as exempt pursuant to 24 CFR 58.34(a), recipients must document in writing their determination that the activity or project is exempt and meets the conditions specified for such exemption. For categorically excluded projects, recipients are required to maintain a well-organized written record of the process and determinations, including those related to the evaluation of whether the project presents extraordinary circumstances, made with respect to the categorical exclusion, which HUD refers to as an Environmental Review Record. Treasury will provide additional information on the Environmental Review Record requirements. For more information, see pages 65019-65020 of the 2023 interim final rule.

16.15. How do I know if a project funded with SLFRF funds requires pre-approval?

Treasury is not pre-approving uses of SLFRF funds under the eligible use categories set out in the 2022 final rule and the emergency relief from natural disasters eligible use category described in the 2023 interim final rule. Under the Surface Transportation projects and Title I projects eligible use categories, federal agency approval is required before recipients may use SLFRF funds for certain projects.

For Surface Transportation projects:

- If a recipient is using SLFRF funds for a Surface Transportation project under Pathway One or Pathway Three described in the 2023 interim final rule, the recipient must consult with DOT, but not Treasury, prior to using SLFRF funds for the project.
- If a recipient is using SLFRF funds for a Surface Transportation project that meets the criteria for the streamlined framework under Pathway Two described in the 2023 interim final rule, the project does not require Treasury's pre-approval. Additionally, Pathway Two projects do not include funding from DOT, and therefore, do not require pre-approval from DOT.
- Recipients that would like to use SLFRF funds for a Surface Transportation project under Pathway Two outside the parameters of the streamlined framework must submit a notice of intent to Treasury at NOI-SLFRF@treasury.gov. The notice of intent was due 30 calendar days after the end of the IFR comment period, by December 20, 2023. Treasury will evaluate the projects included in these notices of intent, along with comments received on the 2023 interim final rule, to design and implement the framework for approving these types of projects. See page 65008 of the 2023 interim final rule for information about the content to include in the notice of intent.

For Title I projects:

- Recipients must submit a project-level environmental review certification to Treasury and receive Treasury's approval prior to using SLFRF funds for projects

90

Exhibit 19 (Appendix)

under the Title I projects eligible use category, unless the project meets at least one of the criteria set out below. Recipients are not required to submit certifications or receive Treasury's approval and may begin using their SLFRF funds right away for Title I projects that are:

- Exempt activities as contemplated by 24 CFR 58.34(a); or
 - Categorically excluded activities not subject to 24 CFR 58.5 as contemplated by 24 CFR 58.35(b), provided that the circumstances described in 24 CFR 58.35(c) are not present.
- Projects under the Title I eligible use category do not require approval from HUD.

16.16. How does NEPA apply to Surface Transportation projects and Title I projects?

Surface Transportation projects:

- Regarding use of SLFRF funds for a Surface Transportation project under Pathway One or Pathway Three, as described in the 2023 interim final rule, recipients must consult with DOT regarding NEPA requirements for their project. Generally, the statutory requirements that normally apply when carrying out a Surface Transportation project funded by DOT will continue to apply to one that includes SLFRF funds.
- Please note that even where NEPA has been determined to not be applicable, the recipient may still need to comply with other environmental requirements, such as the Endangered Species Act and Clean Water Act.
- Regarding use of SLFRF funds for a Surface Transportation project under the streamlined framework of Pathway Two, recipients are not required to conduct NEPA environmental reviews. However, for a Surface Transportation project to be eligible under the streamlined framework of Pathway Two, the entire project scope must be limited to the set of actions or activities identified by DOT as meeting the criteria for categorical exclusion listed under 23 CFR 771.116(c)(1)-(22), 771.117(c)(1)-(30), and 771.118(c)(1)-(16). The recipient also must determine that those actions do not involve unusual circumstances, as described in 23 CFR 771.116(b), 771.117(b), and 771.118(b).

Projects supported with SLFRF funds may still be subject to NEPA review and other environmental statutes if they are also funded by other federal financial assistance programs or have certain federal licensing or registration requirements. In addition, a project that qualifies for the streamlined framework under Pathway Two may still be subject to certain limitations or prohibitions as a result of the application of other environmental statutes.

For Surface Transportation projects outside of the streamlined framework under Pathway Two, recipients must submit a notice of intent to Treasury, as described in [FAQ #16.15](#), and the requirements of NEPA and other environmental laws apply.

Exhibit 19 (Appendix)

The notice of intent would ideally include the status of the NEPA review, among other information, as listed on page 65008 of the 2023 interim final rule.

Title I projects:

- The requirements of NEPA apply to all projects and activities under the Title I projects eligible use category. As described below, recipients must satisfy environmental review requirements differently based on the type of project they are pursuing. See also [FAQ #16.15](#).
 - For projects that are exempt activities or categorically excluded activities as described in the 2023 interim final rule, recipients must satisfy environmental review requirements by maintaining a well-organized written record of the recipients' determinations that a project is an exempt or categorically excluded activity. For these projects, recipients do not need to submit any certifications or receive approval from Treasury and may begin using SLFRF funds for these projects right away.
 - For projects that are not exempt activities or categorically excluded activities as described in the 2023 interim final rule, recipients are required to satisfy NEPA environmental review requirements, including submitting a project-level environmental review certification to Treasury and receiving Treasury's approval prior to using SLFRF funds for these projects.
- Treasury will provide additional information on the required written record and certification requirements.

16.17. What requirements of Title I of the Housing and Community Development Act of 1974 (Title I) apply to SLFRF-funded projects under the Title I projects eligible use category? Do HUD regulations apply to the Title I projects eligible use category?

In accordance with the 2023 CAA, the requirements of Title I and associated regulations generally apply to SLFRF-funded projects under the Title I projects eligible use category. For each of the applicable requirements, the associated HUD regulations generally apply as well, including where they:

- Enumerate and clarify eligible activities under the CDBG program;
- Specify cost caps or the method to calculate costs caps; and
- Direct recipients to the applicability of other federal laws and regulations.

On pages 65015-65020 of the 2023 interim final rule, Treasury discusses the requirements of Title I that apply to recipients using SLFRF funds under the Title I projects eligible use category and the requirements of Title I that do not apply under this eligible use category. The following requirements apply to all SLFRF recipients:

- The Primary Objective: Direct at least 70% of SLFRF funds used for Title I projects, over the course of the SLFRF program, to projects that principally benefit

Exhibit 19 (Appendix)

low- and moderate-income persons in accordance with the HUD regulations set forth at 24 CFR 570.3 and 24 CFR 570.200(a)(3). Tribal government recipients must refer to the low- and moderate-income thresholds as defined by HUD at 24 CFR 1003.4 (or attest that project beneficiaries are receiving or are eligible to receive needs-based services provided by the Tribal government) and the requirements of 24 CFR 1003.208.

- **Public Services Cap:** Not more than 15% of SLFRF funds used for Title I projects may be spent under the “public services” category of eligible activities. The determination of which projects are considered “public services” shall be made in accordance with HUD regulations set forth at 24 CFR 570.201(e) for non-Tribal recipients and 24 CFR 1003.201(e) for Tribal recipients, but notwithstanding those provisions, the cap applicable to use of SLFRF funds for public services shall be 15% of the total amount of SLFRF used by a recipient for Title I projects. SLFRF recipients, for purposes of the application of these regulations to use of SLFRF for Title I projects, should disregard the references in those sections to percentages of a grant or percentages of program income.
- **Planning and Administrative Costs Cap:** Not more than 20% of SLFRF funds used for Title I projects may be spent on planning and administrative costs. The determination of which costs are considered planning and administrative costs shall be made in accordance with HUD regulations set forth 24 CFR 570.205 and 570.206 for non-Tribal recipients and 24 CFR 1003.205 and 24 CFR 1003.206 for Tribal recipients.
- **Environmental Review Requirements:** Satisfy NEPA environmental review requirements based on the procedures set forth in section 104(g) of the HCDA, as implemented by 24 CFR part 58, and as adapted to the SLFRF program, including submitting a project-level environmental review certification to Treasury and receiving Treasury’s approval prior to using SLFRF funds for projects that are not exempt activities or categorically excluded activities as described in the 2023 interim final rule, and maintaining a well-organized written record of the process and determinations that a project is an exempt or categorically excluded activity. Treasury will provide additional information on the Environmental Review Record and certification requirements.

For non-Tribal recipients of SLFRF funds, the following additional requirements apply:

- **CDBG National Objectives:** Each project undertaken under the Title I eligible use category must satisfy a CDBG National Objective, in accordance with HUD regulations set forth at 24 CFR 570.208.
- **Labor Standards:** Prevailing wage rate requirements of the Davis-Bacon Act and other labor standards, applied by HUD to construction work under Title I, apply to Title I projects in accordance with HUD regulations for Title I labor standards requirements set forth at 24 CFR 570.603 for non-Tribal recipients.

Exhibit 19 (Appendix)

For a summary of Title I projects program requirements, see pages 17-18 of the [Overview of the 2023 Interim Final Rule](#).

17. Obligation

17.1. How does a recipient incur an obligation?

The statute requires that SLFRF funds may only be used to cover costs incurred by December 31, 2024. Treasury implemented this requirement by providing that a cost is considered incurred by December 31, 2024, if a recipient has incurred an obligation with respect to the cost by December 31, 2024. Under the rule adopted in 2021, an “obligation” means an order placed for property and services and entering into contracts, subawards, and similar transactions that require payment. Under the amendment to the rule adopted in 2023, an obligation also includes a requirement under federal law or regulation or provision of the SLFRF award terms and conditions to which a recipient becomes subject as a result of receiving or expending SLFRF funds.

As clarified in FAQ [17.6](#), Treasury considers an interagency agreement meeting certain conditions to constitute a transaction requiring payment similar to a contract or subaward and therefore an obligation. As clarified in FAQ [17.7](#), recipients may consider themselves to have obligated funds to maintain certain personnel costs for personnel whose salary may be paid under an eligible use of SLFRF funds through December 31, 2026, for any position that existed and was filled by December 31, 2024.¹⁰

17.2. What happens to funds not obligated by December 31, 2024?

Recipients are required to return to Treasury any SLFRF funds that have not been obligated by the obligation deadline of December 31, 2024. Recipients will report funds that were obligated by December 31, 2024, in the Project and Expenditure Report that, in the case of annual reporters, is due by April 30, 2025, and, in the case of quarterly reporters, is due by January 31, 2025. However, recipients are not required to return to Treasury SLFRF funds that recipients have estimated will cover costs in 2025 and 2026 for certain legal and administrative expenses (as discussed in FAQs [17.10-13](#)), certain personnel expenses (as discussed in FAQs [17.7](#) and [17.8](#)), or certain contract changes or contingencies (as discussed in FAQ [17.17](#)). As noted in the obligation IFR, Treasury will provide a deadline by which recipients must return funds not obligated by December 31, 2024.

¹⁰ To the extent a recipient is using SLFRF funds for payroll costs eligible as Title I projects or Surface Transportation projects, other than payroll associated with personnel needed to comply with administrative and other legal requirements, recipients may consider themselves to have obligated funds to maintain paying such costs through September 30, 2026.

17.3. How does the Obligation IFR impact recipients that have already obligated all of their SLFRF funds?

The Obligation IFR and subsequently issued FAQs provide additional clarity and flexibility regarding how recipients can meet the obligation deadline of December 31, 2024. If a recipient has already obligated all of its funds in compliance with Treasury's rule and guidance, the recipient does not need to make any changes or take any additional steps to comply with the obligation deadline. Recipients are required to continue to submit reports to Treasury as outlined in the SLFRF Compliance and Reporting Guidance. Treasury will provide closeout instructions that will provide information to recipients on how to complete and provide final reports.

17.4. How is the obligation requirement applied to non-entitlement units of local government (NEUs)?

NEUs are recipients of SLFRF funds. All recipients of SLFRF funds, including NEUs, must comply with the obligation requirement.

17.5. What types of closeout costs are allowable after December 31, 2026, and how will recipients report these obligations and expenditures to Treasury?

Consistent with the revision to the definition of obligation in the Obligation IFR, recipients are considered to have incurred an obligation by December 31, 2024, with respect to costs to close out their SLFRF award pursuant to 2 CFR 200.344, the provision of the Uniform Guidance addressing closeout. Eligible costs may include the costs of administrative support, data security measures, review and reconciliation of the general ledger and other accounting matters, compliance with reporting requirements, bank reconciliation matters, preparation of and compliance with program policies and procedures, compliance with internal controls, single audit and program-specific audit matters, and closeout processes associated with subrecipient, contractor, and beneficiary relationships, among other costs.

Recipients that provide an estimate of certain legal and administrative costs as discussed in FAQs [17.10-17.13](#) should include their estimate of closeout costs in such estimate.

17.6. Does an interagency agreement between departments and agencies within a recipient's government constitute an obligation?

Treasury considers an interagency agreement, including an agreement in the form of a memorandum of understanding (MOU), to constitute a "transaction requiring payment" similar to a contract or subaward and therefore an obligation for purposes of the SLFRF rule, if the agreement satisfies one of the following conditions:

- it imposes conditions on the use of funds by the agency, department, or part of government receiving funds to carry out the program;
- it governs the provision of funds from one agency, department, or part of government to another to carry out an eligible use of SLFRF funds; or

Exhibit 19 (Appendix)

- it governs the procurement of goods or services by one agency, department, or part of government from another

and the agreement also satisfies each of the following conditions:

- it sets forth specific requirements, such as a scope of work and project deliverables;
- it is signed by the parties to the agreement, or otherwise evidences that each party has assented to the agreement; and
- it does not disclaim any binding effect or state that it does not create rights or obligations.

Examples of interagency agreements Treasury would consider obligations include the following:

- If the Office of the Governor of a state has authority over the disposition of federal financial assistance available to the state, an MOU between the Office of the Governor and the state department of education pursuant to which the Governor agrees to fund the department to carry out a summer program to address learning loss related to the pandemic through 2026, including the coverage of payroll for time spent on the program.
- If a city council has appropriated a certain amount of funds for a public safety initiative to be administered by the city's executive branch through fiscal year 2025, an agreement between the city's Chief Executive and the city's public safety department under which the department agrees to comply with reporting and recordkeeping requirements that facilitate the city's compliance with SLFRF program requirements.
- If a county's legislative body has made SLFRF revenue loss funds available to their housing agency for coverage of its operating costs through fiscal year 2026, an agreement with the county's department of technology under which the housing agency procures IT services from the county's department of technology.
- If a Tribal council has made SLFRF funds available to the social services department to cover the operational costs of an elder care program through December 31, 2026, an agreement with the department under which the social services department agrees to perform and complete in a satisfactory and proper manner the scope of work specified in accordance with the SLFRF award terms and conditions.

17.7. May a recipient use SLFRF funds to cover personnel costs between January 1, 2025, and December 31, 2026?

Treasury will consider a recipient to have incurred an obligation with respect to personnel costs for an employee through December 31, 2026, to the extent the employee is serving in a position that was established and filled prior to December 31, 2024.

Accordingly, funds may be used to cover such personnel costs if doing so would fall within

Exhibit 19 (Appendix)

the scope of an eligible use of SLFRF, such as payroll costs for state employees overseeing contracts for broadband projects or county employees overseeing affordable housing projects.

Personnel costs for this purpose include all salary and wages, covered benefits,¹¹ and payroll taxes for such positions, as in effect at the time of payment.

In the event of turnover of personnel, recipients may continue to pay different personnel in the same job position to the extent that the position in question was established and filled prior to December 31, 2024. Recipients may also reorganize positions within the scope of an eligible use of SLFRF after December 31, 2024, but may not use funds to cover any new positions after that date. For example, if an eligible project has filled ten job training specialist positions by December 31, 2024, the recipient may use funds to cover payroll for one of those training specialists who is promoted to supervise the other specialists after December 31, 2024, so long as there are no more than ten positions covered through SLFRF funds in total.

Recipients may estimate the amount that may be necessary to cover personnel costs through the expenditure period, report that estimate to Treasury, and retain those funds to pay personnel costs covered by the estimate, as discussed further in FAQ [17.8](#).

17.8. How and when should recipients report to Treasury their estimate of the amount of SLFRF funds they will use to cover personnel costs between January 1, 2025, and December 31, 2026?

As described in FAQ [17.7](#), Treasury will consider a recipient to have incurred an obligation with respect to personnel costs for an employee through December 31, 2026, to the extent the employee is serving in a position that was established and filled prior to December 31, 2024.

If a recipient elects to provide an estimate for such personnel costs, recipients must (1) determine the amount of SLFRF funds the recipient estimates it will use to cover such costs, (2) document a reasonable justification for this estimate, (3) report that amount to Treasury by January 31, 2025, for quarterly reporters, and April 30, 2025, for annual reporters, with an explanation of how the amount was determined, and (4) report at award closeout the final amount expended for these costs. Treasury recognizes that this estimate of anticipated personnel costs may not equal the final amount of funds used to cover personnel costs. For example, a recipient may have a vacancy for a period of time after an employee resigns but before the recipient hires a replacement, or a change in the recipient's laws and regulations may require an unanticipated salary increase for personnel. Recipients

¹¹ As described in the 2022 final rule, generally if an employee's wages and salaries are an eligible use of SLFRF funds, recipients may treat the employee's covered benefits as an eligible use of SLFRF funds. For purposes of SLFRF funds, covered benefits include costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans (federal and state), workers compensation insurance, and Federal Insurance Contributions Act (FICA) taxes (which includes Social Security and Medicare taxes).

Exhibit 19 (Appendix)

providing such an estimate will not be required to return such funds to Treasury after 2024 assuming that they are ultimately expended for an eligible purpose.

Recipients may also cover personnel costs for which the recipient is considered to have incurred an obligation by December 31, 2024, as described above, using (1) SLFRF funds that the recipient does not use as initially reported to cover particular projects, for example if a reported project is performed under budget or is determined to be an ineligible activity (as discussed further in FAQ [17.19](#)), or (2) program income (as discussed further in FAQ [17.21](#)).

To the extent a recipient expends funds for personnel costs in an amount less than the estimate it submitted to Treasury, the recipient must expend the funds for another eligible use of SLFRF funds for which a cost was incurred by December 31, 2024, as described in FAQ [17.19](#), or must return the funds to Treasury.

Treasury will provide additional guidance in the SLFRF Compliance and Reporting Guidance about how the estimate of personnel costs should be reported in the Project and Expenditure Report due by January 31, 2025 (for quarterly reporters) or April 30, 2025 (for annual reporters) and how the final amount expended should be reported in subsequent reports.

17.9. Are there any other circumstances besides those listed in FAQ 17.7 under which a recipient may cover personnel costs between January 1, 2025, and December 31, 2026?

Recipients may use SLFRF funds to pay personnel costs between January 1, 2025 and December 31, 2026 pursuant to an interagency agreement meeting certain conditions, as discussed in FAQ [17.6](#).

In addition, under the Obligation IFR, a recipient is considered to have incurred an obligation by December 31, 2024, with respect to a requirement under federal law or regulation or a provision of the SLFRF award terms and conditions to which the recipient becomes subject as a result of receiving or expending SLFRF funds. A recipient may use SLFRF funds to pay personnel costs associated with satisfying the legal and administrative requirements noted above between January 1, 2025, and December 31, 2026, as discussed further in FAQ [17.10](#).

17.10. What sort of costs are considered legal and administrative costs for which funds may be used after 2024?

Under the Obligation IFR, a recipient is considered to have incurred an obligation by December 31, 2024, with respect to a requirement under federal law or regulation or a provision of the SLFRF award terms and conditions to which the recipient becomes subject as a result of receiving or expending SLFRF funds. Under this provision, a recipient may use SLFRF funds to cover costs, including personnel costs, related to:

Exhibit 19 (Appendix)

1. Reporting and compliance requirements, including subrecipient monitoring (as discussed further below);
2. Single Audit costs;
3. Record retention and internal control requirements;
4. Property standards;
5. Environmental requirements, including applicable requirements of the National Environmental Policy Act, section 106 of the National Historic Preservation Act, the Archaeological Resources Protection Act of 1979, and the Native American Graves Protection and Repatriation Act; and
6. Civil rights and nondiscrimination requirements.

This is not an exhaustive list of requirements under federal laws or regulations or the SLFRF award terms and conditions to which recipients may be subject as a result of receiving or expending SLFRF funds.

Eligible costs related to reporting and compliance requirements under this provision, including personnel costs, include monitoring the activities of a subrecipient to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward, and that subaward performance goals are achieved. Among other activities, Treasury considers the following activities to be part of subrecipient monitoring:

- Ensuring that the subrecipient has access to information about public programs relevant to the subrecipient's duties necessary to ensure that subaward performance goals are achieved;
 - For example, a subrecipient carrying out a career coaching program for local residents may need information about eligibility criteria for public benefits programs to achieve its performance goals, while a subrecipient carrying out an affordable housing project may need information about urban planning for sewer, water, and electricity to achieve its performance goals.
- Ensuring that the subrecipient has access to information about projects operated by other subrecipients, necessary to ensure that subaward performance goals are achieved;
- Ensuring deliverables and payment are within the approved scope of the subaward;
- Responding to inquiries about the interpretation of subrecipient responsibilities under the subaward;
- Processing and correcting invoices; and
- Taking remedial action necessary to prevent the subrecipient from failing to perform its responsibilities under the subaward.

The Obligation IFR also clarifies that recipients may continue to charge their current negotiated indirect cost rate agreement established with their federal cognizant agency or the de minimis rate of 10 percent of modified total direct costs pursuant to 2 CFR 200.414(f), after December 31, 2024, through December 31, 2026.

17.11. How should recipients report to Treasury their estimate of the amount of SLFRF funds required to cover the costs of satisfying certain legal and administrative requirements?

A recipient may submit to Treasury an estimate of SLFRF funds that it will use to cover such expenditures, as described further in FAQ [17.10](#). Recipients are not required to submit estimates for all administrative costs associated with their projects; rather, they must submit such estimates if they want to use, to cover such legal and administrative costs, any funds that they would otherwise have to return to Treasury after 2024 as unobligated.

In order for a recipient to expend funds after 2024 in the amount of its estimate, the recipient must (1) determine the amount of SLFRF funds the recipient estimates it will use to cover such expenditures, (2) document a reasonable justification for this estimate, (3) report that amount to Treasury with an explanation of how the amount was determined, and (4) report at award closeout the final amount expended for these costs. The Obligation IFR provided that this estimate would be due to Treasury in the Project and Expenditure Report due by April 30, 2024. Treasury is extending this deadline, as discussed in [FAQ 17.12](#). Recipients providing such an estimate will not be required to return such funds to Treasury after 2024 assuming that they are ultimately expended for an eligible purpose.

In addition or as an alternative to using funds in the amount of a recipient's estimate, recipients may cover the costs of meeting the legal and administrative requirements discussed above after December 31, 2024, using (1) SLFRF funds that the recipient does not use as initially reported to cover particular projects, for example if a reported project is performed under budget or is determined to be an ineligible activity (as discussed further in FAQ 17.19), or (2) program income (as discussed further in FAQ 17.21).

For further explanation of eligible costs associated with these requirements, see FAQs [17.9](#) and [17.10](#).

17.12. When must recipients report the estimate for legal and administrative expenses discussed in FAQ 17.10 to Treasury?

Recipients that report to Treasury quarterly should report their expenditure estimate to Treasury by July 31, 2024, in their second quarter Project and Expenditure Report. Recipients that report to Treasury annually should report their expenditure estimate by April 30, 2025, in their Project and Expenditure Report covering the 2024 calendar year.

The Obligation IFR provided that this estimate would be due to Treasury in the Project and Expenditure Report due by April 30, 2024. However, in light of clarifications Treasury is making concurrently that may impact recipients' estimates of funds needed to satisfy relevant legal and administrative requirements of SLFRF, Treasury believes it is appropriate to allow recipients additional time to calculate their estimated expenditures.

17.13. What should a recipient do if its initial estimate to Treasury of expenses to meet legal and administrative requirements is greater or less than the ultimate amount of such expenses?

If a recipient's costs to cover legal and administrative requirements, as provided for in the Obligation IFR and as discussed in [FAQ 17.10](#), are greater than the original estimate provided to Treasury, the recipient may still use SLFRF funds to pay for such expenses under some circumstances. The recipient may use other, previously obligated funds to meet those expenses to the extent the recipient does not use those funds as reported to cover particular projects, as discussed in [FAQ 17.19](#). For example, if a recipient intended to fund a contract using SLFRF funds but the contract is terminated and not replaced, the amount previously obligated for that contract may be used to cover legal and administrative costs that exceed the final estimate. The recipient may also use program income to meet those expenses, as discussed in [FAQ 17.21](#).

If a recipient's costs to cover legal and administrative requirements are lower than the original estimate provided to Treasury, the recipient may use any unexpended funds attributable to the original estimate for other eligible uses of SLFRF funds obligated before December 31, 2024. Treasury is clarifying language in the Obligation IFR which stated, "If a recipient's estimate exceeds what is ultimately expended, the recipient must return the excess funds to Treasury." A recipient must return those excess funds not expended by December 31, 2026, to Treasury only if they are not expended for another eligible use of SLFRF funds for which the recipient had an obligation by December 31, 2024.

Additionally, recipients that report on a quarterly basis can update their cost estimates of such expenditures to Treasury through the Project and Expenditure Report due on January 31, 2025. This includes estimated expenses for personnel employed to meet those requirements. Recipients that report on an annual basis will report estimates in the Project and Expenditure Report due April 30, 2025. Recipients that report annually will not have an opportunity to update their estimate to Treasury, but they also may use excess funds to cover such expenses as described above.

17.14. If a recipient's award was \$10 million or less, the recipient took the standard allowance for revenue loss, and all funds have been obligated and expended, how does the Obligation IFR impact the recipient? And does the recipient need to continue submitting Project and Expenditure Reports?

If SLFRF funds have already been obligated and expended in compliance with Treasury's rule and guidance, the recipient does not need to make any changes or take any additional steps to comply with the obligation and expenditure deadlines. Recipients are required to continue to submit reports to Treasury as outlined in the SLFRF Compliance and Reporting Guidance. Treasury will provide closeout instructions that will provide information to recipients on how to complete and provide final reports.

17.15. Does the same definition of “obligation” apply to funds used under the revenue loss category?

Yes. All SLFRF funds under any eligible use category are subject to the obligation requirements.

Recipients satisfy the obligation requirement by using revenue loss funds to cover purchase orders, contracts, and similar transactions requiring payment entered into by December 31, 2024, including interagency agreements meeting certain conditions entered into by December 31, 2024, as discussed in [FAQ 17.6](#), and personnel costs for positions established and filled by December 31, 2024 as discussed in [FAQ 17.7](#). Recipients also satisfy the obligation requirement by using revenue loss funds to satisfy a requirement under federal law or regulation or provision of the award terms and conditions to which a recipient becomes subject as a result of receiving or expending funds. Treasury previously determined that subrecipient relationships do not arise under the revenue loss eligible use category (see [FAQ 13.14](#)), but recipients nevertheless may use funds to cover the costs of agreements entered into with nonprofits and other counterparties.

17.16. Under what circumstances may a recipient use SLFRF to cover cost increases attributable to a contract that is entered into by December 31, 2024?

In general, recipients cannot re-obligate funds or obligate additional SLFRF funds after the obligation deadline of December 31, 2024. However, if a contract entered into by December 31, 2024, expressly provides for change orders or contract contingencies, the recipient may use SLFRF funds to cover increased costs attributable to such change orders or contract contingencies. Such increased costs are not considered new obligations but are instead attributable to a preexisting obligation to accommodate the change or contingency.

Additionally, recipients may cover the cost of amendments to contracts if the amended contract is within substantially the same scope and for substantially the same purpose as the contract that was incurred by December 31, 2024. This flexibility is consistent with recipients’ ability to terminate a contract for convenience and to use SLFRF funds for costs associated with change orders and contingencies that are contemplated by their contracts and subawards.

Based on comments received from recipients, and for the reasons discussed above, Treasury is providing this guidance as an update to the prior statement in the Obligation IFR that recipients could not use SLFRF funds after the obligation deadline to cover a cost increase associated with a contract amendment.

Recipients may estimate the amount that may be necessary to cover changes or contingencies through the expenditure period, include that amount in the amount of the final obligation for the project that is reported to Treasury as of December 31, 2024, and retain those funds to pay costs covered by the estimate. Recipients providing such an estimate will not be required to return such funds to Treasury after 2024 assuming that they are ultimately expended for an eligible purpose. The SLFRF Compliance and Reporting

Exhibit 19 (Appendix)

Guidance will be updated to provide additional information on reporting requirements associated with this option.

Recipients may also cover contract cost increases after December 31, 2024, in the scenarios outlined above using (1) SLFRF funds that the recipient does not use as initially reported to cover particular projects, for example if a reported project is performed under budget or is determined to be an ineligible activity (as discussed further in [FAQ 17.19](#)), or (2) program income (as discussed in [FAQ 17.21](#)).

17.17. The Obligation IFR states that recipients may enter into replacement contracts and subawards after the obligation deadline in certain circumstances. May the recipient commit additional funds to the replacement contract or subaward to account for price increases from the time the original contract or subaward was awarded?

After the obligation deadline, recipients are permitted to replace a contract or subaward that was entered into prior to December 31, 2024, under the three circumstances outlined in the Obligation IFR, which includes a contractor or subrecipient going out of business. The replacement contract or subaward must be within substantially the same scope and for substantially the same purpose as the contract that was entered into by December 31, 2024. In such cases, recipients may use SLFRF funds to cover increased costs of the replacement contract or subaward.

For example, in replacing a contractor, it may be necessary to execute a contract for a greater amount than the original contract, or with adjustments to the scope of the project, due to changed circumstances such as: the need to rebid the contract, increased costs, the unavailability of materials, and developments such as the discovery of adverse environmental impacts. However, a contract with a substantially different scope or purpose would not be considered a replacement contract, and SLFRF funds could not be used to cover the costs of such a contract after December 31, 2024.

Recipients may pay for the increased costs of the replacement contract after December 31, 2024, (1) by applying funds from the amount estimated to be necessary to cover changes or contingencies to the original contract through the expenditure period, which was included in the final obligation reported for the project as of December 31, 2024 (as discussed in [FAQ 17.16](#)), (2) using SLFRF funds that the recipient does not use as initially reported to cover particular projects (as discussed in [FAQ 17.19](#)), or (3) using program income (as discussed in [FAQ 17.21](#)). The SLFRF Compliance and Reporting Guidance will be updated to provide additional information on reporting requirements associated with this option.

17.18. Does the obligation deadline apply to subrecipients?

Subrecipients are not subject to the December 31, 2024, obligation deadline. The obligation deadline applies to the recipient of SLFRF funds. Neither subrecipients nor contractors need to take additional steps to obligate SLFRF funds after entering into a subaward or contract

with the recipient.

17.19. After December 31, 2024, may a recipient use SLFRF funds that were initially obligated but ultimately not expended for an eligible activity?

After the December 31, 2024, obligation deadline, recipients may have excess funds that were obligated as of the deadline but ultimately not expended on an eligible activity. For example, a subrecipient or contractor may perform work under-budget, thereby freeing up previously obligated funds. As another example, the recipient, an auditor, or Treasury may determine that a recipient's planned project is not an eligible activity. In such cases, the recipient may reclassify the SLFRF funds from the original activity to another project that would be eligible under the SLFRF program rules, including the requirement that the recipient incurred an obligation by December 31, 2024, to expend funds on the activity.

As a further example, in a recipient's Single Audit covering fiscal year 2024, the auditor identifies that a project classified as responding to the public health and negative economic impacts of the pandemic is grossly disproportionate to the type or extent of harm experienced, and thus not in compliance with the 2022 SLFRF Final Rule. The recipient may withdraw SLFRF funds from the project and reclassify the funds to a workforce training program that the recipient initially had been financing with local funds but which is an eligible use under the SLFRF program as well. In this case, the recipient must have incurred an obligation (e.g., by entering into a contract) to fund the program by December 31, 2024, in accordance with SLFRF program rules.

The recipient may also use such funds to pay for any permissible upward cost adjustments in other contracts or subawards, as described in FAQs [17.16](#) and [17.17](#), including for indirect cost rate increases in a replacement subaward, as described in [FAQ 17.20](#); to cover expenses that are necessary to meet certain legal and administrative requirements of SLFRF, as described in [FAQ 17.10](#); and to cover personnel expenses obligated by December 31, 2024, as described in [FAQ 17.7](#), including personnel expenses in excess of the initial estimate.

17.20. If a recipient replaces a subaward after the obligation deadline in accordance with the Obligation IFR and these FAQs, can the recipient accept the new subrecipient's indirect cost rate if it differs from the previous subrecipient's, resulting in a change in costs?

Yes, if the recipient is using funds to cover the cost of a subaward that was entered into as a replacement for a previous subaward in compliance with Treasury's guidance, the recipient can include the new indirect cost rate in the replacement subaward. See [FAQ 17.19](#) for a discussion of SLFRF funds that may be available for this purpose.

17.21. Are recipients required to obligate program income for eligible uses by December 31, 2024?

As discussed in [FAQ 13.11](#), recipients may add program income¹² earned from SLFRF funds to their award. Such program income includes that which is earned between the December 31, 2024, obligation deadline and the end of the period of performance on December 31, 2026. As with all award funds, such program income may only be used to cover an obligation that was incurred by December 31, 2024. As such, recipients may use program income earned after December 31, 2024, in one of four ways.

First, the recipient may use program income to cover the cost of eligible uses of SLFRF funds for which the recipient incurred an obligation by December 31, 2024, such as a workforce training program that the recipient had been funding with local funds.

Second, the recipient may use program income to pay for permissible upward cost adjustments in contracts or subawards, including replacement contracts and subawards, as described in FAQs [17.16](#) and [17.17](#).

Third, the recipient may use program income to cover expenses that are necessary to meet certain legal and administrative requirements, as described in the Obligation IFR and FAQ [17.10](#). The recipient may use funds for these purposes regardless of the amount of the estimate of such expenses the recipient reported to Treasury, if such estimate was provided.

Fourth, the recipient may use program income to cover personnel costs obligated by December 31, 2024, as described in [FAQ 17.7](#). The recipient may use funds for these purposes regardless of the amount of the estimate of such expenses the recipient reported to Treasury, if such estimate was provided.

17.22. Can recipients use SLFRF funds as match for BEAD projects which may not be announced until 2025?

As provided by the Infrastructure Investment and Jobs Act, recipients may use SLFRF funds to satisfy match requirements under the Broadband, Equity, Access, and Deployment (BEAD) program.¹³ However, the requirements of the SLFRF program still apply, including the requirement that SLFRF funds must be obligated by December 31, 2024.

¹² Program income is defined as “gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided in [§ 200.307\(f\)](#). (See the definition of *period of performance* in this section.) Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. See also [§ 200.407](#). See also [35 U.S.C. 200–212](#) ‘Disposition of Rights in Educational Awards’ applies to inventions made under Federal awards.” See 2 CFR 200.1.

¹³ See section 60102(h)(3) of the Infrastructure Investment and Jobs Act, P.L. 117-58, 135 Stat. 429, 1198 (Nov. 15, 2021).

Exhibit 19 (Appendix)

Accordingly, recipients using SLFRF funds for a BEAD match must meet this obligation deadline. This poses a challenge to using SLFRF funds for a BEAD match because BEAD projects may not be announced until after the SLFRF obligation deadline has passed. Treasury strongly advises SLFRF recipients to be prepared to use other, non-SLFRF funds to satisfy the match requirements of the BEAD program. Any SLFRF funding that is not obligated by the obligation deadline must be returned to Treasury. For more information on the obligation deadline please see FAQs 17.1-17.21.

17.23. Are agreements entered into between units of a Tribal government considered obligations for purposes of the SLFRF rule at 31 CFR 35.5 and are they subject to procurement standards of the Uniform Guidance?

Treasury considers an interagency agreement between a particular Tribal government's units (including the Tribal Council), departments, agencies, or other instrumentalities of a Tribe to constitute an obligation for purposes of the SLFRF rule if the agreement satisfies the conditions set forth in FAQ 17.6.

For purposes of this FAQ, a unit of a Tribal government includes an enterprise organized under Tribal law if the Tribe treats that enterprise as a unit, department, agency, or other instrumentality of the Tribe. In addition, a corporation formed under section 17 of the Indian Reorganization Act or section 3 of the Oklahoma Indian Welfare Act would be considered a unit, department, agency, or other instrumentality of the Tribe for purposes of this FAQ.

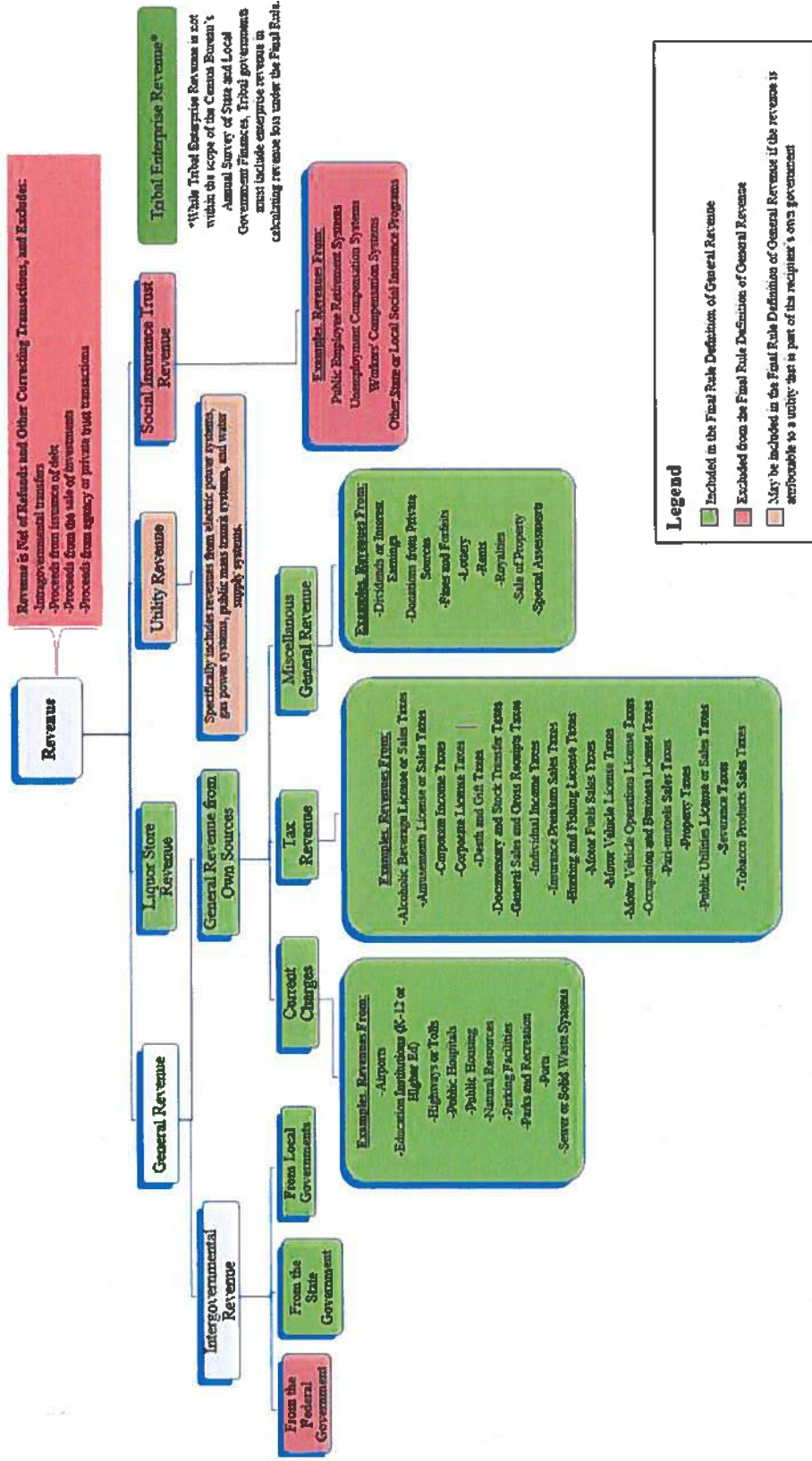
For purposes of the SLFRF program, the procurement standards of 2 CFR Part 200 (the Uniform Guidance) do not apply to an agreement between units, departments, agencies, or other instrumentalities of a Tribe discussed above. The procurement requirements of the Uniform Guidance would need to be followed by the Tribal unit, department, agency, or other instrumentality of a Tribe with respect to the procurement of material, equipment, and supplies from outside vendors.

Note that the procurement standards in the Uniform Guidance do not apply to funds spent under the revenue loss eligible use category. See [FAQ 13.15](#). In cases in which the procurement standards apply to a Tribal government's entry into a contract, note that noncompetitive procurement is permissible under the Uniform Guidance in certain circumstances, including if an item is only available from a single source, or if after solicitation of a number of sources, competition is determined inadequate. See 2 CFR 200.320(c).

Exhibit 19 (Appendix)

Appendix

Final Rule Definition of General Revenue Within the Census Bureau Classification Structure of Revenue



Source: U.S. Bureau of the Census Government Finance and Employment Classification Manual, 2006; Annual Survey of State and Local Government Finance

Compliance and Reporting Guidance

State and Local Fiscal Recovery Funds



October 15, 2024
Version: 8.0



Coronavirus State and Local Fiscal Recovery Funds Guidance on Recipient Compliance and Reporting Responsibilities

On March 11, 2021, the American Rescue Plan Act was signed into law, and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, which together make up the Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") program. This program is intended to provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses.

In May 2021, Treasury published the 2021 interim final rule ("2021 IFR") describing eligible and ineligible uses of SLFRF, as well as other program requirements. The initial versions of this Compliance and Reporting guidance reflected the 2021 IFR and its eligible use categories. On January 6, 2022, the U.S. Department of the Treasury ("Treasury") adopted the 2022 final rule implementing the SLFRF program. The 2022 final rule became effective on April 1, 2022. Prior to the 2022 final rule effective date, the 2021 IFR remained in effect; funds used consistently with the 2021 IFR while it was in effect were in compliance with the SLFRF program. However, recipients could choose to take advantage of the 2022 final rule's flexibilities and simplifications ahead of the effective date. Recipients may consult the [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule](#) for more information on compliance with the 2021 IFR and the 2022 final rule.

On December 29, 2022, the Consolidated Appropriations Act, 2023 was enacted, amending the SLFRF program to provide additional flexibility for recipients to use SLFRF funds for three new eligible use categories. The 2023 interim final rule ("2023 IFR") was published in the federal register on September 20, 2023. The 2023 IFR became effective upon publication.

In November 2023, Treasury issued an interim final rule (the "Obligation IFR") to amend the definition of "obligation" at 31 CFR 35.3 and to provide related clarifications. The Obligation IFR was published in the federal register on November 20, 2023. The Obligation IFR became effective upon publication. Treasury published additional guidance clarifying the provisions of the Obligation IFR on March 29, 2024 in Section 17: Obligation of the [SLFRF FAQs](#).

To support recipients in complying with the 2022 final rule, the 2023 IFR, and the Obligation IFR, this reporting guidance reflects the 2022 final rule, the 2023 IFR, the Obligation IFR, and subsequent guidance provided in FAQs. This guidance provides additional detail and clarification for each recipient's compliance and reporting responsibilities under the SLFRF program and should be read in concert with the Award Terms and Conditions, the authorizing statute, the [2022 final rule](#), the [2023 IFR](#), the [Obligation IFR](#), other program guidance including the [State and Local Fiscal Recovery Funds Frequently Asked Questions](#), and other regulatory and statutory requirements, including regulatory requirements under the [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \("Uniform Guidance" or 2 CFR Part 200\)](#), and [2021 SLFRF Compliance Supplement – Technical Update](#), [2022 SLFRF Compliance Supplement](#), [2023 SLFRF Compliance Supplement](#), and [2024 SLFRF Compliance Supplement](#). Please see the [Assistance Listing](#) in SAM.gov under assistance listing number (formerly known as the CFDA number) 21.027 for more information.

Please Note: This guidance document applies to the SLFRF program only and does not change or impact reporting and compliance requirements for the Coronavirus Relief Fund ("CRF") established by the CARES Act.



This guidance includes two parts:

Part 1: General Guidance

This section provides an orientation to recipients' compliance responsibilities and Treasury's expectations and recommends best practices where appropriate under the SLFRF program.

- A. Key Principles..... P. 4
- B. Statutory Eligible Uses..... P. 4
- C. Treasury's 2022 Final Rule, 2023 IFR, and Obligation IFR
..... P. 5
- D. Uniform Guidance (2 CFR Part 200)..... P. 8
- E. Award Terms and Conditions..... P. 13

Part 2: Reporting Requirements

This section provides information on the reporting requirements for the SLFRF program.

- A. Interim Report..... P. 18
- B. Project and Expenditure Report..... P. 19
- C. Recovery Plan Performance Report..... P. 40

- Appendix 1: Expenditure Categories..... P. 48
- Appendix 2: Evidenced-Based Intervention Additional Information..... P. 55
- Appendix 3: Expenditure Categories under the 2021 Interim Final Rule..... P. 56

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Part 1: General Guidance

This section provides an orientation on recipients' compliance responsibilities and Treasury's expectations and recommended best practices where appropriate under the SLFRF program.

Recipients under the SLFRF program are the eligible entities identified in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021 (the "SLFRF statute") that receive an SLFRF award. Subrecipients under the SLFRF program are entities that receive a subaward from a recipient to carry out the purposes (program or project) of the SLFRF award on behalf of the recipient.

Recipients are accountable to Treasury for oversight of their subrecipients in accordance with 2 CFR 200.332, including ensuring their subrecipients comply with the SLFRF statute, SLFRF Award Terms and Conditions, Treasury's 2021 IFR, 2022 final rule, 2023 IFR, Obligation IFR, other applicable federal statutes and regulations, and reporting requirements.

A. Key Principles

There are several guiding principles for developing your own effective compliance regimes:

- Recipients and subrecipients are the first line of defense and responsible for ensuring the SLFRF award funds are not used for ineligible purposes, and there is no fraud, waste, or abuse associated with their SLFRF award;
- Many SLFRF-funded projects respond to the COVID-19 public health emergency¹ and meet urgent community needs. Swift and effective implementation is vital, and recipients must balance facilitating simple and rapid program access widely across the community and maintaining a robust documentation and compliance regime;
- Treasury encourages recipients to use SLFRF-funded projects to advance shared interests and promote equitable delivery of government benefits and opportunities to underserved communities, as outlined in [Executive Order 13985, On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government](#); and
- Transparency and public accountability for SLFRF award funds and use of such funds are critical to upholding program integrity and trust in all levels of government, and SLFRF award funds should be managed consistent with Administration guidance per [Memorandum M-21-20](#) and [Memorandum M-20-21](#).

B. Statutory Eligible Uses

As a recipient of an SLFRF award, your organization has substantial discretion to use the award funds in the ways that best suit the needs of your constituents – as long as such use fits into one of the following seven statutory categories:

1. To respond to the COVID-19 public health emergency or its negative economic impacts;
2. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the recipient that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
3. For the provision of government services, to the extent of the reduction in revenue of such

¹ The SLFRF rule defines "COVID-19 public health emergency" as "the period beginning on January 27, 2020 and lasting until the termination of the national emergency concerning the COVID-19 outbreak declared pursuant to the National Emergencies Act." See 31 CFR 35.3. As discussed in FAQ 4.11, following the termination of the National Emergency on April 10, 2023, recipients generally may continue to make investments using their SLFRF funds without changes, with the exception of projects in the premium pay eligible use category. Please refer to FAQ 4.11 for more information.



- recipient due to the COVID–19 public health emergency, relative to revenues collected in the most recent full fiscal year of the recipient prior to the emergency;
4. To make necessary investments in water, sewer, or broadband infrastructure;
 5. To provide emergency relief from natural disasters or the negative economic impacts of natural disasters;
 6. For projects eligible under the 26 surface transportation programs specified in the 2023 CAA (Surface Transportation projects); or
 7. For projects eligible under Title I of the Housing and Community Development Act of 1974 (Title I projects).

In addition, sections 602(c)(4) and 603(c)(5) of the Social Security Act, as amended by the Infrastructure Investment and Jobs Act, provide that SLFRF funds may be used for an authorized Bureau of Reclamation project for purposes of satisfying any non-Federal matching requirement required for the project.

Treasury adopted the 2021 IFR in May 2021 and the [2022 final rule](#) on January 6, 2022 to implement the first four eligible use categories and other restrictions on the use of funds under the SLFRF program. The 2022 final rule took effect on April 1, 2022, and the 2021 IFR remained in effect until that time, although recipients could choose to take advantage of the 2022 final rule's flexibilities and simplifications prior to April 1, 2022. Recipients may consult the [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule](#) for more information on compliance with the 2021 IFR and the 2022 final rule.

On December 29, 2022, the Consolidated Appropriations Act, 2023 was enacted, amending the SLFRF program to provide additional flexibility for recipients to use SLFRF funds for three new eligible use categories. The 2023 IFR was published in the Federal Register on September 20, 2023 and became effective upon publication. The Obligation IFR was published in the Federal Register on November 20, 2023 and became effective upon publication.

It is the recipient's responsibility to ensure all SLFRF award funds are used in compliance with the program's requirements. In addition, recipients should be mindful of any additional compliance obligations that may apply – for example, additional restrictions imposed upon other sources of funds used in conjunction with SLFRF award funds, or statutes and regulations that may independently apply to water, broadband, and sewer infrastructure projects. Recipients should ensure they maintain proper documentation supporting determinations of costs and applicable compliance requirements, and how they have been satisfied as part of their award management, internal controls, and subrecipient oversight and management.

C. Treasury's 2022 Final Rule, 2023 IFR, and Obligation IFR

Treasury's [2022 final rule](#), [2023 IFR](#), and [Obligation IFR](#) detail recipients' compliance responsibilities and provide additional information on eligible and restricted uses of SLFRF award funds and reporting requirements.

1. **Eligible and Restricted Uses of SLFRF Funds.** As described in the SLFRF statute and summarized above, there are seven eligible uses of SLFRF award funds. As a recipient of an award under the SLFRF program, your organization is responsible for complying with requirements for the use of funds. In addition to determining a given project's eligibility, recipients are also responsible for determining subrecipients' or beneficiaries' eligibility, and must monitor subrecipients' use of SLFRF award funds.

To help recipients build a greater understanding of eligible uses, Treasury's [2022 final rule](#) and 2023 IFR establish frameworks for determining whether a specific project would be eligible under



the SLFRF program, including some helpful definitions. For example, Treasury's [2022 final rule](#) and 2023 IFR establish:

- A framework for determining whether a project responds to the COVID-19 public health emergency or its negative economic impacts;
- Definitions of "eligible employers," "essential work," "eligible workers," and "premium pay" for cases where premium pay is an eligible use;
- The option to select between a standard amount of revenue loss or complete a full revenue loss calculation of revenue lost due to the COVID-19 public health emergency;
- A framework for necessary water and sewer infrastructure projects that aligns eligible uses with projects that are eligible under the Environmental Protection Agency's Drinking Water and Clean Water State Revolving Funds along with certain additional projects, including a wider set of lead remediation and stormwater infrastructure projects and aid for residential wells;
- A framework for necessary broadband projects that allows for projects that are designed to provide service of sufficient speeds to eligible areas, as well as an affordability requirement for providers that provide service to households;
- A framework for determining how to provide emergency relief from a natural disaster;
- Three pathways for using SLFRF funds for Surface Transportation projects; and
- A list of eligible Title I projects by reference to the activities that are eligible under the Community Development Block Program.

Treasury's [2022 final rule](#) also provides more information on important restrictions on use of SLFRF award funds, including that recipients other than Tribal governments may not deposit SLFRF funds into a pension fund; and recipients that are States or territories may not use SLFRF funds to offset a reduction in net tax revenue resulting from the recipient's change in law, regulation, or administrative interpretation. In addition, recipients may not use SLFRF funds directly to service debt, satisfy a judgment or settlement, or contribute to a "rainy day" fund. Recipients should refer to Treasury's 2022 final rule for more information on these restrictions and to the 2023 IFR for how these restrictions apply to the eligible uses added by the Consolidated Appropriations Act, 2023.

Treasury's 2022 final rule outlines that 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, the 2022 final rule notes 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 ("OMB") 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. If a recipient seeks to use SLFRF funds to satisfy match or cost-share requirements for a federal grant program, it should first confirm with the relevant awarding agency that no waiver has been granted for that program, that no other circumstances enumerated under 2 CFR 200.306(b) would limit the use of SLFRF funds to meet the match or cost-share requirement, and that there is no other statutory or regulatory impediment to using the SLFRF funds for the match or cost-share requirement. Treasury's 2023 IFR outlines that under the Surface Transportation projects eligible use category, recipients may use SLFRF funds to satisfy non-federal cost share requirements for certain programs under Pathway Three. In addition, under the Title I projects eligible use category, recipients may use SLFRF funds to satisfy the non-federal share requirements of a federal financial assistance program in support of activities that would be eligible under the CDBG and ICDBG programs.

SLFRF funds beyond those that are available under the circumstances described above 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. For 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.

Treasury's 2023 IFR describes the additional statutory restrictions that apply to the Surface Transportation projects and Title I projects eligible use categories. First, the total amount of SLFRF funds that a recipient may use for Surface Transportation projects and Title I projects, taken together, cannot exceed the greater of \$10 million and 30% of a recipient's SLFRF allocation. Second, recipients using SLFRF funds for Surface Transportation projects and Title I projects must supplement, and not supplant, other federal, state, territorial, Tribal, and local government funds (as applicable) otherwise available for such uses. For the Surface Transportation projects eligible use category, recipients using funds for projects eligible for Urbanized Formula Grants, Fixed Guideway Capital Investment Grants, Formula Grants for Rural Areas, State of Good Repair Grants, or Grants for Buses and Bus Facilities may not use SLFRF funds for operating expenses of these projects.

2. **Eligible Costs Timeframe.** For eligible use categories described in the 2022 final rule, your organization, as a recipient of an SLFRF award, may use SLFRF funds to cover eligible costs that your organization incurred during the period that begins on March 3, 2021 and ends on December 31, 2024, as long as the award funds for the obligations incurred by December 31, 2024 are expended by December 31, 2026. Costs incurred for projects by the recipient State, territorial, local, or Tribal government prior to March 3, 2021 are not eligible, as provided for in Treasury's 2022 final rule.

For eligible use categories described in the 2023 IFR, recipients may use SLFRF funds for the three new eligible uses for costs incurred beginning December 29, 2022. Consistent with the existing eligible uses, recipients must obligate SLFRF funds for the new eligible uses by December 31, 2024. Recipients must expend SLFRF funds obligated to provide emergency relief from natural disasters by December 31, 2026. Recipients must expend SLFRF funds obligated for Surface Transportation projects and Title I projects by September 30, 2026. Costs for projects described in the 2023 IFR that are incurred by the recipient State, territorial, local, or Tribal government prior to December 29, 2022 are not eligible under these three eligible use categories.

Recipients may, in certain circumstances, use SLFRF award funds for the eligible use categories described in Treasury's 2022 final rule for costs incurred prior to March 3, 2021. Specifically,

- a. **Public Health/Negative Economic Impacts:** Recipients may use SLFRF award funds to provide assistance to households, small businesses, and nonprofits to respond to the public health emergency or negative economic impacts of the pandemic – such as rent, mortgage, or utility assistance – for costs incurred by the beneficiary (e.g., a household) prior to March 3, 2021, provided that the recipient State, territorial, local or Tribal government did not incur the cost of providing such assistance prior to March 3, 2021.
- b. **Premium Pay:** Recipients may provide premium pay retrospectively for work performed at any time during the COVID-19 public health emergency. Such premium pay must be "in addition to" wages and remuneration already received and the obligation to provide such premium pay must not have been incurred by the recipient prior to March 3, 2021.
- c. **Revenue Loss:** Recipients have broad discretion to use funds for the provision of government services to the extent of reduction in revenue. While calculation of lost revenue is based on the recipient's revenue in the last full fiscal year prior to the COVID-19 public health emergency, use of funds for government services must be forward looking for costs incurred by the recipient after March 3, 2021. As with all other eligible uses, funds expended under the revenue loss eligible use category are subject to the obligation requirements. See FAQ 17.15.
- d. **Investments in Water, Sewer, and Broadband:** Recipients may use SLFRF award funds to make necessary investments in water, sewer, and broadband infrastructure. Recipients may



use SLFRF award funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the SLFRF award funds were not incurred by the recipient prior to March 3, 2021.

Any funds not obligated or expended for eligible uses by the timelines above must be returned to Treasury, including any unobligated or unexpended funds that have been provided to subrecipients and contractors as part of the award closeout process pursuant to 2 C.F.R. 200.344(d). For the purposes of determining expenditure eligibility, "incurred" means the recipient has incurred an obligation. See 31 CFR 35.3 and 35.5(b).

As discussed in FAQ 17.19, after the December 31, 2024 obligation deadline, recipients may have excess funds that were obligated as of the deadline but ultimately not expended on an eligible activity. While recipients may not incur new obligations for the use of SLFRF funds after December 31, 2024, recipients may reclassify SLFRF funds from a reported activity to another project that would be eligible under the program rules (including the requirement that the recipient incurred an obligation for the project by December 31, 2024), regardless of whether those project(s) were reported to Treasury by the obligation deadline. Treasury will add new functionalities in the January 31, 2025 Project & Expenditure Report to enable recipients to add and reclassify funds to project(s) for which an obligation was incurred by December 31, 2024.

3. **Reporting.** Generally, recipients must submit one initial Interim Report, quarterly or annual Project and Expenditure reports which include subaward reporting, and in some cases annual Recovery Plan reports. Treasury's 2022 final rule, 2023 IFR, Obligation IFR, and Part 2 of this guidance provide more detail around SLFRF reporting requirements.
4. **Expenditure Categories.** Treasury's 2022 final rule provides flexibility and simplicity for recipients to fight the pandemic and support families and businesses struggling with its impacts, maintain vital services amid revenue shortfalls, and build a strong, resilient, and equitable recovery. As such, recipients report on a broad set of eligible uses and associated Expenditure Categories ("EC"), which began with the April 2022 Project and Expenditure Report. Appendix 1 includes the ECs, as well as a reference to previous ECs used for reporting under the 2021 IFR.

The 2023 IFR implements the amendments to the SLFRF program made by the Consolidated Appropriations Act, 2023, which provides additional flexibility for recipients to use SLFRF funds to respond to natural disasters, build critical infrastructure, and support community development. The additional ECs associated with the 2023 IFR began with the October 2023 Project and Expenditure Report. These ECs also may be found in Appendix 1.



Assistance Listing

The [Assistance Listing](#) for the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) was published May 28, 2021 on SAM.gov under Assistance Listing Number ("ALN"), formerly known as CFDA Number, 21.027.

The assistance listing includes helpful information including program purpose, statutory authority, eligibility requirements, and compliance requirements for recipients. The ALN is the unique 5-digit number assigned to identify a federal assistance listing, and can be used to search for federal assistance program information, including funding opportunities, spending on USASpending.gov, or audit results through the Federal Audit Clearinghouse.

To expedite payments and meet statutory timelines Treasury issued initial payments under an existing ALN, 21.019, assigned to the CRF. If you have already received funds or captured the initial number in your records, please update your systems and reporting to reflect the new ALN 21.027 for the SLFRF program. **Recipients must use ALN 21.027 for all financial accounting, subawards, and associated program reporting requirements for the SLFRF awards.**

D. Uniform Administrative Requirements

The SLFRF awards are generally subject to the requirements set forth in the Uniform Guidance. In all instances, your organization should review the Uniform Guidance requirements applicable to your organization's use of SLFRF funds, and SLFRF-funded projects. Additional details about applicability of certain provisions of the Uniform Guidance may be found in:

- SLFRF 2022 final rule;
- SLFRF [Assistance Listing](#);
- SLFRF FAQs, including FAQ 4.9, 10.1, and Section 13; and
- SLFRF 2023 IFR.

The following sections provide a general summary of your organization's compliance responsibilities under applicable statutes and regulations, including the Uniform Guidance, as described in the most recent compliance supplement issued by OMB. Note that the descriptions below are only general summaries and all recipients and subrecipients are advised to carefully review the Uniform Guidance requirements and any additional regulatory and statutory requirements applicable to the program.

1. **Allowable Activities.** Each recipient should review program requirements, including Treasury's 2022 final rule, 2023 IFR, Obligation IFR, SLFRF FAQs, and the recipient's Award Terms and Conditions, to determine and record eligible uses of SLFRF funds. Per 2 CFR 200.303, your organization must develop and implement effective internal controls to ensure that funding decisions under the SLFRF award constitute eligible uses of funds, and document determinations.
2. **Allowable Costs/Cost Principles.** As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E regarding Cost Principles, allowable costs are based on the premise that a recipient is responsible for the effective administration of Federal awards, application of sound management practices, and administration of Federal funds in a manner consistent with the program objectives and terms and conditions of the award. Recipients must implement robust internal controls and effective monitoring to ensure compliance with the Cost Principles, which are important for building trust and accountability. Please note that as outlined in [FAQ 13.15](#), only a subset of the Uniform Guidance requirements at 2 CFR Part 200 Subpart E (Cost Principles) applies to recipients' use of funds in the revenue loss eligible use category.

SLFRF funds may be, but are not required to be, used along with other funding sources for a given



project. Recipients should note that SLFRF funds available under the "revenue loss" eligible use category generally may be used to meet the non-federal cost-share or matching requirements of other federal programs. If a recipient seeks to use SLFRF funds to satisfy match or cost-share requirements for a federal grant program, the recipient should first confirm with the relevant awarding agency that no waiver has been granted for that program, that no other circumstances enumerated under 2 CFR 200.306(b) would limit the use of SLFRF funds to meet the match or cost-share requirement, and that there is no other statutory or regulatory impediment to using the SLFRF funds for the match or cost-share requirement. For instance, recipients should note that SLFRF funds may not be used as the non-federal share for purposes of a state's Medicaid and CHIP programs because OMB has approved a waiver from this provision as requested by the Centers for Medicare & Medicaid Services pursuant to 2 CFR 200.102 of the Uniform Guidance and related regulations.

Treasury's 2023 IFR outlines that under the Surface Transportation projects eligible use category, recipients may use SLFRF funds to satisfy non-federal cost share requirements for certain programs under Pathway Three. In addition, under the Title I projects eligible use category, recipients may use SLFRF funds to satisfy the non-federal share requirements of a federal financial assistance program in support of activities that would be eligible under the CDBG and ICDBG programs.

SLFRF funds beyond those that are available under the circumstances described above 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 2022 final rule for further details if they seek to utilize SLFRF funds as a match for these projects.

Treasury's 2022 final rule, 2023 IFR, program guidance, and the Uniform Guidance outline the types of costs that are allowable, including certain audit costs. For example, per 2 CFR 200.425, a reasonably proportionate share of the costs of audits required by the Single Audit Act Amendments of 1996 are allowable; however, costs for audits that were not performed in accordance with 2 CFR Part 200, Subpart F and the Compliance Supplement are not allowable. Please see 2 CFR Part 200, Subpart E regarding the Cost Principles for more information.

- a. **Administrative costs:** Recipients may use funds for administering the SLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.² Further, costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405. Pursuant to the SLFRF Award Terms and Conditions, recipients are permitted to charge both direct and indirect costs to their SLFRF award as administrative costs as long as they are accorded consistent treatment per 2 CFR 200.403. Direct costs are those that are identified specifically as costs of implementing the SLFRF program objectives, such as contract support, materials, and supplies for a project. Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the SLFRF award such as the cost of facilities or administrative functions like a director's office.³⁴ Each category of cost should be treated consistently in like circumstances as direct or indirect, and recipients may not charge the same administrative costs to both direct and indirect cost categories, or to other programs. If a recipient has a current Negotiated Indirect Costs Rate

² Recipients also may use SLFRF funds directly for administrative costs to improve the design and execution of programs responding to the COVID-19 pandemic and to administer or improve the efficacy of programs addressing the public health emergency or its negative economic impacts. 31 CFR 35.6(b)(3)(ii)(E)(3).

³ 2 CFR 200.413 Direct Costs.

⁴ 2 CFR 200.414 Indirect Costs.



Agreement ("NICRA") established with a Federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the recipient may use its current NICRA. Alternatively, if the recipient does not have a NICRA, the recipient may elect to use the de minimis rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f). Both direct and indirect costs may be obligated via a subaward, contract, or similar transaction that requires payment, including an interagency agreement that meets the requirements described in [FAQ 17.6](#).

- b. Salaries and Expenses:** In general, certain employees' wages, salaries, and covered benefits are an eligible use of SLFRF award funds. Please see Treasury's 2022 final rule for details.
- 3. Cash Management.** SLFRF payments made to recipients are not subject to the requirements of the Cash Management Improvement Act and Treasury's implementing regulations at 31 CFR Part 205 or 2 CFR 200.305(b)(8)-(9).

As such, recipients can place funds in interest-bearing accounts, do not need to remit interest to Treasury, and are not limited to using that interest for eligible uses under the SLFRF award.

- 4. Eligibility and Unique Entity Identifier Requirements.** Under the SLFRF program, recipients are responsible for ensuring that award funds are used for eligible purposes. Accordingly, recipients must develop and implement policies and procedures, and retain records, to determine and monitor implementation of criteria for determining the eligibility of beneficiaries and/or subrecipients. Your organization, and if applicable, the subrecipient(s) administering a program on behalf of your organization, will need to develop and maintain procedures for obtaining information evidencing a given beneficiary's, subrecipient's, or contractor's eligibility, including ensuring subrecipients and contractors are in good standing in accordance with 2 CFR 200.214 and 2 CFR Part 200, Appendix II, paragraph (H).

Further, recipients and subrecipients are required to obtain a valid Unique Entity Identifier (UEI), which is assigned by SAM.gov. Pursuant to the award term regarding 2 CFR Part 25, Appendix A, which is incorporated by reference in the SLFRF Financial Assistance Agreement, recipients are required to maintain current information in SAM.gov for the duration of the period of performance of the SLFRF award. A recipient may not make a subaward to a subrecipient unless that subrecipient has obtained and provided to the recipient a UEI. Subrecipients are not required to complete full SAM.gov registration to obtain a UEI. A UEI is not required with respect to beneficiaries and contractors. Implementing risk-based due diligence for eligibility determinations is a best practice to augment your organization's existing controls.

As discussed in item 11 below, recipients may obligate SLFRF funds by entering into an interagency agreement with a unit of government, and may choose to treat that unit of government as a subrecipient. If a recipient chooses to treat the counterparty to the interagency agreement as a subrecipient, then the recipient must also provide a UEI for that entity. If a recipient chooses to treat the counterparty as a part of the recipient government, the recipient is not required to provide a UEI for that entity.

- 5. Property Management.** Any purchase of real or personal property with SLFRF funds must be consistent with the Uniform Guidance at 2 CFR Part 200, Subpart D, unless stated otherwise by Treasury. For example, as outlined in [FAQ 13.15](#), only a subset of the Uniform Guidance requirements at 2 CFR Part 200 Subpart D (Post Federal Award Requirements) applies to recipients' use of funds in the revenue loss eligible use category. Furthermore, as outlined in [FAQ 13.16](#), Treasury has clarified the use and disposition requirements for real and personal property, supplies, and equipment purchased with SLFRF funds.



6. **Matching, Level of Effort, Earmarking.** There are no matching, level of effort, or earmarking compliance responsibilities associated with the SLFRF award. See Section C.1 (Eligible and Restricted Uses of SLFRF Funds) for a discussion of restrictions on use of SLFRF funds. Please see 2. Allowable Costs/Cost Principles above for information on the use of SLFRF funds for non-Federal match or cost-sharing requirements in other Federal programs.
7. **Period of Performance.** Your organization should also develop and implement internal controls related to activities occurring outside the period of performance. For eligible uses under the 2022 final rule, all funds remain subject to statutory and regulatory requirements that they must be used for costs incurred by the recipient during the period that begins on March 3, 2021, and ends on December 31, 2024, and that award funds for the financial obligations incurred by December 31, 2024 must be expended by December 31, 2026. For eligible uses under the 2023 IFR, recipients may use SLFRF funds for costs incurred beginning December 29, 2022. Consistent with the existing eligible uses, recipients must obligate SLFRF funds for the new eligible uses by December 31, 2024. Recipients must expend SLFRF funds obligated to provide emergency relief from natural disasters by December 31, 2026. Recipients must expend SLFRF funds obligated for Surface Transportation projects and Title I projects by September 30, 2026. Any funds not expended must be returned to Treasury as part of the award closeout process pursuant to 2 C.F.R. 200.344(d).
8. **Procurement, Suspension & Debarment.** Recipients are responsible for ensuring that any procurement using SLFRF funds, or payments under procurement contracts using such funds, are consistent with the procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327, unless stated otherwise by Treasury. As outlined in [FAQ 13.15](#), only a subset of the Uniform Guidance requirements at 2 CFR Part 200 Subpart D (Post Federal Award Requirements) applies to recipients' use of funds in the revenue loss eligible use category. The procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327 are not included in [FAQ 13.15](#)'s list of applicable Subpart D requirements that apply to recipients' use of funds in the revenue loss eligible use category.

The Uniform Guidance establishes in 2 CFR 200.319 that all procurement transactions for property or services must be conducted in a manner providing full and open competition, consistent with standards outlined in 2 CFR 200.320, which allows for non-competitive procurements only in certain circumstances. Recipients must have and use documented procurement procedures that are consistent with the standards outlined in 2 CFR 200.317 through 2 CFR 200.320. In addition, the Uniform Guidance at 2 CFR 200.214, 2 CFR Part 180, and Treasury's implementing regulations at 31 CFR Part 19, prohibit recipients from entering into contracts with suspended or debarred parties. The procurement standards outlined in the Uniform Guidance require an infrastructure for competitive bidding and contractor oversight, including maintaining written standards of conduct. Your organization must ensure adherence to all applicable local, State, and federal procurement laws and regulations.

9. **Program Income.** Generally, program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, and principal and interest on loans made with Federal award funds. Program income does not include interest earned on advances of Federal funds, rebates, credits, discounts, or interest on rebates, credits, or discounts. Recipients of SLFRF funds should calculate, document, and record the organization's program income. Additional controls that your organization should implement include written policies that explicitly identify appropriate allocation methods, accounting standards and principles, compliance monitoring checks for program income calculations, and records.

As discussed in SLFRF FAQ 17.21, program income includes that which is earned between the December 31, 2024, obligation deadline and the end of the period of performance on December



31, 2026. As with all award funds, such program income may only be used to cover an obligation that was incurred by December 31, 2024.

The Uniform Guidance outlines the requirements that pertain to program income at 2 CFR 200.307. Treasury has clarified in its FAQs that recipients may add program income to the Federal award. Any program income generated from SLFRF funds must be used for the purposes and under the conditions of the Federal award. Further, FAQ 4.9 provides additional information about program income requirements applicable to certain eligible uses, and FAQ 13.15 clarifies that only a subset of the Uniform Guidance requirements at 2 CFR 200 Subpart D (Post Federal Award Requirements) applies to recipients' use of funds in the revenue loss eligible use category. The list of applicable Subpart D requirements in FAQ 13.15 does not include the program income requirements in 2 CFR 200.307.

- 10. Reporting.** All recipients of federal funds must complete financial, performance, and compliance reporting as required and outlined in Part 2 of this guidance. Expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1. Your organization should appropriately maintain accounting records for compiling and reporting accurate, compliant financial data, in accordance with appropriate accounting standards and principles.

In addition, where appropriate, your organization needs to establish controls to ensure completion and timely submission of all mandatory performance and/or compliance reporting. See Part 2 of this guidance for a full overview of recipient reporting responsibilities.

Consolidated jurisdictions or other types of jurisdictions that received multiple SLFRF allocations (e.g., a county and city with a consolidated government) are only required to file once per reporting period, and such reports will cover the total SLFRF allocations received by the jurisdiction. This includes non-entitlement units of local government ("NEUs") and/or units of general local government located within counties that are not units of general local government. In addition, the total SLFRF allocations across all sources for a given jurisdiction will be used to identify that jurisdiction's Reporting Tier.

- 11. Subrecipient Monitoring.** SLFRF recipients that are pass-through entities as described under 2 CFR 200.1 are required to manage and monitor their subrecipients to ensure compliance with requirements of the SLFRF award pursuant to 2 CFR 200.332 regarding requirements for pass-through entities.

First, your organization must clearly identify to the subrecipient: (1) that the award is a subaward of SLFRF funds; (2) any and all compliance requirements for use of SLFRF funds; and (3) any and all reporting requirements for expenditures of SLFRF funds.

Next, your organization will need to evaluate each subrecipient's risk of noncompliance based on a set of common factors. These risk assessments may include factors such as prior experience in managing Federal funds, previous audits, personnel, and policies or procedures for award execution and oversight. Ongoing monitoring of any given subrecipient should reflect its assessed risk and include monitoring, identification of deficiencies, and follow-up to ensure appropriate remediation.

Accordingly, your organization should develop written policies and procedures for subrecipient monitoring and risk assessment and maintain records of all award agreements identifying or otherwise documenting subrecipients' compliance obligations.

Recipients should note that NEUs are not subrecipients under the SLFRF program. They are SLFRF recipients that report directly to Treasury.



Recipients should also note that subrecipients do not include individuals and organizations that received SLFRF funds as end users. Such individuals and organizations are beneficiaries and not subject to audit pursuant to the Single Audit Act and 2 C.F.R. Part 200, Subpart F.

Many recipients may choose to provide a subaward or contract to other entities to provide services to other end users. For example, a recipient may provide a subaward to a nonprofit to provide homeless services to individuals experiencing homelessness. In this case, the subaward to a nonprofit is based on the services that the recipient intends to provide (assistance to households experiencing homelessness), and the nonprofit is serving as the subrecipient, providing services on behalf of the recipient. Subrecipients are subject to an audit pursuant to the Single Audit Act and 2 CFR part 200, subpart F regarding audit requirements, whereas contractors are not subject to an audit pursuant to the Single Audit Act and 2 CFR part 200, subpart F regarding audit requirements.

Please note that as outlined in FAQ 13.14, recipients' use of funds in the revenue loss eligible use category does not give rise to subrecipient relationships. As a result, subaward reporting is not required for projects in the revenue loss eligible use category. While there is no federal program or purpose to carry out in the same way that there is for the other SLFRF expenditure categories, these funds retain their federal character and recipients remain subject to laws and regulations applicable to Federal financial assistance programs.

As discussed in SLFRF FAQ 17.6, Treasury considers an interagency agreement, including an agreement in the form of a memorandum of understanding, to constitute a "transaction requiring payment" similar to a contract or subaward and therefore an obligation for purposes of the SLFRF rule, if the agreement satisfies certain conditions. If a recipient has not yet provided funds to a unit of its government and would like to do so for that unit to carry out an eligible project and count as an obligation, the recipient may do so under FAQ 17.6.

If a recipient previously entered into an agreement with a unit of its government and reported that arrangement as a subaward, then the recipient may maintain that treatment or revise its reporting to reflect an interagency agreement, as long as the requirements of FAQ 17.6 are met. If the recipient is reporting the arrangement as a subaward, the recipient should note that the subrecipient monitoring and other requirements applicable to subawards at 2 CFR Part 200 continue to apply. In either case, the use of funds must be appropriately managed and overseen in accordance with the program's award terms and conditions, including the requirements at 2 CFR 200.329 or 2 CFR 200.331, as applicable.

If a recipient obligates funds via an interagency agreement with an agency, department, or part of government according to the provisions described in [FAQ 17.6](#) or [17.23](#), that agency, department, or part of government may itself enter into subawards and contracts. Because the interagency agreement is considered an obligation, the obligation deadline does not apply to that agency, department, or part of government.

12. Special Tests and Provisions. From time-to-time, Treasury may issue subregulatory guidance as well as frequently asked questions.

Across each of the compliance requirements above, Treasury has described some best practices for development of internal controls in [Table 1](#) below, with an example of each best practice.



Table 1: Internal controls best practices

Best Practice	Description	Example
Written policies and procedures	Formal documentation of recipient policies and procedures	Documented procedure for determining worker eligibility for premium pay
Written standards of conduct	Formal statement of mission, values, principles, and professional standards	Documented code of conduct / ethics for subcontractors
Risk-based due diligence	Pre-payment validations conducted according to an assessed level of risk	Enhanced eligibility review of subrecipient with imperfect performance history
Risk-based compliance monitoring	Ongoing validations conducted according to an assessed level of risk	Higher degree of monitoring for projects that have a higher risk of fraud, given program characteristics
Record maintenance and retention	Creation and storage of financial and non-financial records.	Storage of all subrecipient payment information.

E. Award Terms and Conditions

The Award Terms and Conditions of the SLFRF financial assistance agreement sets forth the compliance obligations for recipients pursuant to the SLFRF statute, the Uniform Guidance, Treasury’s 2022 final rule, 2023 IFR, the Obligation IFR, and other applicable federal laws and regulations. Recipients should ensure they remain in compliance with all Award Terms and Conditions. These obligations include the following items in addition to those described above:

- SAM.gov Requirements.** All eligible recipients are required to have an active registration with the System for Award Management (“SAM”) (<https://www.sam.gov>) pursuant to 2 CFR Part 25. To ensure timely receipt of funding, Treasury has stated that NEUs who have not previously registered with SAM.gov may do so after receipt of the award, but before the submission of mandatory reporting.⁵
- Recordkeeping Requirements.** Generally, your organization must maintain records and financial documents for five years after all funds have been expended or returned to Treasury, as outlined in paragraph 4.c. of the Award Terms and Conditions. Treasury may request transfer of records of long-term value at the end of such period. Wherever practicable, such records should be collected, transmitted, and stored in open and machine-readable formats.

Your organization must agree to provide or make available such records to Treasury upon request, and to the Government Accountability Office (“GAO”), Treasury’s Office of Inspector General (“OIG”), and their authorized representative in order to conduct audits or other investigations.

- Single Audit Requirements.** Recipients and subrecipients that expend more than \$750,000 in Federal awards during their fiscal year will be subject to an audit under the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F regarding audit requirements.⁶ Note that the Compliance Supplement provides information on the existing, important compliance requirements that the federal government expects to be considered as a part of such audit. For example, the SLFRF Compliance Supplement describes an alternative to the Single Audit for

⁵ See flexibility provided in https://www.whitehouse.gov/wp-content/uploads/2021/03/M_21_20.pdf.

⁶ For-profit entities that receive SLFRF subawards are not subject to Single Audit requirements. However, they are subject to other audits as deemed necessary by authorized governmental entities, including Treasury and Treasury’s OIG.



eligible recipients. Recipients should consult the Compliance Supplement for more information about the alternative compliance examination engagement. The Compliance Supplement is routinely updated, and is made available in the Federal Register and on OMB's website: <https://www.whitehouse.gov/omb/office-federal-financial-management/> Recipients and subrecipients should consult the [Federal Audit Clearinghouse](#) to see examples of Single Audit submissions.

4. **Civil Rights Compliance.** Recipients of Federal financial assistance from the Treasury are required to meet legal requirements relating to nondiscrimination and nondiscriminatory use of Federal funds. Those requirements include ensuring that entities receiving Federal financial assistance from the Treasury do not deny benefits or services, or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with the following authorities: Title VI of the Civil Rights Act of 1964 (Title VI) Public Law 88-352, 42 U.S.C. 2000d-1 et seq., and the Department's implementing regulations, 31 CFR part 22; Section 504 of the Rehabilitation Act of 1973 (Section 504), Public Law 93-112, as amended by Public Law 93-516, 29 U.S.C. 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. 1681 et seq., and the Department's implementing regulations, 31 CFR part 28; Age Discrimination Act of 1975, Public Law 94-135, 42 U.S.C. 6101 et seq., and the Department implementing regulations at 31 CFR part 23.

In order to carry out its enforcement responsibilities under Title VI of the Civil Rights Act, Treasury will collect and review information from recipients to ascertain their compliance with the applicable requirements before and after providing financial assistance. Treasury's implementing regulations, 31 CFR part 22, and the Department of Justice (DOJ) regulations, [Coordination of Non-discrimination in Federally Assisted Programs, 28 CFR part 42](#), provide for the collection of data and information from recipients (see 28 CFR 42.406). Treasury may request that non-tribal recipients submit data for post-award compliance reviews, including information such as a narrative describing their Title VI compliance status. As explained in Treasury FAQ 12.1, the award terms and conditions for Treasury's pandemic recovery programs, including the SLFRF program, do not impose antidiscrimination requirements on Tribal governments beyond what would otherwise apply under federal law.



Part 2: Reporting Guidance

There are three types of reporting requirements for the SLFRF program. The report requirements are approved and documented under OMB PRA number - OMB # 1505-0271.

- **Interim Report:** Provide initial overview of status and uses of funding. This is a one-time report. **See Section A, page 18.**
- **Project and Expenditure Report:** Report on projects funded, expenditures, and contracts and subawards equal to or greater than \$50,000, and other information. **See Section B, page 19.**
- **Recovery Plan Performance Report:** The Recovery Plan Performance Report (the "Recovery Plan") will provide information on the projects that large recipients are undertaking with program funding and how they plan to ensure program outcomes are achieved in an effective, efficient, and equitable manner. It will include key performance indicators identified by the recipient and some mandatory indicators identified by Treasury. The Recovery Plan will be posted on the website of the recipient as well as provided to Treasury. **See Section C, page 40.**

The reporting threshold is based on the total award amount allocated by Treasury under the SLFRF program, not the funds received by the recipient as of the time of reporting.

States and territories are also required to submit information on their distributions to NEUs. Please refer to Section D for additional details.



Table 2: Reporting requirements by recipient type

Tier	Recipient	Interim Report	Project and Expenditure Report	Recovery Plan Performance Report
1	States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents	By August 31, 2021 or 60 days after receiving funding if funding was received by October 15, with expenditures by category.	By January 31, 2022, and then the last day of the month after the end of each quarter thereafter	By August 31, 2021 or 60 days after receiving funding, and annually thereafter by July 31
2	Metropolitan cities and counties with a population below 250,000 residents that are allocated more than \$10 million in SLFRF funding, and NEUs that are allocated more than \$10 million in SLFRF funding	<i>Note: NEUs were not required to submit an Interim Report</i>	<i>Note: NEUs were not required to submit a Project and Expenditure Report on January 31, 2022. The first reporting date for NEUs was April 30, 2022.</i>	
3	Tribal Governments that are allocated more than \$30 million in SLFRF funding			
4	Tribal Governments that are allocated less than \$30 million in SLFRF funding		By April 30, 2022, and then annually thereafter	
5	Metropolitan cities and counties with a population below 250,000 residents that are allocated less than \$10 million in SLFRF funding, and NEUs that are allocated less than \$10 million in SLFRF funding			

Note: Based on the period of performance, reports will be collected through April 30, 2027. See the specific due dates listed in Sections B and C.

As mentioned above, the total SLFRF allocations across all sources for a given jurisdiction will be used to identify that jurisdiction's Reporting Tier, beginning in April of 2022. Treasury may reach out to jurisdictions to update Reporting Tiers.

The remainder of this document describes these reporting requirements. User guides describing how and where to submit required reports are posted at www.treasury.gov/SLFRPReporting and updated on a regular basis.



Comparison to reporting for the CRF

This guidance does not change the reporting or compliance requirements pertaining to the CRF. Reporting and compliance requirements for the SLFRF are separate from CRF reporting requirements. Differences between CRF and SLFRF include:

- **Project, Expenditure, and Subaward Reporting:** The SLFRF reporting requirements leverage the existing reporting regime used for CRF to foster continuity and provide many recipients with a familiar reporting mechanism. The data elements for the Project and Expenditure Report will largely mirror those used for CRF, with some minor exceptions noted in this guidance. The users' guide will describe how reporting for CRF funds will relate to reporting for the SLFRF.
- **Timing of Reports:** CRF reports were due within 10 days of each calendar quarter end. For quarterly reporters, SLFRF reporting will be due the last day of the month following the end of the period covered. For annual reporters, SLFRF reporting will be due on an annual schedule (see table in Section B below).
- **Program and Performance Reporting:** The CRF reporting did not include any program or performance reporting. To build public awareness and accountability and allow Treasury to monitor compliance with eligible uses, some program and performance reporting is required for SLFRF.

A. Interim Report

Note: The Interim Reports were submitted under the 2021 IFR.

States, U.S. territories, metropolitan cities, counties, and Tribal governments were required to submit a one-time interim report with expenditures⁷ by Expenditure Category covering the period from March 3rd to July 31, 2021, by August 31, 2021 or sixty (60) days after first receiving funding if the recipient's date of award was between July 15, 2021 and October 15, 2021. The recipient was required to enter obligations⁸ and expenditures and, for each, select the specific expenditure category from the available options. See Appendix 3 for Expenditure Categories applicable for the Interim Report.

1. Required Programmatic Data

Recipients were also required to provide the following information if they had or planned to have expenditures in the following Expenditure Categories.

- a. **Revenue replacement (EC 6.1⁹):** Key inputs into the revenue replacement formula in the 2021 IFR and estimated revenue loss due to the COVID-19 public health emergency calculated using the formula in the 2021 IFR as of December 31, 2020.
 - Base year general revenue (e.g., revenue in the last full fiscal year prior to the public health emergency)
 - Fiscal year end date
 - Growth adjustment used (either 4.1 percent or average annual general revenue growth over 3 years prior to pandemic)
 - Actual general revenue as of the twelve months ended December 31, 2020

⁷ For purposes of reporting in the SLFRF portal, an expenditure is the amount that has been incurred as a liability of the entity (the service has been rendered or the good has been delivered to the entity).

⁸ For purposes of reporting in the SLFRF portal, an obligation is an order placed for property and services, contracts and subawards made, and similar transactions that require payment.

⁹ See Appendix 3 for the full Expenditure Category (EC) list. Please note that Appendix 3 includes the expenditure categories under the 2021 IFR, applicable to the Interim Report.



- Estimated revenue loss due to the COVID-19 public health emergency as of December 31, 2020
- An explanation of how revenue replacement funds were allocated to government services (Note: additional instructions was provided in the user guide)

In calculating general revenue and the other items discussed above, recipients should have used audited data if it was available. When audited data was not available, recipients were not required to obtain audited data if substantially accurate figures could be produced on an unaudited basis. Recipients should have used their own data sources to calculate general revenue and did not need to rely on revenue data published by the Census Bureau. Treasury acknowledges that due to differences in timing, data sources, and definitions, recipients' self-reported general revenue figures may differ from those published by the Census Bureau. Recipients were permitted to provide data on a cash, accrual, or modified accrual basis, provided that recipients are consistent in their choice of methodology throughout the covered period and until reporting is no longer required. Recipients' reporting should align with their own financial reporting.

In calculating general revenue, recipients should have excluded all intergovernmental transfers from the federal government. This includes, but is not limited to, federal transfers made via a State to a locality pursuant to the CRF or SLFRF. To the extent federal funds are passed through States or other entities or intermingled with other funds, recipients should have attempted to identify and exclude the federal portion of those funds from the calculation of general revenue on a best-efforts basis.

Consistent with the broad latitude provided to recipients to use funds for government services to the extent of reduction in revenue, recipients were required to submit a description of services provided. This description may be in narrative or in another form, and recipients were encouraged to report based on their existing budget processes and to minimize administrative burden. For example, a recipient with \$100 in revenue replacement funds available could indicate that \$50 were used for law enforcement operating expenses and \$50 were used for pay-go building of sidewalk infrastructure. As discussed in the 2021 IFR, these services can include a broad range of services but may not be used directly for pension deposits or debt service.

Reporting requirements did not require tracking the indirect effects of Fiscal Recovery Funds, apart from the restrictions on use of Fiscal Recovery Funds to offset a reduction in net tax revenue. In addition, recipients were required to indicate that Fiscal Recovery Funds were not used to make a deposit in a pension fund.

B. Project and Expenditure Report

All recipients are required to submit Project and Expenditure Reports.

Note on NEUs: To facilitate reporting, each NEU will need an NEU Recipient Number. This is a unique identification code for each NEU assigned by the State or territory to the NEU as part of its request for funding.

1. Quarterly Reporting

The following recipients are required to submit quarterly Project and Expenditure Reports:

- States and U.S. territories
- Tribal governments that are allocated more than \$30 million in SLFRF funding
- Metropolitan cities and counties with a population that exceeds 250,000 residents



- Metropolitan cities and counties with a population below 250,000 residents that are allocated more than \$10 million in SLFRF funding and NEUs that are allocated more than \$10 million in SLFRF funding

For these recipients, the initial quarterly Project and Expenditure Report covered three calendar quarters from March 3, 2021 to December 31, 2021 and was required to be submitted to Treasury by January 31, 2022. The subsequent quarterly reports cover one calendar quarter and must be submitted to Treasury by the last day of the month following the end of the period covered. Quarterly reports are not due concurrently with applicable annual reports. Table 3 summarizes the quarterly report timelines:

Table 3: Quarterly Project and Expenditure Report Timeline

Report	Year	Quarter	Period Covered	Due Date
1	2021	2 – 4	March 3 – December 31	January 31, 2022
2	2022	1	January 1 – March 31	April 30, 2022
3	2022	2	April 1 – June 30	July 31, 2022
4	2022	3	July 1 – September 30	October 31, 2022
5	2022	4	October 1 – December 31	January 31, 2023
6	2023	1	January 1 – March 31	April 30, 2023
7	2023	2	April 1 – June 30	July 31, 2023
8	2023	3	July 1 – September 30	October 31, 2023
9	2023	4	October 1 – December 31	January 31, 2024
10	2024	1	January 1 – March 31	April 30, 2024
11	2024	2	April 1 – June 30	July 31, 2024
12	2024	3	July 1 – September 30	October 31, 2024
13	2024	4	October 1 – December 31	January 31, 2025
14	2025	1	January 1 – March 31	April 30, 2025
15	2025	2	April 1 – June 30	July 31, 2025
16	2025	3	July 1 – September 30	October 31, 2025
17	2025	4	October 1 – December 31	January 31, 2026
18	2026	1	January 1 – March 31	April 30, 2026
19	2026	2	April 1 – June 30	July 31, 2026
20	2026	3	July 1 – September 30	October 31, 2026
21	2026	4	October 1 – December 31	April 30, 2027

2. Annual Reporting

The following recipients are required to submit annual Project and Expenditure Reports:

- Tribal governments that are allocated less than \$30 million in SLFRF funding
- Metropolitan cities and counties with a population below 250,000 residents that are allocated less than \$10 million in SLFRF funding and NEUs that are allocated less than \$10 million in SLFRF funding

For these recipients, the initial Project and Expenditure Report covered from March 3, 2021 to March 31, 2022 and was required to be submitted to Treasury by April 30, 2022. The subsequent annual reports cover one calendar year and must be submitted to Treasury by April 30. Table 4 summarizes the annual report timelines:



Table 4: Annual Project and Expenditure Report timeline

Report	Period Covered	Due Date
1	March 3, 2021 – March 31, 2022	April 30, 2022
2	April 1, 2022 – March 31, 2023	April 30, 2023
3	April 1, 2023 – March 31, 2024	April 30, 2024
4	April 1, 2024 – March 31, 2025	April 30, 2025
5	April 1, 2025 – March 31, 2026	April 30, 2026
6	April 1, 2026 – December 31, 2026	April 30, 2027

3. Required Information

The following information is required in Project and Expenditure Reports for both quarterly and annual reporting:

Projects: Provide information on all SLFRF funded projects. Projects are defined as a grouping of closely related activities that together are intended to achieve a specific goal or are directed toward a common purpose. These activities can include new or existing eligible government services or investments funded in whole or in part by SLFRF funding. For each project, the recipient is required to enter the project name, identification number (created by the recipient), project expenditure category (see Appendix 1), description, and status of completion. Project descriptions must describe the project in sufficient detail to provide an understanding of the major activities that will occur, and must be between 50 and 250 words.

Project descriptions for the emergency relief from natural disasters eligible use category must describe the natural disaster the recipient is responding to, including the type of event, and how the emergency relief is related to and reasonably proportional to the natural disaster.

- a. Projects should be defined to include only closely related activities directed toward a common purpose. Recipients should review the Required Programmatic Data described in 3.g. below and define their projects at a sufficient level of granularity.

Note: For each project, the recipient is asked to select the appropriate Expenditure Category based on the scope of the project (see Appendix 1). Projects should be scoped to align to a single Expenditure Category. For select Expenditure Categories, the recipient also is asked to provide additional programmatic data (described further below).

- b. **Obligations and Expenditures:** Once a project is entered the recipient will be able to report on the project’s obligations and expenditures. Recipients will be asked to report:
 - Current period obligation
 - Cumulative obligation
 - Current period expenditure
 - Cumulative expenditure

Note: The requirement to report projects’ obligations and expenditures and provide a project description applies to all funds under the SLFRF program, including funds spent under the revenue loss eligible use category. All SLFRF funds under any eligible use category are subject to the obligation requirements. [FAQ 17.15](#) discusses how recipients satisfy the obligation requirement for funds used under the revenue loss eligible use category. Please note that electing the standard allowance or reporting the amount of the recipient’s revenue loss does not satisfy the obligation requirement.

In the Project and Expenditure report, recipients must report their amount of revenue loss by claiming the standard allowance or calculating revenue loss according to the formula in the 2022 final rule. Additionally, recipients must also enter project(s) in either EC 6.1 or 6.2 that encompass



all funds obligated under the revenue loss eligible use category. Treasury will assume that projects reported under other ECs are not funded by revenue replacement and the regulations for those ECs will apply for compliance purposes. Project descriptions under EC 6.1 or 6.2 must summarize the project(s) in sufficient detail to provide information on the major activities that will occur. See the Project & Expenditure Report User Guide for additional information.

- c. **Estimates:** As discussed in SLFRF FAQs 17.8, 17.11, and 17.16, among others, recipients may document an obligation incurred by December 31, 2024 to expend SLFRF funds in 2025 and 2026 by reporting an estimate to Treasury of future expenses. Recipients are not required to submit estimates for the costs discussed below; rather, they must submit such estimates if they want to use, to cover such costs, any funds that they would otherwise have to return to Treasury after 2024 as unobligated. As discussed below, the estimate will be reported in both the obligation amount for a particular project and as a separate line item within the project for the specific type of estimate.

1. **Personnel Costs**

For projects involving personnel costs to be expended in 2025 and 2026 for positions established and filled by December 31, 2024, recipients may report an estimate of such expenses and retain funds that they would otherwise have to return to Treasury after 2024 as unobligated. See SLFRF FAQs 17.7 and 17.8 for additional details about determining this amount and preparing the estimate. Recipients should only report an estimate if funds are not obligated for those personnel costs through another mechanism, such as through a subaward, contract, or interagency agreement. For each project's reported obligation, the estimate must be limited to estimated personnel costs associated with the individual project and may not include estimated costs associated with other projects.

For this estimate, recipients will be asked to report:

- Estimated personnel expenditures in 2025 and 2026
- Current period expenditures pursuant to the estimate*
- Cumulative expenditures pursuant to the estimate*
- Number of full-time-equivalent (FTE) positions for which funds are obligated
- Explanation of how the estimate was determined
- Brief description of the job categories covered by the estimate

* Figures denoted by an asterisk (*) will be zero in the Q2-Q4 2024 reporting periods.

Estimated personnel expenditures should also be reflected in the cumulative obligation amount and current period obligation amount discussed in subsection (b).

As discussed in section (h) below, the Project & Expenditure Report will prompt the recipient to report "subaward data" for individuals or entities expected to be paid pursuant to the estimated personnel expenditures. Estimated personnel expenses should be reported as a "Direct Payment" entry. Because the recipient may not have precise identifying information for the individuals or entities who will receive wages, salaries, and other payments pursuant to the estimate, the recipient may enter a single "Direct Payment" entry that provides the address and other information of the agency, department, or part of government employing the individuals or entities who will receive such payments. Recipients will have the ability to add additional Direct Payment entries after the obligation deadline for reporting personnel expenses paid pursuant to the estimate. Recipients should add such entries after such payments are made. As with all other expenditures, recipients should ensure that all expenditures made pursuant to the estimate are reported to Treasury with the applicable identifying information.



Alongside these reporting requirements, a recipient must document and keep on file a reasonable justification for how the estimate was determined. This reasonable justification is distinct from the explanation of how the estimate was determined, which will be submitted in the Project & Expenditure Report. The explanation submitted in the Project & Expenditure Report should provide a summary of how the recipient calculated the estimate. The reasonable justification kept on file may include a discussion of the recipient's expectations that eligible personnel costs will continue to be paid in future periods and may include payroll documents, project plans, or other applicable documents.

In determining an appropriate estimate for expenses in 2025 and 2026, a recipient may wish to consult the following sections of the Uniform Guidance:

- [2 CFR 200.403](#) – Factors affecting allowability of costs
- [2 CFR 200.404](#) – Reasonable costs
- [2 CFR 200.430\(i\)](#) – Standards for Documentation of Personnel Expenses

Please note that recipients may also obligate funds for estimated personnel costs related to compliance with certain administrative and legal requirements of SLFRF, as described in section k, item 15 below. If the personnel costs will be expended in relation to an employee engaged exclusively in compliance with relevant administrative and legal requirements of SLFRF, as discussed in FAQ [17.10](#), a recipient should report such personnel cost obligations under EC 7.3. A recipient should ensure that reported obligations are not duplicated across multiple projects.

2. Contract Change Orders or Contingencies

As discussed in FAQ 17.17, recipients may use SLFRF funds to cover cost increases attributable to a contract entered into by December 31, 2024, if the contract expressly provides for change orders or contract contingencies. For such contracts, a recipient may report an estimate of the amount that may be necessary to cover changes or contingencies in 2025 and 2026 and retain funds that they would otherwise have to return to Treasury after 2024 as unobligated. The estimate must be limited to estimated costs associated with change orders or contingencies for the contract(s) associated with the individual project reported, and may not cover expected costs associated with other contracts reported under separate projects.

For this estimate, recipients will be asked to report:

- Estimated expenditures to cover contract change orders and contingencies in 2025 and 2026
- Current period expenditures pursuant to the estimate*
- Cumulative expenditures pursuant to the estimate*
- Explanation of how the estimate was determined

* Figures denoted by an asterisk (*) will be zero in the Q2-Q4 2024 reporting periods.

Estimated contract change order and contingency expenditures under this provision should also be reflected in the cumulative obligation amount and current period obligation amount discussed in subsection (b).

If a recipient previously reported a project with contingency or reserve funds included in the obligated amount, and the recipient was not required to set aside that amount by the contract itself, the recipient must edit the previous project that incorrectly reported the obligation. The recipient may add to the project an estimate of the amount that may be necessary to cover changes or contingencies in 2025 and 2026 using the procedure described above if the contract meets the requirements described in SLFRF FAQ 17.16.



Alongside these reporting requirements, a recipient must document and keep on file a reasonable justification for how the estimate was determined. This reasonable justification is distinct from the explanation of how the estimate was determined, which will be submitted in the Project & Expenditure Report. The explanation submitted in the Project & Expenditure Report should provide a summary of how the recipient calculated the estimate. The reasonable justification kept on file may include a discussion of the recipient's expectations that eligible personnel costs will continue to be paid in future periods and may include payroll documents, project plans, or other applicable documents.

In determining an appropriate estimate for expenses in 2025 and 2026, a recipient may wish to consult the following sections of the Uniform Guidance:

- [2 CFR 200.403](#) – Factors affecting allowability of costs
- [2 CFR 200.404](#) – Reasonable costs

3. Certain Administrative and Legal Costs

Please see the guidance in section k, item 15 below.

- d. **Project Status:** Once a project is entered the recipient will be asked to report on project status each reporting period, in four categories:
- Not Started
 - Completed less than 50 percent
 - Completed 50 percent or more
 - Completed
- e. **Program Income:** Recipients should report the program income earned and expended to cover eligible project costs, if applicable. See the discussion above and in SLFRF FAQs 13.11 and 17.21.
- f. **Adopted Budget (States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents only):** Each state, territory and metropolitan city and county with a population that exceeds 250,000 residents will provide the budget adopted for each project by its jurisdiction associated with SLFRF funds. Treasury will use this information to better understand the intended impact, identify opportunities for outreach, and understand the recipient's progress in program implementation. Treasury is not approving or pre-approving budgets.
- Recipients will enter the Adopted Budget based on information that exists currently in the recipient's financial systems and the recipient's established budget process. Treasury understands that recipients may use different budget processes. For example, a recipient may consider a project budgeted once a legislature has appropriated funds; whereas another recipient may consider a project budgeted at the moment when the funds have been obligated.
 - Additional information is provided on the differences between Adopted Budget, Obligations, and Expenditures as part of the user guide posted at www.treasury.gov/SLFRFReporting.
- g. **Project Demographic Distribution (applicable to Public Health and Negative Economic Impact ECs: EC 1.1-2.37)– Collection began April 2022**

Recognizing the disproportionate public health and negative economic impacts of the pandemic on many households, communities, and other entities, recipients must report whether certain types of projects are targeted to impacted and disproportionately impacted communities. Recipients will be asked to respond to the following:

- a. What Impacted and/or Disproportionately Impacted population does this project primarily serve? Please select the population primarily served.
- b. If this project primarily serves more than one Impacted and/or Disproportionately Impacted population, please select up to two additional populations served.



Recipients will select from the following options:

	Impacted	Disproportionately Impacted
Public Health	<ul style="list-style-type: none"> General Public 	
Assistance to Households	<ul style="list-style-type: none"> Low- or-moderate income households or populations¹⁰ Households that experienced unemployment Households that experienced increased food or housing insecurity Households that qualify for certain federal programs¹¹ For services to address lost instructional time in K-12 schools: any students that lost access to in-person instruction for a significant period of time Other households or populations that experienced a negative economic impact of the pandemic other than those listed above (please specify) 	<ul style="list-style-type: none"> Low-income households and populations¹² Households and populations residing in Qualified Census Tracts Households that qualify for certain federal programs¹³ Households receiving services provided by Tribal governments Households residing in the U.S. territories or receiving services from these governments For services to address educational disparities, Title I eligible schools¹⁴ Other households or populations that experienced a disproportionate negative economic impact of the pandemic other than those listed above (please specify)
Assistance to Small Businesses	<ul style="list-style-type: none"> Small businesses that experienced a negative economic impact of the pandemic Classes of small businesses designated as negatively economically impacted by the pandemic (please specify) 	<ul style="list-style-type: none"> 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 Other small businesses disproportionately impacted by the pandemic (please specify)

¹⁰ 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 by the Department of Health and Human Services (HHS) 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 by the Department of Housing and Urban Development (HUD).

¹¹ For Impacted households, these programs are Children’s Health Insurance Program (“CHIP”); Childcare Subsidies through the Child Care and Development Fund (“CCDF”) Program; Medicaid; National Housing Trust Fund (“HTF”), for affordable housing programs only; Home Investment Partnerships Program (“HOME”), for affordable housing programs only.

¹² Low-income households and communities are those with (i) income at or below 185 percent of the Federal Poverty Guidelines for the size of the household based on the most recently published poverty guidelines by HHS 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 by HUD.

¹³ For Disproportionately Impacted households, 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, Special Supplemental Nutrition Program for Women, Infants, and Children (“WIC”), Section 8 Vouchers, Low-Income Home Energy Assistance Program (“LIHEAP”), and Pell Grants.

¹⁴ For educational services and other efforts 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 service as eligible. “Title I eligible schools” means schools eligible to receive services under section 1113 of Title I, Part A of the Elementary and Secondary Education Act of 1965, as amended (20 U.S.C. 6313), including schools served under section 1113(b)(1)(C) of that Act.



	Impacted	Disproportionately Impacted
Assistance to Non-Profits	<ul style="list-style-type: none"> • Non-profits that experienced a negative economic impact of the pandemic (please specify) • Classes of non-profits designated as negatively economically impacted by the pandemic (please specify) 	<ul style="list-style-type: none"> • Non-profits operating in Qualified Census Tracts • Non-profits operated by Tribal governments or on Tribal lands • Non-profits operating in the U.S. territories • Other non-profits disproportionately impacted by the pandemic (please specify)
Aid to Impacted Industries	<ul style="list-style-type: none"> • Travel, tourism, or hospitality sectors (including Tribal development districts) • Industry outside the travel, tourism, or hospitality sectors that experienced a negative economic impact of the pandemic (please specify) 	N/A

h. Subawards, Contracts, Grants, Loans, Transfers, Interagency Agreements, and Direct Payments: Each recipient shall also provide detailed obligation and expenditure information for any contracts and grants awarded, loans issued, transfers made to other government entities, interagency agreements entered into pursuant to SLFRF FAQ 17.6, and direct payments made by the recipient that are equal to or greater than \$50,000. Please note that as outlined in FAQ 13.14, Treasury is not collecting subaward data for projects categorized under the revenue loss eligible use category.

Recipients do not need to submit separate monthly subaward reports to FSRS.gov as required pursuant to the 2 CFR Part 170, Appendix A award term regarding reporting subaward and executive compensation, which is included in the SLFRF Award Terms and Conditions. Treasury will submit this reporting on behalf of recipients using the \$50,000 reporting threshold, timing, and data elements discussed in this guidance. If recipients choose to continue reporting to FSRS.gov in addition to reporting directly to Treasury on these funds, they may do so and will be asked to notify Treasury as part of their quarterly submission.

In general, recipients will be asked to provide the following information for each Contract, Grant, Loan, Transfer, Interagency Agreement, or Direct Payment equal to or greater than \$50,000:

- Subrecipient identifying and demographic information (e.g., location and UEI/TIN)
- Award number (e.g., Award number, Contract number, Loan number)
- Award date, type, amount, and description
- Award payment method (reimbursable or lump sum payment(s))
- For loans, expiration date (date when loan expected to be paid in full)
- Primary place of performance
- Related project name(s)
- Related project identification number(s) (created by the recipient)
- Period of performance start date
- Period of performance end date
- Quarterly obligation amount
- Quarterly expenditure amount
- Project(s)
- Additional programmatic performance indicators for select Expenditure Categories (see below)



Aggregate reporting is required for contracts, grants, transfers made to other government entities, interagency agreements, loans, and direct payments that are below \$50,000. This information will be accounted for by Expenditure Category at the project level. Note that all obligations and expenditures made directly to individuals, regardless of dollar amount, should be included in aggregate reporting.

For interagency agreements, recipients will be required to attest that the agreement meets the requirements for those transactions described in [FAQ 17.6](#) and indicate which of the following criteria the interagency agreement meets:

- It imposes conditions on the use of funds by the agency, department, or part of government receiving funds to carry out the program
- It governs the provision of funds from one agency, department, or part of government to another to carry out an eligible use of SLFRF funds
- It governs the procurement of goods or services by one agency, department, or part of government from another

As required by the 2 CFR Part 170, Appendix A award term regarding reporting subaward and executive compensation, recipients must also report the names and total compensation of their five most highly compensated executives and their subrecipients' executives for the preceding completed fiscal year if (1) the recipient received 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as provided by 2 CFR 170.320 (and subawards), and received \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act (and subawards), and (2) if the information is not otherwise public. In general, most SLFRF recipients are governmental entities with executive salaries that are already disclosed, so no additional information would be required to be reported for them. The recipient is responsible for the subrecipients' compliance with registering and maintaining an updated profile on SAM.gov.

In accordance with the SLFRF Financial Assistance agreement, recipients must include a subrecipient's Unique Entity Identifier (UEI) in the SLFRF Project and Expenditure report. Beginning with the October 2023 report, subrecipients reported without a UEI will require recipients to select a justification for the missing UEI for the reported subrecipient. The justifications are as follows:

- Subrecipient facing delay in obtaining UEI from the U.S. General Services Administration
- Recipient was delayed in collecting a UEI from its subrecipient due to recipient's internal control issue and recipient must describe the internal control issue and planned corrective action.
- Recipient was unable to contact subrecipient:
 - Services the subrecipient provided were completed after April 4, 2022 and recipient is continuing to work to collect its subrecipient's UEI
 - Services the subrecipient provided were completed prior to April 4, 2022

Recipients will also be required to report a timeline for obtaining and reporting the UEI for all reasons excluding services that were completed prior to April 4, 2022.

- i. **Civil Rights Compliance:** Treasury will request information on recipients' compliance with Title VI of the Civil Rights Act of 1964, as applicable, on an annual basis. This information may include a narrative describing the recipient's compliance with Title VI, along with other questions and assurances. This collection does not apply to Tribal governments¹⁵

¹⁵ Please note, as explained in Treasury [FAQ 12.1](#), that the award terms and conditions for Treasury's pandemic recovery programs, including the SLFRF, do not impose antidiscrimination requirements on Tribal governments beyond what would otherwise apply under federal law.



- j. **Ineligible Activities: Tax Offset Provision (States and territories only):** Section 602(c)(2)(A) of the Social Security Act prohibits a State or territory from using SLFRF funds to directly or indirectly offset a reduction in the net tax revenue of the State or territory resulting from a change in law, regulation, or administrative interpretation during the covered period (the "Tax Offset Provision"). The 2022 Final Rule implements the Tax Offset Provision at 31 CFR § 35.8. Violations of the Tax Offset Provision may be subject to recoupment. The following information is required for Treasury to ensure SLFRF funding is not used for ineligible activities related to the Tax Offset Provision.

For each reporting year, in the quarterly reporting cycle occurring 90 days after the end of the recipient's fiscal year, States and territories will report certain items related to the Tax Offset Provision, as detailed below. For example, if a recipient's fiscal year ends June 30, 2022, reporting on the Tax Offset Provision for fiscal year 2022 will be due in October 2022. All States and territories reported on the Tax Offset Provision for fiscal year 2021 in July 2022.

As indicated in the 2022 final rule, Treasury is implementing a tiered approach to reporting on the Tax Offset Provision, which is described below. Although Treasury is implementing a tiered approach to reporting, recipients should maintain records to support their compliance with the Tax Offset Provision.

The terms "reporting year," "baseline," "covered change," "covered period," "net reduction in total spending," and "tax revenue" are defined in the 2022 Final Rule, 31 CFR § 35.3. For purposes of calculating a net reduction in total spending, total spending for the fiscal year ending 2019 should be reported on an inflation-adjusted basis, consistent with the 2022 Final Rule. Similarly, for purposes of calculating baseline tax revenue, tax revenue for the fiscal year 2019 should be reported on an inflation-adjusted basis, consistent with the 2022 Final Rule.

For purposes of reporting actual tax revenue for the requested fiscal year and baseline tax revenue for the fiscal year ending 2019,¹⁶ (a) if available, recipients should report information using audited financials and (b) recipients may provide data on a cash, accrual, or modified accrual basis, but must be consistent in their approach across all reporting periods. Similarly, for purposes of calculating a net reduction in total spending, recipients should report data using audited financials where available.

Recipients will first answer a series of summary questions to determine the tiering of their tax offset reporting:

Summary Questions

- Do you have revenue-reducing covered change(s) to report for the requested fiscal year and for future fiscal years? Yes/No
 - If no, recipients have no further reporting requirements in the tax offset section. (Remaining summary questions will be greyed out).
 - If yes, recipients will complete part 1 and additional fields.
- Is the aggregate value of your revenue-reducing covered change(s) for the requested fiscal year less than the de minimis? Yes/No.
 - If yes, recipients will complete parts 1 and 2, and no further reporting is required in the tax offset section. (Remaining summary questions will be greyed out).
 - If no, recipients will complete parts 1, 2 and additional fields.
- Do you have a reduction in net tax revenue for the requested fiscal year, meaning that actual tax revenue for the requested fiscal year is less than baseline tax revenue? Yes/No.
 - If yes, recipients will complete parts 1, 2, and 3 and additional fields.
 - If no, recipients will complete parts 1, 2, and 3, and no further reporting is required in the tax offset section. (Remaining summary questions will be greyed out).

¹⁶ Tax revenue for fiscal year ending 2019 is relevant for calculating the recipient's baseline.



- Do you have revenue-increasing covered change(s) and/or covered spending cuts to report for the requested fiscal year? Yes/No
 - If yes, recipients will complete parts 1, 2, 3, and 4.
 - If no, recipients will complete the revenue reduction cap.

Reporting Part 1: Revenue-reducing Covered Changes

- Do you have revenue-reducing covered change(s) to report for the requested fiscal year and for future fiscal years? Yes/No
 - If yes, complete grid or upload spreadsheet with the name of each revenue-reducing covered change and the value of the revenue-reducing covered change for the requested fiscal year and for future fiscal years.
 - If no, a recipient has no revenue-reducing covered changes to report, no additional reporting is required.
- Enter in the aggregate value of all revenue-reducing covered change(s) for the requested fiscal year.¹⁷

Revenue-reducing Covered Changes: Guidance

For each reporting year, a recipient must report the value of covered changes that the recipient predicts will have the effect of reducing tax revenue in a given reporting year (revenue-reducing covered changes), similar to the way it would in the ordinary course of its budgeting process. The value of these revenue-reducing covered changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, that aligns with the recipient government's existing approach for measuring the effects of fiscal policies, and that measures relative to a current law baseline. The revenue-reducing covered changes may also be reported based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s), relative to the current law baseline prior to the change(s). Estimation approaches should not use dynamic methodologies that incorporate the projected effects of the policies on macroeconomic growth. In general and where possible, reported values should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. Recipients must maintain records regarding the identification and predicted effects of revenue-reducing covered changes.

Reporting Part 2: Baseline Revenue and De Minimis Threshold

- Enter Baseline Revenue:
- Enter in the aggregate value of the revenue-reducing covered change(s) for the requested fiscal year as a percentage of baseline revenue:
- Is the aggregate value of the revenue-reducing covered change(s) for the requested fiscal year less than one percent of baseline revenue? Y/N
 - If yes, a recipient's aggregate value of the revenue-reducing covered changes in the reporting year is less than the *de minimis threshold*, and no additional reporting is required.

Baseline Revenue: Guidance

Baseline has the meaning defined in the 2022 Final Rule, 31 CFR 35.3.

Recipients must determine whether the aggregate value of the revenue-reducing covered changes in the reporting year is less than one percent of baseline revenue (the *de minimis threshold*).

¹⁷ The 2022 final rule defines covered change. "Covered change means a change in law, regulation, or administrative interpretation that reduces any tax (by providing for a reduction in a rate, a rebate, a deduction, a credit, or otherwise) or delays the imposition of any tax or tax increase. A change in law includes any final legislative or regulatory action, a new or changed administrative interpretation, and the phase-in or taking effect of any statute or rule if the phase-in or taking effect was not prescribed prior to the start of the covered period."

**Reporting Part 3: Actual Tax Revenue and Reduction in Net Tax Revenue**

- Enter Actual Tax Revenue for the requested fiscal year.
- Enter Reduction in Net Tax Revenue: baseline revenue minus actual tax revenue
 - If the value of the reduction in net tax revenue is zero or negative (meaning that actual tax revenue is equal to or greater than baseline revenue), no additional reporting is required.

Actual Tax Revenue: Guidance

Actual tax revenue means the tax revenue received by the recipient government in the reporting year. Tax revenue has the meaning defined in the 2022 Final Rule, 31 CFR 35.3.

Reduction in Net Tax Revenue: Guidance

The reduction in net tax revenue is equal to baseline revenue minus actual tax revenue in each reporting year. If this value is zero or negative, there is no reduction in net tax revenue.

Reporting Part 4: Revenue-increasing Covered Changes and Covered Spending Cuts

- Do you have revenue-increasing covered change(s) and/or covered spending cuts to report for the requested fiscal year? Yes/No.
- If yes, complete grid or upload spreadsheet with the name of each revenue-increasing covered change and the value.
- Enter in the aggregate value of revenue-increasing covered change(s):

- Enter net reduction in total spending for the requested fiscal year:
- Complete grid or upload spreadsheet of specific spending cuts and the corresponding "reporting unit", including the name of the reporting unit, description of the spending cut, the amount of the reduction in spending in the reporting unit for the reporting year relative to its inflation-adjusted FY 2019 level, the amount of any Fiscal Recovery Funds spent in the reporting unit in the reporting year, and the amount by which the reduction in spending in the reporting unit in the reporting year exceeds the Fiscal Recovery Funds spent in the reporting unit in the reporting year, if at all.
- Enter the aggregate value of covered spending cuts.
- Enter the aggregate value of revenue-increasing covered changes + the aggregate value of covered spending cuts.
- Enter the total value of revenue-reducing covered changes minus the total of (aggregate value of revenue-increasing covered changes + aggregate value of covered spending cuts).
- Is the aggregate value of revenue-reducing covered changes minus the total of (aggregate value of revenue-increasing changes + aggregate value of covered spending cuts) negative or equal to zero? (Yes/No)
 - If yes, recipients have no further reporting requirements related to the Tax Offset Provision.
 - If no, recipients must move on to the calculation of the revenue reduction cap.

Revenue-increasing covered changes: Guidance

If a recipient has revenue-reducing covered changes, the aggregate value of which exceed the de minimis threshold, and its actual tax revenue does not exceed baseline tax revenue, a recipient must report the value of covered changes that have had or that the recipient predicts will have the effect of increasing tax revenue in a given reporting year (revenue-increasing covered changes), similar to the way it would in the ordinary course of its budgeting process. The value of these revenue-increasing covered changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, that aligns with the recipient's existing approach for measuring the effects of fiscal policies, and that measures relative to a current law baseline. The revenue-increasing covered changes may also be reported based on actual values using a statistical methodology to isolate the change in year-



over-year revenue attributable to the revenue-increasing covered change(s), relative to the current law baseline prior to the change(s). Estimation approaches should not use dynamic methodologies that incorporate the projected effects of the policies on macroeconomic growth. In general and where possible, reporting should be produced by the agency of the recipient responsible for estimating the costs and effects of fiscal policy changes. Recipients should maintain records regarding revenue-increasing covered changes and estimates of such changes.

Net reduction in total spending, and tables of specific spending cuts: Guidance

Recipients may cut spending in certain areas to pay for revenue-reducing covered changes, up to the amount of the recipient's net reduction in total spending. To calculate the amount of spending cuts that are available to offset a reduction in tax revenue, the recipient must first consider whether there has been a reduction in total net spending, excluding Fiscal Recovery Funds (net reduction in total spending). As defined in the 2022 Final Rule, 35 CFR 35.3, net reduction in total spending is measured as the recipient government's total spending for a given reporting year excluding Fiscal Recovery Funds, subtracted from its total spending for its fiscal year ending in 2019, adjusted for inflation using the Bureau of Economic Analysis's Implicit Price Deflator for the gross domestic product of the United States for that reporting year. If that calculation yields a positive value, there has been a net reduction in total spending; if it yields zero or a negative value, there has not been a net reduction in total spending. If there has been no net reduction in total spending, a recipient will have no spending cuts to offset a reduction in net tax revenue.

Next, a recipient must determine and aggregate the value of spending cuts in each "reporting unit." "Reporting units" are departments, agencies, or authorities of the recipient's government. For each reporting unit, the recipient must report (1) the amount of the reduction in spending in the reporting unit for the reporting year relative to its inflation-adjusted FY 2019 level, (2) the amount of any Fiscal Recovery Funds spent in the reporting unit in the reporting year, and (3) the amount by which the reduction in spending in the reporting year exceeds the Fiscal Recovery funds spent in the reporting unit in the reporting year. If a recipient has not spent amounts received from the Fiscal Recovery Funds in a reporting unit, the full amount of the reduction in spending counts as a covered spending cut and may be included in the aggregate value of spending cuts. If the recipient has spent amounts received from the Fiscal Recovery Funds, such amounts generally would be deemed to have replaced the amount of spending cut, and only reductions in spending above the amount of Fiscal Recovery Funds spent on the reporting unit would be eligible to offset a reduction in net tax revenue. Only such amounts above the amount of Fiscal Recovery Funds spent on the reporting unit should be included in the aggregate value of spending cuts.

To align with existing reporting and accounting, the 2022 Final Rule considers the department, agency, or authority from which spending has been cut and whether the recipient government has spent amounts received from the Fiscal Recovery Funds on that same department, agency, or authority. Some commenters on the 2021 interim final rule argued that the methodology for identifying offsetting spending cuts at the department, agency, or authority level was too restrictive, but as discussed in the 2022 final rule, Treasury maintained the approach of requiring this reporting at the department, agency, or authority level. Recipients are encouraged to define reporting units in a manner consistent with their existing budget process and should, to the extent possible, report using the same reporting unit in each reporting year. Spending cuts must be reported relative to FY 2019 spending levels, adjusted for inflation, and excluding Fiscal Recovery Funds from reporting year spending levels.

Recipients should maintain records regarding spending cuts.

Reporting Part 5: Revenue Reduction Cap



The “revenue reduction cap,” together with Part 3, ensures that recipient governments can use organic revenue growth to offset the cost of revenue-reducing covered changes. If, based on the calculations completed so far, a recipient has not yet demonstrated how its revenue-reducing covered changes were offset by non-SLFRF sources, the reporting portal will auto-calculate the revenue reduction cap, which will be the lesser of the following two amounts:

- Reduction in Net Tax Revenue (baseline tax revenue minus actual tax revenue) [pre-populated from Part 3] and
- Aggregate Value of revenue-reducing covered changes minus (total of (aggregate value of revenue-increasing changes + aggregate value of covered spending cuts) [pre-populated from Part 4]).

k. Required Programmatic Data (other than water, sewer, and broadband infrastructure projects):

For all projects listed under the following Expenditure Categories (see Appendix 1), the information listed must be provided in each report.

1. Public Health and Negative Economic Impact (EC 1.1-3.5) - Collection began in April 2022

- Brief description of structure and objectives of assistance program(s), including public health or negative economic impact experienced
- Brief description of how a recipient's response is related and reasonably proportional to a public health or negative economic impact of COVID-19.¹⁸

Note: The 2022 final rule presumes that all enumerated eligible uses for programs and services, including COVID-19 mitigation and prevention programs and services, are reasonably proportional responses to the harm identified unless a response is grossly disproportionate to the type or extent of harm experienced. Many of the Eligibility Categories encompass multiple specific enumerated eligible uses and may be provided to a variety of populations. For example, EC 2.13 *Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System* includes a wide array of financial, educational, child development, or health supports, or other supports necessary, including supports for kinship care, and may be provided to foster youth and/or families involved in the child welfare system. Between these two fields above, recipients should provide enough information to identify the type of enumerated eligible use being provided within the EC (e.g., kinship care support services), the public health or economic impact experienced, who the program and/or service is being provided to, and what services are being provided (e.g., respite resources). For enumerated eligible uses, recipients are not required to provide substantive documentation that the response is related and reasonably proportional in the Project and Expenditure Report.

2. Capital Expenditures (EC 1.1-3.5) - Collection began in January 2022, with additional fields required starting in July 2022

- Does this project include a capital expenditure? (*Collection began in January 2022*)
- Total expected capital expenditure, including pre-development costs, if applicable (*Collection began in January 2022*)
- Type of capital expenditure, based on the following enumerated uses (*Collection began in July 2022*):
 - COVID-19 testing sites and laboratories, and acquisition of related equipment
 - COVID-19 vaccination sites
 - Medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment)

¹⁸ Please note that capital expenditures are not considered “programs and services” and are not presumed to be reasonably proportional responses to an identified harm except as provided in the 2022 final rule.



- Temporary medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs
- Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment
- Emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems)
- Installation and improvement of ventilation systems in congregate settings, health facilities, or other public facilities
- Public health data systems, including technology infrastructure
- Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility)
- Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces)
- Behavioral health facilities and equipment (e.g., inpatient or outpatient mental health or substance use treatment facilities, crisis centers, diversion centers)
- Technology and equipment to allow law enforcement to efficiently and effectively respond to the rise in gun violence resulting from the pandemic
- Affordable housing, supportive housing, or recovery housing development
- Food banks and other facilities primarily dedicated to addressing food insecurity
- Transitional shelters (e.g., temporary residences for people experiencing homelessness)
- Devices and equipment that assist households in accessing the internet (e.g., tablets, computers, or routers)
- Childcare, daycare, and early learning facilities
- Job and workforce training centers
- Improvements to existing facilities to remediate lead contaminants (e.g., removal of lead paint)
- Medical equipment and facilities designed to address disparities in public health outcomes (includes primary care clinics, hospitals, or integrations of health services into other settings)
- Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, streetlights, neighborhood cleanup, and other projects to revitalize public spaces
- Rehabilitations, renovation, remediation, cleanup, or conversions of vacant or abandoned properties
- Schools and other educational facilities or equipment to address educational disparities
- Technology and tools to effectively develop, execute, and evaluate government programs
- Technology infrastructure to adapt government operations to the pandemic (e.g., video-conferencing software, improvements to case management systems or data sharing resources), reduce government backlogs, or meet increased maintenance needs
- Other (please specify)
- For recipients (other than Tribal governments) investing in projects with total expected capital expenditures for an enumerated eligible use of \$10 million or more, as well as projects with total expected capital expenditures for an "other" use of \$1 million or more, provide a written justification (*Collection began in July 2022*)
- For projects with total expected capital expenditures of over \$10 million, provide labor reporting as outlined for infrastructure projects on pages 37 and 38 (*Collection began July 2022*)



3. Household Assistance (EC 2.1-2.8) – *Collection began January 2022:*
 - Number of households served (by program if recipient establishes multiple separate household assistance programs)
4. Small Business Economic Assistance (EC 1.8, 2.29-2.33) – *Collection began April 2022*
 - Number of small businesses served (by program if recipient establishes multiple separate small business assistance programs)
5. Assistance to Non-Profits (EC 1.9, 2.34)- *Collection began April 2022*
 - Number of Non-Profits served (by program if recipient establishes multiple separate non-profit assistance programs)
6. Aid to Travel, Tourism, and Hospitality or Other Impacted Industries (EC 1.10, 2.35-2.36) – *Collection began April 2022:*
 - If aid is provided to industries other than travel, tourism, and hospitality (EC 2.36), describe if the industry experienced at least 8 percent employment loss from pre-pandemic levels, or the industry is experiencing comparable or worse economic impacts as the national tourism, travel, and hospitality industries as of the date of the 2022 final rule, and rationale for providing aid to the industry
 - For each subaward:
 - Sector of employer (Note: additional detail, including list of sectors, to be provided in the user guide posted to www.treasury.gov/SLFRP)
 - Purpose of funds (e.g., payroll support, safety measure implementation)
7. Education Assistance (EC 2.14, 2.24-2.27) – *Collection began in January 2022:*
 - The National Center for Education Statistics (“NCES”) School ID or NCES District ID. List the School District if all schools within the school district received some funds. If not all schools within the school district received funds, list the School ID of the schools that received funds. These can allow evaluators to link data from the NCES to look at school-level demographics and, eventually, student performance.¹⁹
8. Payroll for Public Health and Safety Employees (EC 3.1) – *Collection began in January 2022:*
 - Number of government FTEs responding to COVID-19 supported under this authority
9. Rehiring Public Sector Staff (EC 3.2) – *Collection began in January 2022:*
 - Number of FTEs rehired by governments under this authority
10. Premium Pay (both Public Sector EC 4.1 and Private Sector EC 4.2) – *Collection began in January 2022; additional field began in April 2022*
 - List of sectors designated as critical to protecting the health and well-being of residents by the chief executive of the jurisdiction, if beyond those included in the 2022 final rule (*Collection began January 2022*)
 - Number of workers to be served (*Collection began January 2022*)
 - Employer sector for all subawards to third-party employers (i.e., employers other than the State, local, or Tribal government) (*Collection began January 2022*)
 - For groups of workers (e.g., an operating unit, a classification of worker, etc.) or, to the extent applicable, individual workers, other than those where the eligible worker receiving premium pay is earning (with the premium pay included) 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

¹⁹ For more information on NCES identification numbers see <https://nces.ed.gov/ccd/districtsearch/> (districts) and <https://nces.ed.gov/ccd/schoolsearch/> (schools).



higher, on an annual basis; OR the eligible worker receiving premium pay is not exempt from the Fair Labor Standards Act overtime provisions:

- A brief written narrative justification of how the premium pay or grant is responsive to workers performing essential work during the public health emergency. This could include a description of the essential workers' duties, health or financial risks faced due to COVID-19, and why the recipient government determined that the premium pay was responsive to workers performing essential work during the pandemic. This description should not include personally identifiable information; when addressing individual workers, recipients should be careful not to include this information. Recipients may consider describing the workers' occupations and duties in a general manner as necessary to protect privacy (*Collection began January 2022*)
- Number of workers to be served with premium pay in K-12 schools (*Collection began April 2022*)

11. Revenue replacement (EC 6.1) – *Collection began in August 2021:*

As outlined in the 2022 final rule, recipients have the option to make a one-time decision to calculate revenue loss according to the formula outlined in the 2022 final rule or elect a "Standard Allowance" of up to \$10 million, not to exceed the award allocation, to spend on government services throughout the period of performance. The option to make this one-time decision was provided during the April 30, 2022 reporting deadline. Recipients may update their revenue loss determination, as appropriate, through the April 2025 reporting period. Upon update, any prior revenue loss election will be superseded. Recipients must use a consistent methodology across the period of performance (i.e., choose either the standard allowance or the full formula) and may not elect one approach for certain reporting years and the other approach for different reporting years.

For recipients electing the "Standard Allowance," Treasury will presume that up to \$10 million, not to exceed the award allocation, in revenue has been lost due to the public health emergency. Recipients are permitted to use that amount to fund "government services." Please note that electing the standard allowance does not change a recipient's total allocation. Recipients that elect to use this standard allowance will make this election instead of calculating lost revenue using the formula.

For recipients calculating revenue loss according to the formula, the 2022 final rule permits recipients to choose whether to use calendar or fiscal year calculation dates. Recipients must use the same calculation time frame (calendar or fiscal year) throughout the award period.

Recipients calculating lost revenue using the formula should report the following:

- Choice of fiscal or calendar year revenue loss (choice must remain consistent throughout award period)
- General revenue collected over the past 12 months as of the most recent calculation date, as outlined in the 2022 final rule.
- Calculated revenue loss due to the COVID-19 public health emergency; and
- An explanation of how the revenue replacement funds were allocated to government services (note: additional instructions and/or template provided in the user guide posted at www.treasury.gov/SLFRPReporting).

For information on treatment of future tax changes, please see the [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule](#).



12. Emergency Relief from Natural Disasters (EC 8) – *Collection began October 2023:*

For EC 8.1-8.11

- Identify the natural disaster declaration or designation
 - Emergency Declaration or Major Declaration pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act
 - If responding to a natural disaster that is the subject of an emergency declaration pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act:
 - Provide the declaration identification number;
 - Have SLFRF funds provided financial assistance to a person, business concern, or other entity with respect to disaster losses? If providing financial assistance to a person, business concern, or other entity with respect to disaster losses, recipients are responsible for ensuring compliance with the duplication of benefits requirements described in the interim final rule at 31 CFR 35.6(g)(3). Disaster losses are losses suffered as a result of a major disaster or emergency declared under the Stafford Act.
 - Emergency declaration by the Governor of a state pursuant to respective state law without a Stafford Act Declaration
 - Emergency declaration by a Tribal government without a Stafford Act Declaration
 - Designation of an event of a natural disaster by the chief executive or equivalent of recipient government with the event meeting the definition of natural disaster that does not also have a Stafford Act Declaration

For EC 8.6, 8.7, 8.12, 8.13

- Does this project include a capital expenditure?
- Total expected cost of capital expenditures funded with SLFRF in a project, including pre-development costs, if applicable
- For projects with total expected capital expenditures of over \$10 million, provide labor reporting as outlined for infrastructure projects on pages 37 and 38
- For EC 8.12 (not EC 8.6, 8.7, 8.13): For recipients (except for Tribal governments) using SLFRF for mitigation activities with SLFRF-funded capital expenditures over \$1 million, provide a written justification. Recipients that incorporate mitigation activities into repairing public infrastructure or home repairs should report their projects in EC 8.12.

13. Surface Transportation (EC 9) – *Collection began October 2023 (Additional fields may be phased in through future reporting periods):*

- EC 9.1-9.3: Supplement, Not Supplant Attestation: The SLFRF funds used for this project are supplementing not supplanting other federal, state, territorial, Tribal, and local government funds (as applicable) that are otherwise available for these projects.
- EC 9.1: Surface Transportation Projects Receiving Funding from Department of Transportation (DOT)
 - Select the relevant program under which your DOT-funded project falls (check one box):
 - INFRA Grants
 - National Highway Performance Program (NHPP)
 - Bridge Investment Program (BIP)
 - Surface Transportation Block Grant Program (STBG)
 - Highway Safety Improvement Program (HSIP)
 - Congestion Mitigation and Air Quality Improvement Program (CMAQ)
 - Charging and Fueling Infrastructure Discretionary Grant Program (CFI Program)



- Territorial and Puerto Rico Highway Program
- National Highway Freight Program (NHFP)
- Rural Surface Transportation Grant Program
- Carbon Reduction Program (CRP)
- Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT)
- Tribal Transportation Program (TTP)
- Federal Lands Transportation Program (FLTP)
- Federal Lands Access Program (FLAP)
- Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program
- Transportation Infrastructure Finance and Innovation Act (TIFIA)
- Urbanized Formula Grants
- Fixed Guideway Capital Investment Grants
- Formula Grants for Rural Areas
- State of Good Repair Grants
- Grants for Buses and Bus Facilities
- National culvert removal, replacement, and restoration grant program (Culvert AOP Program)
- Bridge Replacement, Rehabilitation, Preservation, Protection, and Construction Program (Bridge Formula Program or BFP)
- Metropolitan transportation planning
- Projects that further the completion of a designated route of the Appalachian Development Highway System (ADHS)
- FAIN number(s) for associated DOT project
- Was DOT consulted prior to using SLFRF funds for this project? Yes/No.
- For States using funds for projects eligible under title 23 of the U.S. Code or otherwise subject to the requirements of title 23 of the U.S. Code, select whether the project will:
 - Demonstrate progress in achieving a state of good repair as required by the State’s asset management plan under 23 U.S.C. 119(e); and (Yes/No)
 - Support the achievement of 1 or more performance targets of the State established under 23 U.S.C. 150. (Yes/No)
 - This project is not a project eligible under title 23 of the U.S. Code or otherwise subject to the requirements of title 23 of the U.S. Code.
- Limitation on Operating Expenses Attestation (only for Urbanized Formula Grants, Fixed Guideway Capital Investment Grants, Formula Grants for Rural Areas, State of Good Repair Grants, or Grants for Buses and Bus Facilities): The SLFRF funds associated with this project are not being used for operating expenses.
- EC 9.2: Surface Transportation Projects Not Receiving Funding from DOT (Streamlined Framework)
 - Select the eligible project type from the 2023 RAISE Grant NOFO for which the recipient is using SLFRF funds.
 - Highway, bridge, or other road projects eligible under title 23 of the U.S. Code
 - Public transportation projects eligible under chapter 53 of title 49, U.S.C.
 - Passenger and freight rail transportation projects
 - Port infrastructure investments (including inland port infrastructure and land ports of entry)



- The surface transportation components of an airport project eligible for assistance under part B of subtitle VII of title 49, U.S.C.
- Intermodal projects
- Projects to replace or rehabilitate a culvert or prevent stormwater runoff for the purpose of improving habitat for aquatic species while advancing the goals of the RAISE program
- Projects investing in surface transportation facilities that are located on Tribal land and for which title or maintenance responsibility is vested in the Federal Government
- Public road and non-motorized projects that are not otherwise eligible under title 23, United States Code
- Transit-oriented development projects
- Mobility on-demand projects that expand access and reduce transportation cost burden
- Planning projects
- For States using funds for projects eligible under title 23 of the U.S. Code or otherwise subject to the requirements of title 23 of the U.S. Code, select whether the project will:
 - Demonstrate progress in achieving a state of good repair as required by the State's asset management plan under 23 U.S.C. 119(e); and (Yes/No)
 - Support the achievement of 1 or more performance targets of the State established under 23 U.S.C. 150. (Yes/No)
 - This project is not a project eligible under title 23 of the U.S. Code or otherwise subject to the requirements of title 23 of the U.S. Code.
- Environmental Impact Attestation: The entire project scope is limited to the set of actions or activities identified by DOT as meeting the criteria for categorical exclusion as listed under 23 CFR 771.116(c)(1)-(22), 771.117(c)(1)-(30), and 771.118(c)(1)-(16). These actions do not involve unusual circumstances, as described in 23 CFR 771.116(b), 771.117(b), and 771.118(b).
- Requirements Attestation: The project satisfies the requirements of titles 23, 40, and 49 of the U.S. Code that apply to this project and the associated DOT implementing regulations.
- Limitation on Operating Expenses Attestation (only for Urbanized Formula Grants, Fixed Guideway Capital Investment Grants, Formula Grants for Rural Areas, State of Good Repair Grants, or Grants for Buses and Bus Facilities): The SLFRF funds associated with this project are not being used for operating expenses.
- For EC 9.3: Non-federal share requirements for a Surface Transportation project or repaying a TIFIA loan
 - Select the DOT program for which you are using SLFRF funds to satisfy non-federal share requirements or to repay a TIFIA loan
 - INFRA Grants
 - Fixed Guideway Capital Investment Grants
 - Mega Grants
 - Projects eligible for credit assistance under the TIFIA program
 - Repayment of TIFIA loan
 - FAIN number(s) for associated DOT projects



14. **Title I (EC 10) – Collection began October 2023 (see supplemental guidance related to environmental review requirements):**

- **Environmental Review Type:** Indicate the type of environmental review required by the project:
 - Exempt Activity (per 24 CFR 58.34(a))
 - Categorically Excluded and not subject to 24 CFR 58.5 (per 24 CFR 58.35(b)) with no extraordinary circumstances (per 24 CFR 58.35(c))
 - Other - Upload the Treasury Approved Environmental Certification, Treasury Approved Public Notice, Treasury Approved Proof of Posting Public Notice and Treasury Approved Authority to Use Grant Funds Notice. (See supplemental guidance related to environmental review requirements).
- **Supplement, Not Supplant Attestation:** The SLFRF funds used for this project are supplementing not supplanting other federal, state, territorial, Tribal, and local government funds (as applicable) otherwise available for such uses.
- **Requirements Attestation:** The project satisfies the requirements of title I of the Housing and Community Development Act of 1974 that apply to this project and the associated HUD implementing regulations.
- **Does this Title I project relate to broadband infrastructure? (Yes/No).**
- **For non-Tribal government recipients:**
 - **Designate which of the three National Objectives the project aligns to:**
 - Benefit low- and moderate-income persons
 - Prevent or eliminate slums or blight
 - Meet other particularly urgent community development needs
 - **Labor Standards Attestation:** All labor standards requirements applicable under this eligible use category have been satisfied by the recipient.
 - **For Tribal government recipients:** Are you satisfying the definition of “low and moderate income” for the primary objective requirement based on project beneficiaries receiving or being eligible to receive needs-based services provided by the Tribe, instead of relying on Census data? Needs-based services are defined as services administered by the Tribal government on the basis of an individual's income.
 - **If yes: Attestation:** The project beneficiaries are receiving or are eligible to receive needs-based services provided by the Tribal government.

15. **Costs Associated with Satisfying Certain Legal and Administrative Requirements of the SLFRF Program After December 31, 2024 (EC 7.3) – Collection began in July 2024:**

Recipients may use this EC to report estimated expenses of certain legal and administrative costs to be expended after the obligation deadline. These expenses are discussed in [FAQ 17.10](#), and include:

- Reporting and compliance requirements, including subrecipient monitoring
- Single Audit costs
- Record retention and internal control requirements
- Property standards
- Environmental requirements, including applicable requirements of the National Environmental Policy Act, section 106 of the National Historic Preservation Act, the Archaeological Resources Protection Act of 1979, and the Native American Graves Protection and Repatriation Act
- Civil rights and nondiscrimination requirements

Please note this is not an exhaustive list of the legal and administrative requirements that are considered obligated. In addition, please note that relevant expenses under this EC do not include all legal and administrative expenses, but only those relating to a requirement



under federal law or regulation or a provision of the SLFRF award terms and conditions to which the recipient becomes subject as a result of receiving or expending SLFRF funds.

Recipients should only report such expenses if they are not obligated and reported through another mechanism, such as a contract, subaward, interagency agreement, or personnel cost estimate, as discussed above in section c.

Recipients may report relevant expenses under this EC in the aggregate through a single project. Recipient should report:

- Estimated expenses to cover relevant legal and administrative requirements of SLFRF in 2025, 2026, and award closeout
- Current period expenditures pursuant to the estimate
- Description of relevant administrative and legal expenses
- Explanation of how the figure for the estimated funds to cover relevant administrative and legal expenses was determined

The Project & Expenditure Report will prompt the recipient to report “subaward data” for individuals or entities expected to be paid pursuant to the estimate of relevant administrative and legal expenses reported under this expenditure category. Because the recipient may not have precise identifying information for the individuals or entities which will eventually receive payments pursuant to the estimate, in the intervening period, the recipient may enter a single “Direct Payment” entry that provides the address and other information of the agency, department, or part of government responsible for undertaking such administrative and legal expenses. As discussed in the Obligation IFR and elaborated in FAQ 17.10, relevant expenses under EC 7.3 are considered obligated by virtue of a federal law or regulation or a provision of the SLFRF award terms and conditions to which the recipient becomes subject as a result of receiving or expending SLFRF funds. Therefore, recipients are not required to independently meet the obligation requirement via a subaward, contract, or other similar transaction requiring payment for such expenditures. Reporting such expenditures as obligated through a Direct Payment serves as a placeholder given that the estimated expenditures are already considered obligated. Recipients will have the ability to add additional subaward-type entries after the obligation deadline for reporting expenditures made for relevant administrative and legal purposes pursuant to the estimate. Recipients should add such entries after the expenditures are made. As with all other expenditures, recipients should ensure that all expenditures made pursuant to the estimate are reported to Treasury with the applicable identifying information.

Alongside these reporting requirements, a recipient must document and keep on file a reasonable justification for how the estimate was determined. This reasonable justification is distinct from the explanation of how the estimate was determined, which will be submitted in the Project & Expenditure Report. The explanation submitted in the Project & Expenditure Report should provide a summary of how the recipient calculated the estimate. The reasonable justification kept on file may include a discussion of the recipient’s expectations that eligible administrative and legal costs will continue to be paid in future periods and may include relevant documentation.

In determining an appropriate estimate for eligible expenses, a recipient may wish to consult the following sections of the Uniform Guidance:

- [2 CFR 200.403](#) – Factors affecting allowability of costs
- [2 CFR 200.404](#) – Reasonable costs
- [2 CFR 200.430\(i\)](#) – Standards for Documentation of Personnel Expenses

- I. **Required Programmatic Data for Water, Sewer, and Broadband Infrastructure Projects (EC 5):** For all projects listed under the Water, Sewer, and Broadband Expenditure Categories (see Appendix



1), more detailed project-level information is required. Each project will be required to report expenditure data as described above, but will also report the following information:

1. All water, sewer, and broadband infrastructure projects (EC 5) – Collection began in January 2022:

- Projected/actual construction start date (month/year)
- Projected/actual initiation of operations date (month/year)
- Location
- For projects over \$10 million (based on expected total cost):
 - a. A recipient may provide a certification that, for the relevant project, all laborers and mechanics employed by contractors and subcontractors in the performance of such project are paid wages at rates not less than those prevailing, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed, or by the appropriate State entity pursuant to a corollary State prevailing-wage-in-construction law (commonly known as "baby Davis-Bacon Acts"). If such certification is not provided, a recipient must provide a project employment and local impact report detailing:
 - The number of employees of contractors and sub-contractors working on the project;
 - The number of employees on the project hired directly and hired through a third party;
 - The wages and benefits of workers on the project by classification; and
 - Whether those wages are at rates less than those prevailing.²⁰Recipients must maintain sufficient records to substantiate this information upon request.
 - b. A recipient may provide a certification that a project includes a project labor agreement, meaning a pre-hire collective bargaining agreement consistent with section 8(f) of the National Labor Relations Act (29 U.S.C. 158(f)). If the recipient does not provide such certification, the recipient must provide a project workforce continuity plan, detailing:
 - How the recipient will ensure the project has ready access to a sufficient supply of appropriately skilled and unskilled labor to ensure high-quality construction throughout the life of the project, including a description of any required professional certifications and/or in-house training;
 - How the recipient will minimize risks of labor disputes and disruptions that would jeopardize timeliness and cost-effectiveness of the project;
 - How the recipient will provide a safe and healthy workplace that avoids delays and costs associated with workplace illnesses, injuries, and fatalities, including descriptions of safety training, certification, and/or licensure requirements for all relevant workers (e.g., OSHA 10, OSHA 30);
 - Whether workers on the project will receive wages and benefits that will secure an appropriately skilled workforce in the context of the local or regional labor market; and
 - Whether the project has completed a project labor agreement.
 - c. Whether the project prioritizes local hires.
 - d. Whether the project has a Community Benefit Agreement, with a description of any such agreement.

²⁰ As determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed.



2. Water and sewer projects (EC 5.1-5.18) *Required once the project starts:*
- National Pollutant Discharge Elimination System (NPDES) Permit Number (if applicable; for projects aligned with the Clean Water State Revolving Fund) (*Collection began in January 2022*)
 - Public Water System (PWS) ID number (if applicable; for projects aligned with the Drinking Water State Revolving Fund) (*Collection began January 2022*)
 - Median Household Income of service area (*Collection began in April 2022*)
 - Lowest Quintile Income of the service area (*Collection began in April 2022*)
3. Broadband projects (EC 5.19-5.21) *Collection includes new fields that began in July 2022. Additional fields will be phased in through future reporting periods, as noted below.*

Overall Project Information

- Confirm that the project is designed to, upon completion, reliably meet or exceed symmetrical 100 Mbps download and upload speeds.
 - If the project is not designed to reliably meet or exceed symmetrical 100 Mbps download and upload speeds, explain why not, and
 - Confirm that the project is designed to, upon completion, meet or exceed 100 Mbps download speed and between at least 20 Mbps and 100 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.
- Confirm that the service provider for the project has, or will upon completion of the project, either participated in the Federal Communications Commission (FCC)'s Affordable Connectivity Program (ACP) or otherwise provided access to a broad-based affordability program that provides benefits to households commensurate with those provided under the ACP to low-income consumers in the proposed service area of the broadband infrastructure (*applicable only to projects that provide service to households*).

Detailed Project Information

- Project technology type(s) (Planned/Actual)
 - Fiber
 - Coaxial Cable
 - Terrestrial Fixed Wireless
 - Other (specify)
- Total miles of fiber deployed (Planned/Actual)
- Total number of funded locations served (Planned/Actual)
 - Total number of funded locations served, broken out by speeds:
 - Pre-SLFRF Investment:
 - Number receiving 25/3 Mbps or below
 - Number receiving between 25/3 Mbps and 100/20 Mbps
 - Post-SLFRF Investment (Planned/Actual):
 - Number receiving minimum 100/100 Mbps
 - Number receiving minimum 100/20 Mbps and scalable to minimum 100/100 Mbps
 - Total number of funded locations served, broken out by type (Planned/Actual):
 - Residential
 - Total Housing Units
 - Business
 - Community anchor institution
- Speed tiers offered, corresponding non-promotional prices, including associated fees, and data allowance for each speed tier of broadband service (*collection to be phased in a future reporting period*)

Location-by-Location Project Information



For each location served by a Project, the recipient must collect from the subrecipient or contractor and submit the following information to Treasury using a predetermined file format that will be provided by Treasury (*collection of certain fields will begin in October 2022, as specified below*):

- Latitude/longitude at the structure where service will be installed (*required starting October 2022*)
- Technology used to offer service at the location (*required starting October 2022*)
- Location type (*required starting October 2022*)
 - Residential
 - If Residential, Number of Housing Units
 - Business
 - Community anchor institution
- Speed tier at the location pre-SLFRF investment (*collection to be phased in*)
 - 25/3 Mbps or below
 - Between 25/3 Mbps and 100/20 Mbps
- Speed and latency at the location post-SLFRF investment (*collection to be phased in*)
 - Maximum download speed offered
 - Maximum download speed delivered
 - Maximum upload speed offered
 - Maximum upload speed delivered
 - Latency
- Standardized FCC Identifiers
 - Fabric ID # (Broadband Serviceable Fabric Locations)
 - FCC Issued Provider ID #

m. Additional Required Programmatic Data for States, U.S. territories, and metropolitan cities and counties with a population that exceeds 250,000 residents only: As noted in the Recovery Plan Performance Report section of this guidance, states, U.S. territories, and metropolitan cities and counties with a population over 250,000 are required to provide additional data in the Project and Expenditure report for projects in the following expenditure categories. Treasury recognizes that recipients are reporting a broad set of projects under the following expenditure categories. It may be the case that a recipient is reporting a project under an expenditure category that is an eligible use of SLFRF funds for that expenditure category, in accordance with the 2022 final rule, but is not designed to meet the associated performance indicators. In these instances, recipients may report a "0" in these data fields. As described in the Performance Report section of the Recovery Plan Performance Report, recipients have discretion on the full suite of performance indicators for inclusion in their Recovery Plans, including the list of required data for each expenditure category, where relevant.

1. Use of Evidence (for relevant ECs noted in Appendix 1)—*Collection began April 2022*
 - The dollar amount of the total project spending that is allocated towards evidence-based interventions
 - Whether a program evaluation of the project is being conducted
2. Household Assistance (EC 2.2), Long-Term Housing Security (EC 2.15-2.16) and Housing Support (EC 2.17-2.18):
 - Number of households receiving eviction prevention services (including legal representation)
 - Number of affordable housing units preserved or developed
3. Assistance to Unemployed or Underemployed Workers (EC 2.10) and Community Violence Interventions (EC 1.11):
 - Number of workers enrolled in sectoral job training programs



- Number of workers completing sectoral job training programs
 - Number of people participating in summer youth employment programs
4. Addressing Educational Disparities (EC 2.24-2.26) and Addressing Impacts of Lost Instructional Time (EC 2.27):
- Number of students participating in evidence-based tutoring programs²¹
5. Healthy Childhood Environments (EC 2.11-2.14):
- Number of children served by childcare and early learning services (pre-school/pre-K/ages 3-5)
 - Number of families served by home visiting
- n. NEU Documentation (NEUs only): Each NEU is also required to provide the following information once its accounts are established in Treasury's Reporting Portal and prior to the due date for their first Project and Expenditure Report (due April 30, 2022):
- Copy of the signed award terms and conditions agreement (which was signed and submitted to the State as part of the request for funding)
 - Copy of the signed assurances of compliance with Title VI of the Civil Rights Act of 1964 (which was signed and submitted to the State as part of the request for funding)
 - Copy of actual budget documents validating the top-line budget total provided to the State as part of the request for funding

NEU accounts are established in Treasury's Portal based on information provided by the States or territories, as further described in Section Part 2 D below.

C. Recovery Plan Performance Report

States, territories, and metropolitan cities and counties with a population that exceeds 250,000 residents (i.e., Tier 1 recipients) will also be required to publish and submit to Treasury a Recovery Plan performance report ("Recovery Plan"). Each Recovery Plan must be posted on an easily discoverable webpage on the public-facing website of the recipient by the same date the recipient submits the report to Treasury. Treasury recommends that Recovery Plans be accessible within three clicks or fewer from the homepage of the recipient's website. Within Treasury's reporting portal, recipients must upload a link to the publicly available Recovery Plan and provide required data.

The Recovery Plan provides the public and Treasury both retrospective and prospective information on the projects recipients are undertaking or planning to undertake with program funding and how they are planning to ensure program outcomes are achieved in an effective, efficient, and equitable manner. While this guidance outlines some minimum requirements for the Recovery Plan, each recipient is encouraged to add information to the plan that they feel is appropriate to provide information to their constituents on efforts they are taking to respond to the pandemic and promote economic recovery. Each jurisdiction may determine the general form and content of the Recovery Plan, as long as it includes the minimum information required by Treasury. Treasury provided a template (located at www.treasury.gov/SLFRP) but recipients may modify this template as appropriate for their jurisdiction, provided the modified template meets Treasury's requirements, outlined below. Through the Recovery Plan, recipients may link to public documents, including, but not limited to, legislation, dashboards, survey results, community engagement reports, and equity frameworks to support the Recovery Plan narrative. The Recovery Plan should include key performance indicators identified by the recipient and some mandatory indicators identified by Treasury, as noted below.

²¹ For more information on evidence-based tutoring programs, refer to the U.S. Department of Education's [2021 ED COVID-19 Handbook \(Volume 2\)](#), which summarizes research on evidence-based tutoring programs (see the bottom of page 20).



The initial Recovery Plan covered the period from the date of award to July 31, 2021 and was required to be submitted to Treasury by August 31, 2021, or 60 days after receiving funding. Thereafter, the Recovery Plan will cover a 12-month period and recipients are required to submit the report to Treasury after the end of the 12-month period by July 31. The Recovery Plan should include both retrospective information covering the time period of the Recovery Plan along with prospective information on future work to be undertaken with SLFRF funds or on the planning that has been undertaken during the covered period. Table 5 summarizes the report timelines:

Table 5 Recovery Plan Timeline

Annual Report	Period Covered	Due Date
1	Award Date – July 31, 2021	August 31, 2021 or 60 days after receiving funding
2	July 1, 2021 – June 30, 2022	July 31, 2022
3	July 1, 2022 – June 30, 2023	July 31, 2023
4	July 1, 2023 – June 30, 2024	July 31, 2024
5	July 1, 2024 – June 30, 2025	July 31, 2025
6	July 1, 2025 – June 30, 2026	July 31, 2026
7	July 1, 2026 – December 31, 2026	April 30, 2027

Recovery Plans submitted as part of reporting are used by Treasury, third party organizations, the public, and other stakeholders to obtain a comprehensive understanding of SLFRF’s largest recipients’ planned and actual usage of SLFRF funding, including the jurisdiction’s policy goals, its strategy for achieving them, and specific projects or initiatives underway. Alignment of data reported in Project and Expenditure reports and Recovery Plans is expected by both Treasury and SLFRF’s many stakeholders. Finally, Recovery Plans will be posted publicly by Treasury to provide transparency about how program funds are being used by recipient governments.

The Recovery Plan must include, at a minimum, the following information:

1. Executive Summary

In this section, recipients should provide a high-level overview of the jurisdiction’s intended and actual uses of funding including, but not limited to: the jurisdiction’s strategy, goals, and plan for using Fiscal Recovery Funds to respond to the pandemic and promote economic recovery, key outcome goals, progress to date on those outcomes, and any noteworthy challenges or opportunities identified during the reporting period.

2. Uses of Funds

In this section, recipients should describe in further detail the strategy and goals of their jurisdiction’s SLFRF program, such as how their jurisdiction’s approach would help support a strong and equitable recovery from the COVID-19 pandemic and economic downturn. Recipients should describe how their intended and actual uses of funds will achieve their goals. Given the broad eligible uses of funds established by the 2022 final rule and the 2023 IFR and the specific needs of different jurisdictions, recipients should also explain how the funds would support the communities, populations, or individuals in their jurisdiction. Recipients should describe how their use of funds supports their overall strategy and goals in the following areas:

- a. **Public Health (EC 1):** As relevant, describe how funds are being used to respond to COVID-19, the broader health impacts of COVID-19, and the COVID-19 public health emergency, including community violence interventions and behavioral health.
- b. **Negative Economic Impacts (EC 2):** As relevant, describe how funds are being used to respond to negative economic impacts of the COVID-19 public health emergency, including services to households (such as affordable housing, job training, and childcare), small businesses, non-profits, and impacted industries.



- c. Public Health-Negative Economic Impact: Public Sector Capacity (EC 3): As relevant, describe how funds are being used to support public sector workforce and capacity, including public sector payroll, rehiring of public sector workers, and building of public sector capacity.
- d. Premium Pay (EC 4): As relevant, describe the approach, goals, and sectors or occupations served in any premium pay program. Describe how the approach prioritizes low-income workers and/or any particular group of eligible workers.
- e. Water, sewer, and broadband infrastructure (EC 5): As relevant, describe the approach, goals, and types of projects being pursued. Where relevant, recipients should note how projects contribute to addressing climate change and/or how projects benefit disadvantaged communities in line with the Justice40 Initiative.²²
- f. Revenue Replacement (EC 6): Describe the loss in revenue, including if electing the standard allowance, due to the COVID-19 public health emergency, and how funds have been used to provide government services, including any funds used under revenue loss for non-federal cost-share or matching requirements of other federal programs.
- g. Emergency Relief from Natural Disasters (EC 8): As relevant, describe how funds are being used to provide emergency relief from natural disasters that have occurred or are expected to occur imminently, or are threatened to occur in the future.
- h. Surface Transportation (EC 9): As relevant, describe how funds are being used to support projects eligible under the 26 transportation programs specified in the Consolidated Appropriations Act, 2023.
- i. Title I (EC 10): As relevant, describe how funds are being used for activities that are eligible under section 105(a) of the Housing and Community Development Act of 1974 (Title I projects), which are the activities eligible under the Community Development Block Grant (CDBG) and Indian Community Development Block Grant (ICDBG) programs.

If appropriate, recipients may also include information on their jurisdiction's use (or planned use) of other federal recovery funds, including other programs under the American Rescue Plan such as Emergency Rental Assistance, the Homeowner Assistance Fund, the Capital Projects Fund, the State Small Business Credit Initiative, and so forth, to provide broader context on the overall approach for pandemic recovery. Jurisdictions may also address use of SLFRF funds in coordination with, or in preparation for, funding available through the Infrastructure Investment and Jobs Act.

3. Promoting equitable outcomes

Treasury encourages uses of funds that advance strong, equitable growth, including economic and racial equity. For the purposes of the SLFRF, equity is described in the [Executive Order 13985 On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government](#), as issued on January 20, 2021. Recipients also are encouraged to review the definition and discussion of equity in [Executive Order 14091, Further Advancing Racial Equity and Support for Underserved Communities Through the Federal Government](#), as issued on February 16, 2023.

In this section, recipients should describe, as applicable, their efforts to promote equitable outcomes, including economic and racial equity, and their efforts to design, implement, and measure their SLFRF program and projects with equity in mind.

In describing their efforts to **design** their SLFRF program and projects with equity in mind, recipients may consider the following:

²² See [Executive Order 14008](#), on Tackling the Climate Crisis at Home and Abroad; OMB, CEQ, & CPO, M-21-28, Interim Implementation Guidance for the Justice40 Initiative (July 20, 2021) <https://www.whitehouse.gov/wp-content/uploads/2021/07/M-21-28.pdf>; OMB, CEQ, & CPO, M-23-09, Addendum to the Interim Implementation Guidance for the Justice40 Initiative, M-21-28, on using the Climate and Economic Justice Screening Tool (CEJST) (Jan. 27, 2023), https://www.whitehouse.gov/wp-content/uploads/2023/01/M-23-09_Signed_CEQ_CPO.pdf



- a. **Goals:** Are there particular historically underserved, marginalized, or adversely affected groups that recipients intend to serve within their jurisdiction?
- b. **Awareness:** How equitable and practical is the ability for residents or businesses to become aware of the services funded by SLFRF?
- c. **Access and Distribution:** Are there differences in levels of access to benefits and services across groups? Are there administrative requirements that result in disparities in ability to complete applications or meet eligibility criteria?
- d. **Outcomes:** How are intended outcomes focused on closing gaps and/or reaching universal levels of service? How is the considering disaggregating outcomes by race, ethnicity, and other equity dimensions where relevant for the policy objective?

In describing their efforts to implement their SLFRF program and projects with equity in mind, recipients may consider the following:

- a. **Goals and Targets:** Please describe how planned or current uses of funds prioritize economic and racial equity as a goal, name specific targets intended to produce meaningful equity results at scale, and include initiatives to achieve those targets.
- b. **Project Implementation:** In addition, please explain how the jurisdiction's overall equity strategy translates into focus areas for SLFRF projects and the specific services or programs offered by the jurisdiction in the following Expenditure Category, as indicated in the 2022 final rule.

Negative Economic Impacts (EC 2): assistance to households, small businesses, and non-profits to address impacts of the pandemic, which have been most severe among low-income populations. This includes assistance with food, housing, and other needs; employment programs for people with barriers to employment who faced negative economic impacts from the pandemic (such as residents of low-income neighborhoods, minorities, disconnected youth, the unemployed, formerly incarcerated people, veterans, and people with disabilities); services to provide long-term housing security and housing supports, address educational disparities, or provide child care and early learning services; and other strategies that provide impacted and disproportionately impacted communities with services to address the negative economic impacts of the pandemic

The first annual Recovery Plan, due in 2021, was required to describe initial efforts and intended outcomes to promote equity, as applicable. Beginning in 2022, each annual Recovery Plan must provide an update, using qualitative and quantitative data, on how the recipients' approach achieved or promoted equitable outcomes or progressed against equity goals during the performance period, as applicable. Each jurisdiction should describe any constraints or challenges that impacted project success in terms of increasing equity. In particular, this section should describe the geographic and demographic distribution of funding, including whether it is targeted toward traditionally marginalized communities (recipients may reference the demographic data information in their Project and Expenditure Reports as relevant).

4. Community Engagement

In this section, recipients should describe how their jurisdiction's planned or current use of funds incorporates community engagement strategies including written feedback through surveys, project proposals, and related documents; oral feedback through community meetings, issue-specific listening sessions, stakeholder interviews, focus groups, and additional public engagement; as well as other forms of input, such as steering committees, taskforces, and digital campaigns that capture diverse feedback from the community. Recipients may describe completed or planned community engagement strategies specifically focused on their SLFRF program and projects or community engagement strategies that included SLFRF among other government programs. Recipients should also describe how community engagement strategies support their equity goals, including engagement with communities that have historically faced significant barriers to services, such as people of color, people with low incomes, limited English proficient populations, and other traditionally underserved groups.



5. Labor Practices

In this section, recipients should describe workforce practices on any infrastructure projects or capital expenditures being pursued. How are projects using strong labor standards to promote effective and efficient delivery of high-quality infrastructure projects while also supporting the economic recovery through strong employment opportunities for workers? For example, report whether any of the following practices are being utilized: project labor agreements, community benefits agreements, prevailing wage requirements, and local hiring.

6. Use of Evidence

In this section of the Recovery Plan, recipients should describe whether and how evidence-based interventions and/or program evaluation are incorporated into their SLFRF program. Recipients may include links to evidence standards, evidence dashboards, evaluation policies, and other public facing tools that are used to track and communicate the use of evidence and evaluation for Fiscal Recovery Funds. Recipients are encouraged to consider how a learning agenda, either narrowly focused on SLFRF or broadly focused on the recipient's broader policy agenda, could support their overarching evaluation efforts in order to create an evidence-building strategy for their jurisdiction.²³

In the Project Inventory section of the Recovery Plan (see Section 8 below), recipients should identify whether SLFRF funds are being used for evidence-based interventions²⁴ and/or if projects are being evaluated through rigorous program evaluations that are designed to build evidence. In the Project Inventory, recipients must briefly describe the goals of the project and the evidence base for the interventions funded by the project. As part of the Project Inventory section, recipients must also specifically identify the dollar amount of the total project spending that is allocated towards evidence-based interventions for each project in the Expenditure Categories noted with an asterisk in Appendix 1. Please note that to increase consistency, the Project and Expenditure report now also includes fields for recipients to identify the dollar amount of the total project spending that is allocated to evidence-based interventions and to indicate if a program evaluation of the project is being conducted.

Recipients are encouraged to reference relevant evidence clearinghouses, among other sources, to assess the level of evidence for their interventions and identify evidence-based models that could be applied in their jurisdiction; such evidence clearinghouses include the U.S. Department of Education's [What Works Clearinghouse](#), the U.S. Department of Labor's [CLEAR](#), and the [Childcare & Early Education Research Connections and the Home Visiting Evidence of Effectiveness](#) clearinghouses from Administration for Children and Families, as well as other clearinghouses relevant to particular projects conducted by the recipient.

Recipients are exempt from reporting on evidence-based interventions in cases where a program evaluation is being conducted. In such cases where a recipient is conducting a program evaluation, recipients must describe the evaluation design, including whether it is a randomized or quasi-experimental design; the key research questions being evaluated; whether the study has sufficient statistical power to disaggregate outcomes by demographics; and the timeframe for the completion of the evaluation (including a link to the completed evaluation if relevant).²⁵ Once the evaluation has been completed, recipients must post the evaluation publicly and link to the completed evaluation in the Recovery Plan. Once an evaluation has been completed (or has sufficient interim findings to determine the efficacy of the intervention), recipients should determine whether the spending for the evaluated interventions should be counted towards the dollar amount categorized as evidence-based for the relevant project.

For all projects, recipients may be selected to participate in a national evaluation, which might, for example, study their project along with similar projects in other jurisdictions that are focused on the

²³ For more information on learning agendas, please see [OMB M-19-23](#)

²⁴ As noted in Appendix 2, evidence-based refers to interventions with strong or moderate levels of evidence.

²⁵ For more information on the required standards for program evaluation, see [OMB M-20-12](#).



same set of outcomes. In such cases, recipients may be asked to share information and data that is needed for the national evaluation.

Appendix 2 contains additional information on evidence-based interventions for the purposes of the Recovery Plan.

7. Performance Report

In this section, recipients should describe how performance management is incorporated into their SLFRF program, including how they are tracking their overarching jurisdictional goals for these funds as well as measuring results for individual projects. The recipient has flexibility in terms of how this information is presented in the Recovery Plan, and may report key performance indicators for each project, or may group projects with substantially similar goals and the same outcome measures. In some cases, the recipient may choose to include some indicators for each individual project as well as crosscutting indicators. Recipients may include links to performance management dashboards, performance management policies, and other public facing tools that are used to track and communicate the performance of Fiscal Recovery Funds. In addition to outlining in this section their high-level approach to performance management, recipients must also include key performance indicators for each SLFRF project in the Project Inventory section (described below in #8).

Performance indicators should include both output and outcome measures. Output measures, such as the number of students enrolled in an early learning program, provide valuable information about the early implementation stages of a project. Outcome measures, such as the percent of students reading on grade level, provide information about whether a project is achieving its overall goals. Recipients are encouraged to use logic models²⁶ to identify their output and outcome measures.

While the initial Recovery Plan focused heavily on early output goals, recipients should include the related outcome goal for each project and provide updated information on achieving these outcome goals in subsequent annual reports. In cases where recipients are conducting a program evaluation for a project (as described above), the outcome measures in the performance report should be aligned with those being evaluated in the program. As described in the 2022 final rule, to support their performance measurement and program improvement efforts, recipients are permitted to use funds to make improvements to data or technology infrastructure and data analytics, as well as perform program evaluations.

While recipients have discretion on the full suite of performance indicators to include, a number of mandatory performance indicators and programmatic data must be included. These are necessary to allow Treasury to conduct oversight as well as understand and aggregate program outcomes across recipients. This section provides an overview of the mandatory performance indicators and programmatic data. This information should be included in the Project Inventory, but this data will also need to be entered directly into the Treasury reporting portal as part of the Project and Expenditure report, as Treasury has added these fields (for Tier 1 recipients only) to the Project and Expenditure report. Below is a list of required data for each Expenditure Category, where relevant.

- a. Household Assistance (EC 2.2), Long-Term Housing Security (EC 2.15-2.16) and Housing Support (EC 2.17-2.18):
 - Number of households receiving eviction prevention services (including legal representation)
 - Number of affordable housing units preserved or developed
- b. Assistance to Unemployed or Underemployed Workers (EC 2.10) and Community Violence Interventions (EC 1.11):
 - Number of workers enrolled in sectoral job training programs
 - Number of workers completing sectoral job training programs

²⁶ A logic model is a tool that depicts the intended links between program investments and outcomes, specifically the relationships among the resources, activities, outputs, outcomes, and impact of a program.



- Number of people participating in summer youth employment programs
- c. Addressing Educational Disparities (EC 2.24-2.26) and Addressing Impacts of Lost Instructional Time (EC 2.27):
- Number of students participating in evidence-based tutoring programs²⁷
- d. Healthy Childhood Environments (EC 2.11-2.14):
- Number of children served by childcare and early learning services (pre-school/pre-K/ages 3-5)
 - Number of families served by home visiting

The initial report should have included the key indicators above. Each annual report thereafter should include updated data for the performance period as well as prior period data, and a brief narrative adding any additional context to help the reader interpret the results and understand any changes in performance indicators over time. To the extent possible, Treasury also encourages recipients to provide data disaggregated by race, ethnicity, gender, income, and other relevant factors.

8. Project Inventory

In this section, recipients should list the name and provide a brief description of each SLFRF funded project. Projects are defined as a grouping of closely related activities that together are intended to achieve a specific goal or are directed toward a common purpose. These activities can include new or existing eligible government services or investments funded in whole or in part by SLFRF funding.

For each project, recipients should include the project name, funding amount, identification number (the same identification number created by the recipient that matches the identification number used in the quarterly Project and Expenditure Report), project Expenditure Category (see Appendix 1), and a description of the project that includes an overview of the main activities of the project, approximate timeline, primary delivery mechanisms and partners, and intended outcomes. Each jurisdiction should also include a link to the website of the project if available. This information will provide context and additional detail for the information reported quarterly in the Project and Expenditure Report.

For infrastructure projects, where relevant, recipients should describe how the project contributes to addressing climate change and/or advances the Justice40 Initiative²⁸, which sets a target of providing 40 percent of the overall benefits of certain federal investments, including climate and clean energy investments to disadvantaged communities.

As noted above in section 6, the Project Inventory must also include information about the dollar amount of the total project spending that is allocated towards evidence-based interventions (or describe how projects are being evaluated as noted above). As described above in section 7, the Project Inventory must also contain information about the performance indicators for each project, including both those measures that recipients have defined for each project as well as the mandatory performance indicators defined by Treasury.

Recipients have flexibility in the presentation and format of their Project Inventory, provided it includes the minimum required information. Recipients have the option of downloading a spreadsheet of the information entered into their Project and Expenditure Report to assist them in creating the Project Inventory in their Recovery Plan. However, recipients must ensure that their Project Inventory contains the additional information required by this guidance, including but not limited to information about performance measures and evidence/evaluation for each project. In all cases, recipients must

²⁷ For more information on evidence-based tutoring programs, refer to the U.S. Department of Education's [2021 ED COVID-19 Handbook \(Volume 2\)](#), which summarizes research on evidence-based tutoring programs (see the bottom of page 20.).

²⁸ See [Executive Order 14008](#), On Tackling the Climate Crisis at Home and Abroad and the Interim Implementation Guidance for the Justice40 Initiative, [OMB M-21-28](#).



post publicly (and submit to Treasury) a single PDF file of their Recovery Plan, which includes the Project Inventory.

D. Distributions to NEUs

Each state and territory is required to provide regular updates on their NEU distributions as well as their distributions to units of general local government within counties that are not units of general local government. The distribution template generally requests information on whether the local government has (1) received funding; (2) declined funding and requested a transfer to the state under Section 603(c)(4) of the Act; or (3) not taken action on its funding or declined funding.

For NEUs, states and territories should be prepared to report on their information, including the following:

- NEU name
- NEU UEI number
- NEU Taxpayer Identification Number (TIN)
- NEU Recipient Number (a unique identification code for each NEU assigned by the State or territory to the NEU as part of the request for funding)
- NEU contact information (e.g., address, point of contact name, point of contact email address, and point of contact phone number)
- NEU authorized representative name and email address
- Initial allocation and, if applicable, subsequent allocation to the NEU (before application of the 75 percent cap)
- Total NEU reference budget (as submitted by the NEU to the State or territory as part of the request for funding)
- Amount of the initial and, if applicable, subsequent allocation above 75 percent of the NEU's reference budget which will be returned to Treasury
- Payment amount(s)
- Payment date(s)

States with "weak" minor civil divisions (i.e., Illinois, Indiana, Kansas, Missouri, Nebraska, North Dakota, Ohio, and South Dakota) should also list any minor civil divisions that the state deemed ineligible.

For each eligible NEU that declined funding and requested a transfer to the state under Section 603(c)(4) of the Social Security Act, the state or territory must also attach a form signed by the NEU, as detailed in the [Guidance on Distributions of Funds to Non-Entitlement Units of Local Government](#).



Appendix 1: Expenditure Categories

Treasury’s 2022 final rule provides greater flexibility and simplicity for recipients to fight the pandemic and support families and businesses struggling with its impacts, maintain vital services amid revenue shortfalls, and build a strong, resilient, and equitable recovery. As such, recipients began reporting on a broader set of eligible uses and associated Expenditure Categories (“EC”), starting with the April 2022 Project and Expenditure Report than they did in their interim reports, initial Recovery Plans, and January 2022 Project and Expenditure Report. The table below includes the ECs from the 2022 final rule, as well as a reference to previous ECs aligned with the 2021 IFR and used for reporting before this date.

Treasury’s 2023 IFR describes how recipients may use SLFRF funds to provide emergency relief from natural disasters, build surface transportation infrastructure, and support community development. This table was updated in September 2023 to reflect the new eligible uses described in the 2023 IFR.

The ECs listed below must be used to categorize each project as noted in Part 2 above. The term “Expenditure Category” refers to the detailed level (e.g., 1.1 COVID-19 Vaccination). When referred to as a category (e.g., EC 1) it includes all ECs within that level.

*Denotes areas where recipients must identify the amount of the total funds that are allocated to evidence-based interventions (see Use of Evidence section above for details)

^Denotes areas where recipients must report on whether projects are primarily serving disproportionately impacted communities (see Project Demographic Distribution section above for details)

Expenditure Category	EC ²⁹	Previous EC ³⁰
1: Public Health		
COVID-19 Mitigation & Prevention		
COVID-19 Vaccination [^]	1.1	1.1
COVID-19 Testing [^]	1.2	1.2
COVID-19 Contact Tracing [^]	1.3	1.3
Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, Child care facilities, etc.) ^{**}	1.4	1.4
Personal Protective Equipment [^]	1.5	1.5
Medical Expenses (including Alternative Care Facilities) [^]	1.6	1.6
Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine) [^]	1.7	1.8
COVID-19 Assistance to Small Businesses [^]	1.8	-
COVID 19 Assistance to Non-Profits [^]	1.9	-
COVID-19 Aid to Impacted Industries [^]	1.10	-
Community Violence Interventions		
Community Violence Interventions ^{**^}	1.11	3.16
Behavioral Health		
Mental Health Services ^{**^}	1.12	1.10
Substance Use Services ^{**^}	1.13	1.11
Other		
Other Public Health Services [^]	1.14	1.12

²⁹ Under the 2022 final rule to be used starting with April 2022 reports or the 2023 IFR to be used starting with the October 2023 reports

³⁰ Under the 2021 IFR to be used in Interim Report and January 2022 Project and Expenditure Report



Expenditure Category	EC ²⁹	Previous EC ³⁰
Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency	-	1.7
2: Negative Economic Impacts		
Assistance to Households		
Household Assistance: Food Programs [^]	2.1	2.1
Household Assistance: Rent, Mortgage, and Utility Aid [^]	2.2	2.2
Household Assistance: Cash Transfers [^]	2.3	2.3
Household Assistance: Internet Access Programs [^]	2.4	2.4
Household Assistance: Paid Sick and Medical Leave [^]	2.5	-
Household Assistance: Health Insurance [^]	2.6	-
Household Assistance: Services for Un/Unbanked [^]	2.7	-
Household Assistance: Survivor's Benefits [^]	2.8	-
Unemployment Benefits or Cash Assistance to Unemployed Workers [^]	2.9	2.6
Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives) [^]	2.10	2.7
Healthy Childhood Environments: Child Care [^]	2.11	3.6
Healthy Childhood Environments: Home Visiting [^]	2.12	3.7
Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System [^]	2.13	3.8
Healthy Childhood Environments: Early Learning [^]	2.14	3.1
Long-term Housing Security: Affordable Housing [^]	2.15	3.10
Long-term Housing Security: Services for Unhoused Persons [^]	2.16	3.11
Housing Support: Housing Vouchers and Relocation Assistance for Disproportionately Impacted Communities [^]	2.17	-
Housing Support: Other Housing Assistance [^]	2.18	3.12
Social Determinants of Health: Community Health Workers or Benefits Navigators [^]	2.19	3.14
Social Determinants of Health: Lead Remediation [^]	2.20	3.15
Medical Facilities for Disproportionately Impacted Communities [^]	2.21	-
Strong Healthy Communities: Neighborhood Features that Promote Health and Safety [^]	2.22	-
Strong Healthy Communities: Demolition and Rehabilitation of Properties [^]	2.23	-
Addressing Educational Disparities: Aid to High-Poverty Districts [^]	2.24	3.2
Addressing Educational Disparities: Academic, Social, and Emotional Services [^]	2.25	3.3
Addressing Educational Disparities: Mental Health Services [^]	2.26	3.4
Addressing Impacts of Lost Instructional Time [^]	2.27	-
Contributions to UI Trust Funds [^]	2.28	2.8
Assistance to Small Businesses		
Loans or Grants to Mitigate Financial Hardship [^]	2.29	2.9
Technical Assistance, Counseling, or Business Planning [^]	2.30	-
Rehabilitation of Commercial Properties or Other Improvements [^]	2.31	-
Business Incubators and Start-Up or Expansion Assistance [^]	2.32	-
Enhanced Support to Microbusinesses [^]	2.33	-
Assistance to Non-Profits		
Assistance to Impacted Nonprofit Organizations (Impacted or Disproportionately Impacted) [^]	2.34	2.10
Aid to Impacted Industries		
Aid to Tourism, Travel, or Hospitality [^]	2.35	2.11



Expenditure Category	EC ²⁹	Previous EC ³⁰
Aid to Other Impacted Industries [^]	2.36	2.12
Other		
Economic Impact Assistance: Other [^]	2.37	2.13
Household Assistance: Eviction Prevention [^]	-	2.5
Education Assistance: Other [^]	-	3.5
Healthy Childhood Environments: Other [^]	-	3.9
Social Determinants of Health: Other [^]	-	3.13
3: Public Health-Negative Economic Impact: Public Sector Capacity		
General Provisions		
Public Sector Workforce: Payroll and Benefits for Public Health, Public Safety, or Human Services Workers	3.1	1.9
Public Sector Workforce: Rehiring Public Sector Staff	3.2	2.14
Public Sector Workforce: Other	3.3	-
Public Sector Capacity: Effective Service Delivery	3.4	7.2
Public Sector Capacity: Administrative Needs	3.5	-
4: Premium Pay		
Public Sector Employees	4.1	4.1
Private Sector: Grants to Other Employers	4.2	4.2
5: Water, Sewer, and Broadband Infrastructure		
Water and Sewer		
Clean Water: Centralized Wastewater Treatment	5.1	5.1
Clean Water: Centralized Wastewater Collection and Conveyance	5.2	5.2
Clean Water: Decentralized Wastewater	5.3	5.3
Clean Water: Combined Sewer Overflows	5.4	5.4
Clean Water: Other Sewer Infrastructure	5.5	5.5
Clean Water: Stormwater	5.6	5.6
Clean Water: Energy Conservation	5.7	5.7
Clean Water: Water Conservation	5.8	5.8
Clean Water: Nonpoint Source	5.9	5.9
Drinking water: Treatment	5.10	5.10
Drinking water: Transmission & Distribution	5.11	5.11
Drinking water: Lead Remediation, including in Schools and Daycares	5.12	5.12
Drinking water: Source	5.13	5.13
Drinking water: Storage	5.14	5.14
Drinking water: Other water infrastructure	5.15	5.15
Water and Sewer: Private Wells	5.16	-
Water and Sewer: IJJA Bureau of Reclamation Match	5.17	-
Water and Sewer: Other	5.18	-
Broadband		
Broadband: "Last Mile" projects	5.19	5.16
Broadband: IJJA Match	5.20	-
Broadband: Other projects	5.21	5.17
6: Revenue Replacement		
Provision of Government Services	6.1	6.1
Non-federal Match for Other Federal Programs	6.2	-
7: Administrative		
Administrative Expenses	7.1	7.1
Transfers to Other Units of Government	7.2	7.3
Transfers to Non-entitlement Units (States and territories only)	-	7.4



Expenditure Category	EC ²⁹	Previous EC ³⁰
Costs Associated with Satisfying Certain Legal and Administrative Requirements of the SLFRF Program After December 31, 2024	7.3	
8: Emergency Relief from Natural Disasters		
Temporary Emergency Housing	8.1	-
Food Assistance	8.2	-
Financial Assistance for Lost Wages	8.3	-
Other Immediate Needs: Emergency Protective Measures	8.4	-
Other Immediate Needs: Debris Removal	8.5	-
Other Immediate Needs: Public Infrastructure Repair	8.6	-
Other Immediate Needs: Home Repairs for Uninhabitable Primary Residences	8.7	-
Other Immediate Needs: Cash Assistance for Uninsured or Underinsured Expenses	8.8	-
Other Immediate Needs: Cash Assistance for Low Income Households	8.9	-
Other Immediate Needs: Increased Operational and Payroll Costs	8.10	-
Other Emergency Relief: Natural Disaster that Has Occurred/Expected to Occur Imminently	8.11	-
Mitigation Activities	8.12	
Other Emergency Relief: Natural Disaster that is Threatened to Occur in the Future	8.13	-
9: Surface Transportation projects		
Surface Transportation Projects receiving funding from DOT	9.1	-
Surface Transportation Projects not receiving funding from DOT: Streamlined Framework	9.2	-
Non-federal share requirements for a Surface Transportation project or repaying a TIFIA loan	9.3	-
10: Title I projects		
Acquisition of real property	10.1	-
Acquisition, construction, reconstruction, or installation of public works, sites, or other public purposes	10.2	-
Code enforcement in deteriorated or deteriorating areas	10.3	-
Clearance, demolition, removal, reconstruction, and rehabilitation	10.4	-
Removal of barriers restricting mobility and accessibility of elderly and handicapped persons	10.5	-
Payments to housing owners for losses of rental income for holding units for relocation of displaced persons	10.6	-
Disposition or retention of real property	10.7	-
Provision of public services	10.8	-
Payment of non-federal match or cost-share requirements of a federal financial assistance program in support of activities that would be eligible under Title I	10.9	-
Payment of the cost of completing a project funded under title I of the Housing Act of 1949	10.10	
Relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations	10.11	-
Community development plan or policy-planning-management capacity development	10.12	-
Payment of reasonable administrative costs related to establishing and administering federally approved enterprise zones, administering the HOME program, or planning and executing community development and housing activities.	10.13	-



Expenditure Category	EC ²⁹	Previous EC ³⁰
Provision of assistance for activities carried out by public or private nonprofit entities	10.14	-
Assistance to carry out a neighborhood revitalization or community economic development or energy conservation project, or for development of shared housing opportunities	10.15	-
Development of energy use strategies	10.16	-
Assistance to private, for-profit entities to carry out economic development projects	10.17	-
Rehabilitation or development of housing assisted under 42 U.S.C. 1437o	10.18	-
Technical assistance to public or nonprofit entities to increase their capacity to carry out neighborhood revitalization or economic development activities	10.19	-
Housing services	10.20	-
Assistance to institutions of higher education	10.21	-
Assistance to public and private organizations, agencies, and other entities to facilitate economic development	10.22	-
Activities necessary to make essential repairs and to pay operating expenses to maintain habitability of housing units acquired through tax foreclosure proceedings	10.23	-
Direct assistance to facilitate and expand homeownership	10.24	-
Construction or improvement of tornado-safe-shelters and assistance to nonprofit and for-profit entities for such construction or improvement	10.25	-
Lead-based paint hazard evaluation and reduction	10.26	-



Treasury has prepared the additional guidance below to support recipients in implementing the new expenditure categories. This table includes only those previous expenditure categories that are changing under the new structure, aligned with the 2022 final rule.

January 2022 Expenditure Categories		April 2022 Guidance
1: Public Health		
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency	EC removed, capital expenditures can be designated in any relevant PH-NEI EC (e.g., new hospital wing would be tracked under EC 1.4)
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)	EC is 1.7
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19	EC is 3.1
1.10	Mental Health Services*	EC is 1.12
1.11	Substance Use Services*	EC is 1.13
1.12	Other Public Health Services	EC is 1.14
2: Negative Economic Impacts		
2.5	Household Assistance: Eviction Prevention	EC is now included as part of 2.2
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers*	EC is 2.9
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)**	EC is 2.10
2.8	Contributions to UI Trust Funds	EC is 2.28
2.9	Small Business Economic Assistance (General)**	If public-health related (e.g., providing rapid tests for small businesses), EC is 1.8; if related to negative economic impact eligible use (e.g., grants, technical assistance, rehabilitation, incubators, or microbusinesses), EC is 2.29-2.33
2.10	Aid to Nonprofit Organizations*	If public-health related (e.g., providing rapid tests for non-profits), EC is 1.9; if related to negative economic impact (e.g., grants to stabilize non-profit budget), EC is 2.34
2.11	Aid to Tourism, Travel, or Hospitality	EC is 2.35
2.12	Aid to Other Impacted Industries	EC is 2.36
2.13	Other Economic Support**	EC is 2.37, re-named Other Economic Impact
2.14	Rehiring Public Sector Staff	EC is 3.2
3: Services to Disproportionately Impacted Communities		
3.1	Education Assistance: Early Learning**	EC is 2.14
3.2	Education Assistance: Aid to High-Poverty Districts ^	EC is 2.24
3.3	Education Assistance: Academic Services**	EC is 2.25, social and emotional services will now be tracked under this EC
3.4	Education Assistance: Social, Emotional, and Mental Health Services**	EC is 2.26, if social and emotional services, EC is 2.25;
3.5	Education Assistance: Other**	EC is 2.37, collected under Other Economic Impact



January 2022 Expenditure Categories	April 2022 Guidance
3.6 Healthy Childhood Environments: Child Care**^	EC is 2.11
3.7 Healthy Childhood Environments: Home Visiting**^	EC is 2.12
3.8 Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System**^	EC is 2.13
3.9 Healthy Childhood Environments: Other**^	EC is 2.37, collected under Other Economic Impact
3.10 Housing Support: Affordable Housing**^	EC is 2.15
3.11 Housing Support: Services for Unhoused Persons**^	EC is 2.16
3.12 Housing Support: Other Housing Assistance**^	EC is 2.18
3.13 Social Determinants of Health: Other**^	EC is 2.37, collected under Other Economic Impact
3.14 Social Determinants of Health: Community Health Workers or Benefits Navigators**^	EC is 2.19
3.15 Social Determinants of Health: Lead Remediation^	EC is 2.20
3.16 Social Determinants of Health: Community Violence Interventions**^	EC is 1.11
5: Infrastructure	
5.16 Broadband: "Last Mile" projects	EC is 5.19
5.17 Broadband: Other projects	EC is 5.20
7: Administrative	
7.2 Evaluation and Data Analysis	EC is 3.4 and has been renamed Effective Service Delivery
7.3 Transfers to Other Units of Government	EC is 7.2
7.4 Transfers to Non-entitlement Units (States and territories only)	To be separately reported as part of NEU/Non-UGLG module. Refer to Part 2 Section D.



Appendix 2: Evidenced-Based Intervention Additional Information

What is evidence-based?

For the purposes of the SLFRF, with the exception of investments in educational services (see additional information below), evidence-based refers to interventions with strong or moderate evidence as defined below:

Strong evidence means that the evidence base can support causal conclusions for the specific program proposed by the applicant with the highest level of confidence. This consists of one or more well-designed and well-implemented experimental studies conducted on the proposed program with positive findings on one or more intended outcomes.

Moderate evidence means that there is a reasonably developed evidence base that can support causal conclusions. The evidence base consists of one or more quasi-experimental studies with positive findings on one or more intended outcomes OR two or more non-experimental studies with positive findings on one or more intended outcomes. Examples of research that meet the standards include: well-designed and well-implemented quasi-experimental studies that compare outcomes between the group receiving the intervention and a matched comparison group (i.e., a similar population that does not receive the intervention).

Preliminary evidence means that the evidence base can support conclusions about the program's contribution to observed outcomes. The evidence base consists of at least one non-experimental study. A study that demonstrates improvement in program beneficiaries over time on one or more intended outcomes OR an implementation (process evaluation) study used to learn about and improve program operations would constitute preliminary evidence. Examples of research that meet the standards include: (1) outcome studies that track program beneficiaries through a service pipeline and measure beneficiaries' responses at the end of the program; and (2) pre- and post-test research that determines whether beneficiaries have improved on an intended outcome.

For investments in educational services, "evidence-based", consistent with the American Rescue Plan Act, has the meaning in section 8101(21) of the Elementary and Secondary Education Act of 1965, as amended (20 U.S.C. 6301 *et seq.*). Please see page 16 of this [Frequently Asked Questions resource](#) on the Department of Education's Elementary and Secondary School Emergency Relief Programs and Governor's Emergency Education Relief Programs for more information.



Appendix 3: Expenditure Categories aligned with the 2021 Interim Final Rule

1: Public Health	
1.1	COVID-19 Vaccination ^
1.2	COVID-19 Testing ^
1.3	COVID-19 Contact Tracing
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5	Personal Protective Equipment
1.6	Medical Expenses (including Alternative Care Facilities)
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10 Mental Health Services*	
1.11 Substance Use Services*	
1.12	Other Public Health Services
2: Negative Economic Impacts	
2.1	Household Assistance: Food Programs* ^
2.2	Household Assistance: Rent, Mortgage, and Utility Aid* ^
2.3	Household Assistance: Cash Transfers* ^
2.4	Household Assistance: Internet Access Programs* ^
2.5	Household Assistance: Eviction Prevention* ^
2.6 Unemployment Benefits or Cash Assistance to Unemployed Workers*	
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)* ^
2.8	Contributions to UI Trust Funds
2.9	Small Business Economic Assistance (General)* ^
2.10	Aid to Nonprofit Organizations*
2.11	Aid to Tourism, Travel, or Hospitality
2.12	Aid to Other Impacted Industries
2.13	Other Economic Support* ^
2.14	Rehiring Public Sector Staff
3: Services to Disproportionately Impacted Communities	
3.1	Education Assistance: Early Learning* ^
3.2	Education Assistance: Aid to High-Poverty Districts ^
3.3	Education Assistance: Academic Services* ^
3.4	Education Assistance: Social, Emotional, and Mental Health Services* ^
3.5	Education Assistance: Other* ^
3.6	Healthy Childhood Environments: Child Care* ^
3.7	Healthy Childhood Environments: Home Visiting* ^
3.8	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System* ^
3.9	Healthy Childhood Environments: Other* ^
3.10	Housing Support: Affordable Housing* ^
3.11	Housing Support: Services for Unhoused Persons* ^



3.12	Housing Support: Other Housing Assistance* ^
3.13	Social Determinants of Health: Other* ^
3.14	Social Determinants of Health: Community Health Workers or Benefits Navigators* ^
3.15	Social Determinants of Health: Lead Remediation ^
3.16	Social Determinants of Health: Community Violence Interventions* ^
4: Premium Pay	
4.1	Public Sector Employees
4.2	Private Sector: Grants to Other Employers
5: Infrastructure	
5.1	Clean Water: Centralized Wastewater Treatment
5.2	Clean Water: Centralized Wastewater Collection and Conveyance
5.3	Clean Water: Decentralized Wastewater
5.4	Clean Water: Combined Sewer Overflows
5.5	Clean Water: Other Sewer Infrastructure
5.6	Clean Water: Stormwater
5.7	Clean Water: Energy Conservation
5.8	Clean Water: Water Conservation
5.9	Clean Water: Nonpoint Source
5.10	Drinking water: Treatment
5.11	Drinking water: Transmission & Distribution
5.12	Drinking water: Transmission & Distribution: Lead Remediation
5.13	Drinking water: Source
5.14	Drinking water: Storage
5.15	Drinking water: Other water infrastructure
5.16	Broadband: "Last Mile" projects
5.17	Broadband: Other projects
6: Revenue Replacement	
6.1	Provision of Government Services
7: Administrative	
7.1	Administrative Expenses
7.2	Evaluation and Data Analysis
7.3	Transfers to Other Units of Government
7.4	Transfers to Non-entitlement Units (States and territories only)
7.5	Costs Associated with Satisfying Certain Legal and Administrative Requirements of the SLFRF Program After December 31, 2024



Revision Log

Version	Date Published	Summary of changes
1.0	June 17, 2021	Initial publication
1.1	June 24, 2021	<ul style="list-style-type: none"> • Pg. 12, removed references to "summary" level with respect to reporting by Expenditure Categories in the Interim Report to avoid confusion. • Pg. 13, revised the coverage period end date for the Interim Report from June 30, 2021 to July 31, 2021 to align with the IFR. • Pg. 13, removed references to "summary" level with respect to reporting by Expenditure Categories in the Interim Report to avoid confusion. • Pg. 31, removed references to "summary level" with respect to Expenditure Categories in Appendix 1 to avoid confusion.
1.1	September 30, 2021	<ul style="list-style-type: none"> • Announced the extension in the Project and Expenditure Report submission date, originally due on October 31, 2021.
2.0	November 5, 2021	<ul style="list-style-type: none"> • Updated Subrecipient Monitoring section to clarify beneficiaries and recipients. • Updated references to 2021 Interim Final Rule comment period as comment period is closed. • Updated reporting tiers, thresholds and timelines in Part 2 Table 2, Reporting Requirements by recipient type, as well as Part 2 A and Part 2 B. • Updated reporting periods for Interim Report and Project and Expenditure reports. • Added concept of Adopted Budget to Project and Expenditure Report data fields. • Noted phase in of Required Programmatic Data in the Project and Expenditure Report. • Removed certain data fields from the Ineligible Activities: Tax Offset Provision under the Recovery Plan. • Separated reporting of NEU Distributions (for States and territories) from the Interim Report and Project and Expenditure Reports as information will be provided on an ongoing basis.
2.1	November 15, 2021	<ul style="list-style-type: none"> • Updated pages 9 and 11 to note that civil rights certification is not applicable to Tribal Governments.
3.0	February 28, 2022	<ul style="list-style-type: none"> • Updated to incorporate reporting updates under the 2022 final rule
4.0	June 10, 2022	<ul style="list-style-type: none"> • Updated Recovery Plan guidance to incorporate minor revisions • Updated language around certain data fields that were required for April 2022 reporting • Updated data fields for Ineligible Activities: Tax Offset Provision for the Project and Expenditure report • Updated Broadband data fields
4.1	June 17, 2022	<ul style="list-style-type: none"> • Updated clerical errors in Ineligible Activities: Tax Offset Provision
4.2	August 15, 2022	<ul style="list-style-type: none"> • Updated to clarify resources for Uniform Guidance applicability and add a reference to an alternative to the Single Audit available for eligible recipients
5.0	September 20, 2022	<ul style="list-style-type: none"> • Updated to note phase in of broadband location by location data fields
5.1	June 1, 2023	<ul style="list-style-type: none"> • Updated to include Fabric ID and Provider ID fields for broadband location by location data collection.



Version	Date Published	Summary of changes
5.2	September 27, 2023	<ul style="list-style-type: none"> Updated to reflect changes from the 2023 Interim Final Rule Updated reporting related to subrecipients' Unique Entity Identifier (UEI)
5.3	November 30, 2023	<ul style="list-style-type: none"> Additional guidance associated with additional programmatic data (performance indicators) required from Tier 1 recipients
5.4	December 14, 2023	<ul style="list-style-type: none"> Update related to Unique Entity Identifier (UEI) requirements
6.0	March 28, 2024	<ul style="list-style-type: none"> Updated to reflect new expenditure category from the Obligation IFR: Costs associated with satisfying certain legal and administrative requirements under the SLFRF award Updated upload requirement for certain Title I projects
7.0	June 28, 2024	<ul style="list-style-type: none"> Updated to reflect requirements for reporting estimates for personnel costs, contract change order and contingency costs, and certain administrative and legal costs to be expended after the obligation deadline Updated to reflect requirements for reporting the obligation of funds via interagency agreements
8.0	October 15, 2024	<ul style="list-style-type: none"> Updated to reflect discussion in the P&E User Guide on how recipients should report projects under the revenue loss eligible use category Updated to provide clarity on how recipients should report "subaward type" information for certain estimated expenses Updated to provide clarity regarding obligation of administrative costs

SUBMITTED BY:

Name of Offeror

Name and Title of Official

Signature of Official

Date

ASSISTANCE LISTING 21.027 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

I. PROGRAM OBJECTIVES

Note: This program is considered a “higher risk” program for 2022, pursuant to 2 CFR section 200.519(c)(2). Refer to the “Programs with Higher Risk Designation” section of Part 8, Appendix IV, Internal Reference Tables, for a discussion of the impact of the “higher risk” designation on the major program determination process.

Note: Per Part IV, “Other Information,” certain Coronavirus State and Local Fiscal Recovery Funds recipients are provided with an option to have an alternative compliance examination engagement in lieu of a Single Audit or a Program-Specific Audit under 2 CFR Part 200, Subpart F.

The purpose of the Coronavirus State and Local Fiscal Recovery Funds (“CSLFRF”) is to provide direct payments to states (defined to include the District of Columbia), US territories (defined to include Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), tribal governments, metropolitan cities, counties, and (through states) non-entitlement units of local government (collectively the “eligible entities”) to:

1. Respond to the public health emergency, COVID-19 or its negative economic impacts, including providing assistance to households, small businesses, nonprofits, and impacted industries, such as tourism, travel, and hospitality;
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of eligible employers that have eligible workers who are performing essential work, or by providing grants to eligible entities who perform essential work;
3. Provide government services, to the extent COVID-19 caused a reduction in revenues collected in the most recent full fiscal year of the state, territory, tribal government, metropolitan city, county, or non-entitlement units of local government;
4. Make necessary investments in water, sewer, or broadband infrastructure.

II. PROGRAM PROCEDURES

A. Overview

Sections 602 and 603 of the Social Security Act (the “Act”), as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021) authorized the Coronavirus State Fiscal Recovery Fund (“CSFRF”) and Coronavirus Local Fiscal Recovery Fund (“CLFRF”), respectively (referred to collectively as the “Coronavirus State and Local Fiscal Recovery Funds” or “CSLFRF”). CSLFRF is administered by the

US Department of the Treasury (“Treasury”) and provides assistance in the form of direct payments for specified use. CSLFRF provides \$350 billion for payments to eligible entities.

The total allocations to the eligible entities under CSLFRF are as follows:

- (1) \$195.3 billion reserved for making payments to the 50 states and the District of Columbia;
- (2) \$4.5 billion reserved for making payments to the US territories;
- (3) \$20 billion reserved for making payments to tribal governments;
- (4) \$45.57 billion reserved for making payments to metropolitan cities;
- (5) \$65.1 billion reserved for making payments to counties; and
- (6) \$19.53 billion reserved for making payments to Non-entitlement Units of Local Government (NEU).

Amounts paid to eligible states and local governments were based on 2019 population data from the US Census Bureau as well as latest available data from the Bureau of Labor Statistics at the time of the issuance of Treasury’s Interim Final Rule. Treasury made a determination to allocate payments to tribal governments based on enrollment and employment data as well as consultation with tribal leaders.

Prior to receipt of award funds, all eligible entities are required to execute a Financial Assistance Agreement, which includes the Award Terms and Conditions that recipients must comply with in carrying out the objectives of their award. As a condition of receiving payment from CSLFRF, states, the District of Columbia, and US territories executed a Financial Assistance Agreement that included the required section 602(d)(1) certification. Tribal and local governments are not required to provide such certification as a condition of receiving payment under CSLFRF. Eligible entities are expected to use the direct payments to meet pandemic response needs and rebuild a strong, more equitable economy as the country recovers.

Please note that, as discussed in Part IV. Other Information, certain CSLFRF recipients are provided with an option to have an alternative compliance examination engagement in lieu of a Single Audit or a Program-Specific Audit under 2 CFR Part 200, Subpart F.

Source of Governing Requirements

The Coronavirus State and Local Fiscal Recovery Funds program is authorized by sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), and codified at 42 USC 802 and 803 and implemented by Treasury’s [Interim Final Rule](#) and [Final Rule](#) at 31 CFR Part 35.

On January 6, 2022, Treasury adopted a Final Rule to implement the requirements of the CSLFRF program. The Final Rule responded to comments Treasury received on the Interim Final Rule and is effective as of April 1, 2022.

Along with the Final Rule, Treasury published a Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule (the “Statement”) that clarifies the transition from compliance with the Interim Final Rule to compliance with the Final Rule. Recipients should review the Final Rule for additional information. Recipients must comply with the Final Rule that was effective as of April 1, 2022. Prior to April 1, 2022, recipients may take actions and use funds in a manner consistent with the Final Rule, and Treasury will not take action to enforce the Interim Final Rule if a use of funds is consistent with the terms of the Final Rule, regardless of when the CSLFRF funds were used. This means that Treasury will not take action to enforce against uses of the Interim Final Rule to the extent that the recipient wishes to change its planned uses of CSLFRF funds in a manner consistent with the Final Rule.

Auditors must audit recipients on award funds they expended for their fiscal year 2022 based on the requirements set forth in the Act, Treasury’s Interim Final Rule, Treasury’s Final Rule, and Frequently Asked Questions (FAQs) that were in effect at the time of those expenditures.

Auditors must audit recipients on award funds they expended in accordance with the Final Rule at 31 CFR Part 35 on and after April 1, 2022, the date the Final Rule became effective, as well as FAQs that are in effect at the time of those expenditures. See the IV., “Other Information” section below for auditor guidance relating to the criteria auditors should use for compliance testing purposes.

Availability of Other Program Information

Additional information on the requirements for CSLFRF is available through the program webpage on Treasury’s website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>. CSLFRF’s Compliance and Reporting Guidance can be found at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities>.

FAQs about CSLFRF are outlined on the program webpage on Treasury’s website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>. If there are specific questions regarding CSLFRF, the Office of Recovery Programs may be contacted via e-mail at SLFRF@treasury.gov.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have

been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	Y	Y	N	Y	Y	N

A. Activities Allowed or Unallowed

Recipients may use CSLFRF payments for any eligible expenses subject to the restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021 (codified as 42 USC 802 and 42 USC 803 respectively), Treasury’s Interim Final Rule and Final Rule at 31 CFR sections 35.7 and 35.8, and FAQs at <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>.

The following activities are not permitted under CSLFRF:

- Offset a reduction in net tax revenue (applicable to states and territories)
- Deposits into pension funds (applicable to all recipients except Tribes)
- Debt service or replenishing financial reserves (e.g., “rainy day funds”) (applicable to all recipients)
- Satisfaction of settlements and judgements (applicable to all recipients)
- Programs, services, or capital expenditures that include a term or condition that undermines efforts to stop the spread of COVID-19 (applicable to all recipients)

Recipients may use payments from CSLFRF to:

- **Support public health expenditures**, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- **Address negative economic impacts caused by the public health emergency**, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- **Replace lost public sector revenue** to provide government services; recipients may use this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic.
- **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

Under the Final Rule, recipients can elect a one-time “standard allowance” of \$10 million (not to exceed the recipient’s award amount) to spend on the “provision of government services” during the period of performance. Alternatively, recipients can calculate lost revenue based on the formula provided in the Final Rule to determine the limit for the amount of CSLFRF funds that can be used for the “provision of government services.” Recipients should provide auditors with evidence that they meet the requirements to elect the standard allowance or provide auditors with evidence supporting their revenue loss calculation.

The dollar amount of the revenue loss determines the limit for the amount of CSLFRF funds that can be used to “provide government services” (which is one of four eligible uses of CSLFRF funds). For SEFA reporting purposes, the aggregate expenditures for all four eligible use categories are reported on the SEFA and not the result of the revenue loss calculation or standard allowance. See the IV, “Other Information” section below for guidance on the related Schedule of Expenditures of Federal Award reporting.

B. Allowable Cost/Cost Principles

CSLFRF is considered “other financial assistance” per 2 CFR section 200.1 and is administered as direct payments for specified use. The 2 CFR Part 200, Subpart E is applicable to expenditures under CSLFRF unless stated otherwise.

H. Period of Performance

The period of performance for the award under CSLFRF begins on the date the awards are issued (i.e., the date funds are disbursed to recipients) and ends on December 31, 2026, pursuant to the Financial Assistance Agreement.

Recipients may only use funds to cover costs incurred during the period beginning on March 3, 2021 and ending on December 31, 2024, per section 602(g)(1) of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 and Treasury's Interim Final Rule and Final Rule at 31 CFR section 35.5(a). Recipients must liquidate all obligations incurred by December 31, 2024 under the award no later than December 31, 2026, which is the end of the period of performance. As such, auditors should test that recipients only used award funds to cover costs incurred from the period beginning on March 3, 2021 and ending on December 31, 2024. Auditors should also test that recipients did not incur and apply to their award any new costs during the period beginning December 31, 2024 and ending on December 31, 2026. During this two-year period, recipients are only permitted to liquidate all obligations they incurred by December 31, 2024.

I. Procurement and Suspension and Debarment

1. Procurement

Recipients may use award funds to enter into contracts to procure goods and services necessary to implement one or more of the eligible purposes outlined in sections 602(c) and 603(c) of the Act and Treasury's Interim Final Rule and Final Rule. As such, recipients are expected to have procurement policies and procedures in place that comply with the procurement standards outlined in the Uniform Guidance. Specifically, a state must follow the same policies and procedures it uses for procurements from its non-federal funds and comply with 2 CFR sections 200.321, 200.322, and 200.323. States must also ensure that every contract includes the applicable contract clauses required by 2 CFR section 200.327. All other entities under the program, including subrecipients of a state, must follow the procurement standards in 2 CFR sections 200.318 through 200.327, including ensuring that the procurement method used for the contracts are appropriate based on the dollar amount and conditions specified in 2 CFR section 200.320.

2. Suspension and Debarment

Prior to entering into subawards and contracts with award funds, recipients must verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded pursuant to 31 CFR section 19.300.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

2. Performance Reporting

See Special Reporting below.

3. Special Reporting

- a. There are three types of reporting requirements for the CSLFRF program:
 - 1. **Interim Report:** Provide initial overview of status and uses of funding. The interim report will include a recipient's expenditures through July 31, 2021 by category and at the summary level. The reporting requirements vary by type of recipient, the total allocation amount, and the date which the recipient first received its allocation. This is a one-time report.
 - 2. **Project and Expenditure Report:** Report on financial data, projects funded, expenditures, and contracts and subawards over \$50,000, and other information. Project and Expenditure Reports are due on a regular, recurring basis after the Interim Reports. The reporting frequency and deadlines vary by type of recipient and total allocation amount.
 - 3. **Recovery Plan Performance Report:** The Recovery Plan Performance Report (the "Recovery Plan") will provide information on the projects that large recipients are undertaking with program funding and how they plan to ensure program outcomes are achieved in an effective, efficient, and equitable manner. It will include key performance indicators identified by the recipient and some mandatory indicators identified by Treasury. The Recovery Plan will be posted on the website of the recipient as well as provided to Treasury.

The reporting threshold is based on the total allocation expected under the SLFRF program, not the funds received by the recipient as of the time of reporting. Treasury may extend reporting deadlines.

Reporting requirements include which reports a recipient must file, the frequency at which the recipient must report, the covered period of reporting, and the report deadlines. Reporting requirements for each type and size of recipient can be found in Part 2, Section B of the Compliance and Reporting Guidance.

- b. NEUs are recipients under CSLFRF and are required to report their award expenditures on their SEFA and data collection form. The states that distributed award funds to the NEUs must not report the amounts provided to the NEUs on their SEFA.
- c. *Key Line Items* – The following line items contain critical information for the Interim Report:
 1. Obligations and Expenditures
 - Current period obligation
 - Cumulative obligation
 - Current period expenditure
 - Cumulative expenditure
- d. *Key Line Items* – The following line items contain critical information for the Project and Expenditure Report:
 1. Obligations and Expenditures
 - Current period obligation
 - Cumulative obligation
 - Current period expenditure
 - Cumulative expenditure
 2. Subawards
 3. Detailed information on any loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made by the recipient that are greater than \$50,000. For amounts less than \$50,000, the recipient must report in the aggregate for these same categories of loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made by the recipient.
- e. *Key Line Items* – The following line items contain critical information for the Recovery Plan Performance Report:
 1. Public Disclosure Link
 - The URL is publicly accessible.

-
- The URL is prominently displayed on the main page or the main COVID response page of the recipient's website

Please see Treasury's Compliance and Reporting Guidance at (<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities>) for more information.

4. **Special Reporting for Federal Funding Accountability and Transparency Act (FFATA)**
 - a. Treasury received approval from the Office of Management and Budget (OMB) to increase the subaward reporting threshold outlined in 2 CFR Part 170 from \$30,000 to \$50,000 for CSLFRF.
 - b. Although FFATA reporting is applicable to CSLFRF, Treasury is making all required FFATA reporting on behalf of recipients. Thus, compliance with FFATA reporting requirements is not subject to audit.

M. Subrecipient Monitoring

Applicable

Note that subrecipient monitoring is not required for entities deemed to be beneficiaries. Because non-entitlement units of local government are considered by Treasury to be direct recipients of CSLFRF (and not subrecipients or beneficiaries), states have no subrecipient monitoring responsibilities related to the funding states were required to distribute to non-entitlement units of local government.

The subrecipient or beneficiary designation is an important distinction as funding provided to beneficiaries is not subject to audit pursuant to the Single Audit Act and 2 CFR Part 200, Subpart F, but funding provided to subrecipients is subject to those audit requirements. When recipients of CSLFRF provide award funds to entities to respond to the negative economic impacts of COVID-19 as end users, and not for the purpose of carrying out program requirements, the entities receiving such funding are beneficiaries of CSLFRF. Alternatively, when recipients of CSLFRF provide award funds to an entity to carry out a program on behalf of the CSLFRF recipient, the entities receiving such funding are subrecipients.

IV. OTHER INFORMATION

The CSLFRF program is authorized by sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021) as implemented by Treasury's [Interim Final Rule](#) and [Final Rule](#) at 31 CFR Part 35.

On January 6, 2022, Treasury adopted a Final Rule to implement the requirements of the CSLFRF program. The Final Rule responded to comments Treasury received on the Interim Final Rule and is effective as of April 1, 2022.

Along with the Final Rule, Treasury published a Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule (the “Statement”) that clarifies the transition from compliance with the Interim Final Rule to compliance with the Final Rule. Recipients should review the Final Rule for additional information. Recipients must comply with the Final Rule, effective on April 1, 2022. Prior to April 1, 2022, recipients may take actions and use funds in a manner consistent with the Final Rule, and Treasury will not take action to enforce the Interim Final Rule if a use of funds is consistent with the terms of the Final Rule, regardless of when the CSLFRF funds were used. This means that Treasury will not take action to enforce against uses of the Interim Final Rule to the extent that the recipient wishes to change its planned uses of CSLFRF funds in a manner consistent with the Final Rule.

Auditors must audit recipients on award funds they expended for their fiscal year 2022 based on the requirements set forth in the Act, Treasury’s Interim Final Rule, and Frequently Asked Questions (FAQs) that were in effect at the time of those expenditures.

Auditors must audit recipients on award funds they expended in accordance with Treasury’s Final Rule at 31 CFR Part 35 on and after April 1, 2022, the date when the Final Rule became effective, as well as FAQs that are in effect at the time of those expenditures. See below for auditor guidance relating to the criteria auditors should use for compliance testing purposes.

Schedule of Expenditures of Federal Awards (SEFA)

As noted above in Activities Allowed or Unallowed, the dollar amount of the revenue loss determines the limit for the amount of CSLFRF funds that can be used to “provide government services” (which is one of four eligible uses of CSLFRF funds). For SEFA reporting purposes, the aggregate expenditures for all four eligible use categories are reported on the SEFA and not the result of the revenue loss calculation or standard allowance.

Additionally, because NEUs are considered direct recipients under CSLFRF, NEUs that do not elect or are not eligible for the alternative compliance examination engagement are required to report their award expenditures on the SEFA and data collection form as direct awards. Further, States must not report award funds that were required to be distributed to the NEUs on State SEFAs or data collection forms.

Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving CSLFRF Awards

A. OVERVIEW

The US Department of the Treasury (“Treasury”) recognizes that many recipients of Coronavirus State and Local Fiscal Recovery Funds (“CSLFRF”) may newly be required to

complete a Single Audit or a Program-Specific Audit pursuant to the Single Audit Act and its implementing regulations, 2 CFR Part 200, Subpart F, due to their receipt of an CSLFRF award which may lead to them expending \$750,000 or more during their fiscal year in Federal awards. This may be because the recipient has not received federal financial assistance before, or the other federal financial assistance they expended did not exceed the \$750,000 audit threshold set forth 2 CFR 200.501(a). This section describes an alternative approach for CSLFRF recipients that would otherwise not be required to undergo an audit pursuant to 2 CFR Part 200, Subpart F, if it was not for the expenditures of CSLFRF funds directly awarded by Treasury. This alternative approach is permitted by OMB as further described in the 2021 OMB Compliance Supplement, Part 8, Appendix VII – Other Audit Advisories and as detailed below. However, an CSLFRF recipient may still elect to undergo a Single Audit or a Program-Specific Audit under 2 CFR Part 200, Subpart F.

Recipient Eligibility

Recipient eligibility to use this alternative approach is as follows:

CSLFRF recipients that expend \$750,000 or more during the recipient’s fiscal year in federal awards and which meet **both** criteria listed below have the option to follow the alternative CSLFRF compliance examination engagement:

1. The recipient’s total CSLFRF award received directly from Treasury or received (through states) as a non-entitlement unit of local government is at or below \$10 million; and
2. Other federal award funds the recipient expended (not including their CSLFRF award funds) are less than \$750,000 during the recipient’s fiscal year.

Alternative Compliance Examination Engagement

The alternative approach to a Single Audit or Program-Specific Audit under 2 CFR Part 200, Subpart F, permits eligible recipients to engage a practitioner to perform a compliance examination engagement in accordance with the Government Accountability Office (GAO) [Government Auditing Standards](#). The GAO *Government Auditing Standards* direct practitioners to conduct these engagements in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Attestation Engagements. The AICPA attestation standards are codified in the AT-C section of the AICPA’s *Professional Standards* and [AT-C section 315, Compliance Attestation](#), which is the standard to be followed. This engagement, which results in an opinion on compliance, is to be directed at the compliance requirements described below in D. Compliance Requirements. This alternative is intended to reduce the burden of a full Single Audit or Program-Specific Audit on eligible recipients and practitioners, as well as uphold Treasury’s responsibility to be good stewards of federal funds. This balance of burden reduction and Treasury responsibility to be good stewards is achieved in several ways as follows:

- A financial statement audit is not required for those eligible recipients that expend award funds from other Federal programs.

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- A compliance examination engagement simplifies the engagement for both recipients and practitioners.
 - A formal schedule of expenditures of federal awards is not required as the practitioner opines directly on compliance for a single program.
 - The requirements for internal control in 2 CFR 200.514(c) are not relevant to the engagement, although AT-C 315, paragraph .15, still requires the practitioner to obtain an understanding of relevant portions of internal control over compliance sufficient to plan the engagement and to assess control risk for compliance with specified requirements.
 - The engagement still involves testing of the compliance requirements described below and results in a related examination opinion which is similar to the compliance opinion provided under 2 CFR Part 200, Subpart F.
 - The engagement reporting is simplified as compared to audit report required by 2 CFR Part 200, Subpart F. One compliance examination opinion is issued (versus up to 3 reports for a Single Audit or Program-Specific Audit) and the reporting allows for reporting findings that are noted in a similar manner to how they are reported for audits under 2 CFR Part 200, Subpart F.

The following subsections of this section align with normal OMB Compliance Supplement presentation for a Federal program; however, practitioners performing the alternative compliance examination engagement should use this “Other Information” section as a standalone document. Practitioners should not use Part 3 of the OMB *Compliance Supplement* or the full Part 4 section of the CSLFRF Program Compliance Supplement (designated for audits of the program performed under 2 CFR Part 200, Subpart F) when testing compliance. Instead, the examination objectives and suggested examination procedures below should be used on their own.

B. PROGRAM OBJECTIVES

CSLFRF provides direct payments to states (defined to include the District of Columbia), US territories (defined to include Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), tribal governments, metropolitan cities, counties, and (through states) non-entitlement units of local government (collectively the “eligible entities”) to:

1. Respond to the COVID-19 public health emergency or its negative economic impacts, including by providing assistance to households, small businesses, nonprofits, and impacted industries, such as tourism, travel, and hospitality;
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the recipient that perform essential work or by providing grants to eligible employers that have eligible workers who are performing essential work;

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3. Provide government services, to the extent the COVID-19 public health emergency caused a reduction in revenues relative to the revenues collected in the most recent full fiscal year of the eligible entities; and,
 4. Make necessary investments in water, sewer, or broadband infrastructure.

C. PROGRAM PROCEDURES

1. Overview

Sections 602 and 603 of the Social Security Act (the “Act”), as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021) authorized the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, respectively (referred to collectively as the “Coronavirus State and Local Fiscal Recovery Funds” or “CSLFRF”). CSLFRF is administered by the Treasury and provides assistance in the form of direct payments for specified uses. CSLFRF provides \$350 billion for payments to eligible entities.

The total allocations to the eligible entities under CSLFRF are as follows:

1. \$195.3 billion reserved for making payments to the 50 states and the District of Columbia;
2. \$4.5 billion reserved for making payments to the US territories;
3. \$20 billion reserved for making payments to tribal governments;
4. \$45.57 billion reserved for making payments to metropolitan cities;
5. \$65.1 billion reserved for making payments to counties; and
6. \$19.53 billion reserved for making payments to states for distribution to Non-entitlement Units of Local Government (NEU).

Prior to receipt of award funds, all eligible entities are required to execute a Financial Assistance Agreement, which includes the Award Terms and Conditions that recipients must comply with in carrying out the objectives of their award. As a condition of receiving payment from CSLFRF, states, the District of Columbia, and US territories executed a Financial Assistance Agreement that included the certification required by section 602(d)(1) of the Act. Tribal and local governments are not required to provide such certification as a condition of receiving payment under CSLFRF. Eligible entities are required to use their award funds as set forth in sections 602(c)(1) and 603(c)(1) of the Act and Treasury’s Final Rule, 31 CFR Part 35 to meet pandemic response needs and rebuild a strong, more equitable economy as the country recovers.

2. Source of Governing Requirements

The Coronavirus State and Local Fiscal Recovery Funds program is authorized by sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021) and codified at 42 USC 802 and 803, and implemented by Treasury's [Interim Final Rule](#) and [Final Rule](#) at 31 CFR Part 35.

On January 6, 2022, the US Department of the Treasury adopted a Final Rule implementing the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). The Final Rule responds to comments received on the Interim Final Rule and took effect on April 1, 2022.

Along with the Final Rule, Treasury published a *Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule* (the "Statement") that clarifies the transition from compliance with the Interim Final Rule to compliance with the Final Rule. Recipients should also review the Final Rule for additional information.

Recipients must comply with the Final Rule beginning on April 1, 2022, when the Final Rule takes effect. Prior to April 1, 2022, recipients may take actions and use funds in a manner consistent with the Final Rule, and Treasury will not take action to enforce the Interim Final Rule if a use of funds is consistent with the terms of the Final Rule, regardless of when the CSLFRF funds were used. This means that Treasury will not take action to enforce against uses of the Interim Final Rule to the extent that the recipient wishes to change its planned uses of CSLFRF funds in a manner consistent with the Final Rule.

Auditors must audit recipients on award funds they expended for their fiscal year 2022 based on the requirements set forth in the Act, Treasury's Interim Final Rule, Treasury's Final Rule, and Frequently Asked Questions (FAQs) that were in effect at the time of those expenditures.

Auditors must audit recipients on award funds they expended on and after April 1, 2022, when the Final Rule at 31 CFR Part 35 became effective as well as FAQs that are in effect at the time of those expenditures.

3. Availability of Other Program Information

Additional information on the requirements for CSLFRF available through the program webpage on Treasury's website at [Coronavirus State and Local Fiscal Recovery Funds | US Department of the Treasury](#).

CSLFRF's Compliance and Reporting Guidance can be found at [Recipient Compliance and Reporting Responsibilities | US Department of the Treasury](#).

The [Final Rule](#), an overview of the Final Rule, and FAQs about CSLFRF are outlined on the program webpage on Treasury’s website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.

If there are specific questions regarding CSLFRF, the Office of Recovery Programs may be contacted by e-mail at SLFRF@treasury.gov.

D. COMPLIANCE REQUIREMENTS

Preconditions for the Compliance Examination Engagement

Consistent with, and in addition to, the preconditions for an attestation engagement are outlined in the AICPA’s attestation standards in AT-C 105, [Concepts Common to All Attestation Engagements](#), AT-C 205, [Examination Engagements](#), and AT-C 315, [Compliance Attestation](#). As a precondition to this compliance examination engagement, the practitioner should determine that:

- a. management can provide evidence to the practitioner that it meets the recipient eligibility criteria for the alternative compliance examination engagement as outlined in Section A, “Recipient Eligibility;”
- b. management accepts responsibility for the entity's compliance with the compliance requirements below and the entity's internal control over compliance; and
- c. management evaluates the entity's compliance with the compliance requirements in this section.

Compliance Requirements Relevant to the Compliance Examination Engagement

The requirements noted with a “Y” in the “Matrix of Compliance Requirements” below are subject to the compliance examination engagement.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	N	N	N	N	N	N

A. Activities Allowed or Unallowed

Compliance Requirement Recipients have considerable flexibility to use CSLFRF funds on activities to address the diverse needs of their communities. However, the CSLFRF Final Rule identifies specific restrictions. In-depth description of the unallowed activities (referred to in the CSLFRF Final Rule as ineligible uses) can be found in the “Restrictions on Use” section of the [Coronavirus State and Local Fiscal Recovery Funds: Overview of the Final Rule](#). The ineligible uses are listed below:

- Offset a reduction in net tax revenue (applicable to states and territories)
- Deposits into pension funds (applicable to all recipients except Tribes)
- Debt service or replenishing financial reserves (e.g., “rainy day funds”) (applicable to all recipients)
- Satisfaction of settlements and judgements (applicable to all recipients)
- Programs, services, or capital expenditures that include a term or condition that undermines efforts to stop the spread of COVID-19 (applicable to all recipients)

Examination Objective Determine whether the recipients used CSLFRF funds for ineligible uses.

Suggested Examination Procedures

- Obtain an understanding of the design of relevant portions of internal control over compliance regarding unallowable activities by performing some or all of the following:
 - a. Inquiries of appropriate management, supervisory, and staff personnel
 - b. Inspection of the entity's relevant documents
 - c. Observation of the entity's activities and operations
- Review a sample of CSLFRF expenditures to determine if recipients used CSLFRF funds for ineligible uses

B. Allowable Cost/Cost Principles

Compliance Requirement Recipients that are eligible for the alternative compliance examination engagement may elect the standard allowance for revenue loss, pursuant to which they could use the entirety of their allocation for the provision of government services. Recipients are required to comply with 2 CFR 200.404(e) regarding

reasonable costs, and, as such, are required to not deviate from their established practices and policies regarding the incurrence of costs.

Examination Objective Determine whether the recipient significantly deviated from its established practices and policies regarding the incurrence of costs.

Suggested Examination Procedures

- Obtain an understanding of the design of relevant portions of internal control over compliance and established practices and policies regarding the incurrence of costs by performing some or all of the following:
 - a. Inquiries of appropriate management, supervisory, and staff personnel
 - b. Inspection of the entity's relevant documents
 - c. Observation of the entity's activities and operations
- Test a sample of SLFRF expenditures to determine that the recipient treated costs consistently with its established practices and policies.

E. REPORTING

As described in the GAO *Government Auditing Standards*, and elaborated upon in AICPA standards, the practitioner issues the following reporting in the alternative compliance examination engagement:

- Practitioner's Examination Report prepared in accordance with [AT-C 315](#) and [Government Auditing Standards](#).
- Schedule of Findings and Responses (if applicable) that includes findings required to be reported under GAGAS and the related finding elements required by GAGAS.

F. COMPLIANCE EXAMINATION ENGAGEMENT SUBMISSION INSTRUCTIONS

The submission deadlines for the alternative compliance examination engagement are the same as those for Single Audits and Program Specific audits due in accordance with 2 CFR Part 200, Subpart F. Therefore, the results of the alternative compliance examination engagement must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Per OMB Memorandum M-21-20, Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of the Taxpayer Resources, recipients that have not yet filed their Single Audits with the Federal Audit Clearinghouse as of the date of OMB Memorandum M-21-20 (i.e., March 19, 2021) that have

fiscal year-ends through June 30, 2021, may delay the completion and submission of the Single Audit reporting package, as required under 2 CFR 200.501, to six months beyond the normal due date. This extension can also be applied to the completion and submission of the alternative compliance examination engagement for the same periods as described in OMB Memorandum M-21-20 for Single Audits.

Additional instructions for where and how to submit the results of the alternative compliance examination engagement will be forthcoming and posted to the Coronavirus State and Local Fiscal Recovery Funds' website.

APPENDIX V
LIST OF CHANGES FOR THE 2022 COMPLIANCE SUPPLEMENT

This appendix provides a list of changes from the 2021 Supplement dated August 2022, including changes to documents added from addenda 1 & 2 and the technical update. Please note that changes in the Matrix of Compliance Requirements are reflected in Part 2 of this supplement and are not reflected in this appendix.

Table of Contents

The Table of Contents has been updated to show additions and deletions.

Part 1 – Background, Purpose, and Applicability

- Updated for the effective date of the Supplement.

Part 2 – Matrix of Compliance Requirements

- Matrix of Compliance changes and corrections were made for 2022; these are indicated in the Part 2 Matrix. Changes are shown in yellow highlights.

Part 3 – Compliance Requirements

Updated website links for the following programs:

- 10.000 – Updated link to the FNS contact.
- 10.500 – Updated II, “Program Procedures,” updated link for Plans of Work.
- 10.555 and 10.553 and 10.556 and 10.559 and 10.582 – Updated II, “Program Procedures,” new link to Summer Food Service Program (SFSP) rates; updated link to FSN web page; and new link to COVID-19 Waivers.
- 11.300 and 11.307 – Updated III.N.2, RFL Awards: Loan Requirements” subsection Compliance Requirements new link for more information on EDA temporary waiver of the requirement to collect evidence demonstrating that credit is not otherwise available.
- 14.218 and 14.225 – Updated II, “Program Procedures,” updated link to CDBG-MIT and CDBG-MIT; III.A., “Activities Allowed or Unallowed,” to add a new link to the *Federal Register* notices; III.J., “Program Income,” to add two new links to the *Federal Register* notices for alternative requirements.
- 14.228 – Updated I, “Program Objectives,” new link to public laws; II, “Program Procedures,” links to CDBG-MIT, to see NSP funds notices, notices at HUDClips, additional information about CDBG-CV, RFP, updates to NSP notices and a new link to NSP Definition and Modification Notice, and *Federal Register*

notices; III.A., “Activities Allowed or Unallowed,” HUD Exchange *Federal Register* notices; III.N.3., “Environmental Reviews,” CPD Notice 20-07; IV, “Other Information” link to CDBG-DR laws, regulations, and *Federal Register* notices.

- 14.231 – Updated II, “Program Procedures,” section on Source of Government Requirements, new link to notice CPD-21-05.
- 14.239 – Updated II, “Program Procedures,” including section Source of Governing Requirements and Availability of Other Program Information two new links to the HOME-ARP Program; III.A., “Activities Allowed or Unallowed,” new links to the HOME-ARP Program; III.N.2., “Maximum Per-unit Subsidy and Underwriting Requirements” link to HOME-ARP Implementing Notice.
- 14.241 – Updated III.E.1., “Eligibility” section Eligibility for Individuals added links to CPD waiver memoranda; III.N.2., “Housing Quality Standards,” new link to waiver memoranda.
- 14.862 – Updated IV, “Other Information,” section on Indian CDBG-ARP Imminent Threat Grants to add links to the Indian CDBG implementing regulations at 24 CFR Part 1003; ICDBG-ARP Implementation Notice, PIH-2021-22; COVID-19 Recovery Programs site, and Code Talk.
- 14.872 – Updated II, “Program Procedures,” section Availability of Other Program Information, for links to the Office of Capital Improvements and REAC
- 14.873 – Updated IV, “Other Information,” with link to NHHBG-ARP Implementation Notice PIH-2021-13.
- 15.025 – Updated II, “Program Procedures,” deleted link to the revised Pub. L. No. 102-477 reporting forms.
- 15.605 and 15.611 and 15.626 – Updated II, “Program Procedures,” deleted link to FWS Grant Information.
- 15.615 – Updated II, “Program Procedures,” updated link to FWS website.
- 17.235 – Updated II, “Program Procedures,” for the link to the SCSEP website.
- 17.245 – Updated II, “Program Procedures,” links to FY 2020 TAA Program Annual Report to Congress, TEN 01-21 and TEN 24-20; II, “Program Procedures,” subsection Availability of Other Program Information updated link to TAA program procedures; III.L.1., “Reporting,” link to TEGL 02-16 and to the form ETA 9130, and the website to submit SF-424 form to ETA.

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- 17.264 – Updated II, “Program Procedures,” section Availability of Other Program Information updated link to National Farmworker Jobs Program; III.L.2., “Reporting,” section on Performance Reporting new link for additional information on performance reporting.
 - 17.265 – Updated IV, “Other Information,” deleted two links for 477 Plan and additional information at the index page.
 - 20.205 and 20.219 and 20.224 and 23.003 – Updated III.I., “Procurement and Suspension and Debarment,” updated link to qualified youth service or conservation corps
 - 20.600 and 20.611 and 20.616 – Updated II, “Program Procedures,” subsection Availability of Other Program Information new link to the *Federal Register* for program procedures.
 - 21.016 – Updated II, “Program Procedures” subsection Source of Governing Requirements new link to public notices issued by DOJ Wires.
 - 21.027 – Updated II, “Program Procedures” subsection Source of Governing Requirements new link to Treasury’s Interim Final Rule and Treasury’s Final Rule at 31 CFR Part 35, and subsection Availability of Other Program Information updated links including email address for Office of Recovery Programs; III.A., “Activities Allowed or Unallowed” new link to Interim Final Rule, Final Rule, and FAQs; III.L.3, new link to Treasury’s Compliance and Reporting Guidance.
 - 32.006 – Updated I, “Program Objectives,” link to the April 2, 2020 Report and Order and to the Round 1 and Round 2 websites; “Program Procedures” new email address to Telehealth Application Support, the CARES Act, Round 12 Report and Order, FCC COVID-19 Telehealth Program, FCC 21-39, CFR Title 2 (2021), and additional program information, including FAQs; III.A.2., “Activities Unallowed,” link to DA 21-309; III.B., “Allowable Costs/Cost Principles,” Round 1 FAQs and Round 2 Telehealth Program; III.I., “Procurement and Suspension and Debarment,” DA 21-309; III.N.1., “Eligibility,” links for health care provider entity types.
 - 81.041 – Updated II, “Program Procedures” subsection Availability of Other Program Information updated links to SEP 2021 ALRD and a new link for SEP 2021 State Energy Program PY21 Grant Application Instructions; IV, “Other Information” a new link for applicable guidance SEP Program Notice 10-008F.
 - 81.042 – Updated III.E., “Eligibility,” links to paragraphs in CFR section 440.22; III.L.2., “Reporting,” new link to DOE F 540.3.
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- 84.000 – Updated II, “Introduction” new link to ESEA; II, “Program Procedures,” subsection Availability of Other Program Information updated link to ESSA.
 - 84.010 – Updated II, “Program Procedures,” section Availability of Other Program Information new links to List of Invited Waivers and Frequently Asked Question about the waiver due to COVID-19.
 - 84.027 and 84.173 – Updated II, “Program Procedures,” section Availability of Other Program Information and III.G.2., updated links to OSEP Memorandum 10-5 and OSEP Memorandum 15-10.
 - 84.032-G – Updated II, “Program Procedures,” updated link to Dear Colleague Letter GEN-21-03 in Availability of Other Program Information; III.N.9, Investments – Federal Fund, link to DCLID 99-G-316.
 - 84.367 – Updated III.A., “Activities Allowed or Unallowed,” updated link to Part 3 of Non-Regulatory Guidance for Title II, Part A: Building Systems of Support for Excellent Teaching and Leading.
 - 84.425 – Updated ERF Section 1: II, “Program Procedures” new and/or updated links to the states approved applications under subsection CRRSA EANS and ARP EANS subsection; under Source of Governing Requirements new links; under Availability of Other Program Information multiple new and updated links, including EANS program and ESF-SEA, ESF-Governor, and ARP OA-SEA for FAQs, Fact Sheet, and State Educational Agency Plan; III.G., “Matching, Level of Effort, Earmarking.”
ESF Section 2; new link to more information on the Note before Program Objectives; new link to ED Office of OIG and in section Source of Governing Requirements, two new links for (a)(2) and one link for (a)(3), Availability of Other Program Information new links for FAQs, Webinars, and Other Materials; III.L.3., “Reporting,” subsection Special Reporting new link.
 - 93.044 and 93.045 and 93.053 – Updated II, “Program Procedures,” new and updated links to BPHC website and COVID-19 funding resources in Availability of Other Program Information.
 - 93.224 and 93.527 – Updated II, “Program Procedures,” section Availability of Other Program Information updated link to BPHC program requirements and a new link for COVID-19 funding resources; III.L.3., “Special Reporting” section new links to UDS Resources and UDS Reporting Manual.
 - 93.461 – Updated II, “Program Procedures,” section Additional Sources of Information, for Terms and Conditions, and new links for HRSA COVID-19 CAF, including COVID-19 coverage assistance, FAQs, and terms and conditions
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for coverage assistance; III.A.2, “Activities Allowed and Unallowed,” for Medicare coverage; IV, “Other Information,” new link to HRSA webpages.

- 93.498 – Updated II, “Program Procedures” section Availability of Other Program Information new links to Assistance Listing for PRF and ARP Rural Distribution, and new links for additional information about the PRF, including General Information, FAQs, all four phases of General Distributions; a variety of links for Targeted Distribution payments; and websites with information about the ARP Rural Distribution; III.B., “Allowable Costs/Cost Principles” deleted link.
- 93.767 – Updated I, “Program Objectives II” link to Medicaid; “Program Procedures,” subsection A. Overview, new link to SHO letter #21-002; III.E., “Eligibility,” link to November 1, 2021 fact sheet on Health Coverage Options for Afghan Evacuees; III.N.1, “Provider Eligibility,” link to Medicaid Provider Enrollment Compendium (MPEC).
- 93.778 and 93.775 and 93.777 – Updated II, “Program Procedures” added new links to transcripts for podcasts, SHO letter #21-002, and State Medicaid Director (SMD) Letter #21-003, CMCS Informational Bulletin; deleted the link to COVID-19 toolkit, and updated the link to CMS guidance available on Medicaid.gov; III.E., “Eligibility,” new links to in State Health Official letter #21-005, fact sheet on Health Coverage Options for Afghan Evacuees, State Medicaid Director letter #21-002; III.N.4., new link for Medicaid Provider Enrollment Compendium (MPEC); III.N.8., new link for the Annual Report to Congress – Medicare and Medicaid Integrity Programs – Fiscal Year 2018; III.N.12., new link to Appendix B of SMD #21-003.
- 94.006 – Updated III.B., “Allowable Costs/Cost Principles,” link for additional instructions to grantees; III.N.2., “National Service Criminal History Checks,” new link to NSCHC Manual and the Using NSOPW and State Repositories Manual.
- 94.011 and 94.016 – Updated III.E.1., “Eligibility,” new link to AmeriCorps website; III.N.1., “National Service Criminal History Checks,” new link to NSCHC Manual and the Using NSOPW and State Repositories Manual.

Part 4 – Agency Program Requirements

Changes were made to the following programs:

- 10.000 – Updated, including a new email address for FNS’s Office of Financial Management, Office of Internal Controls, Audits and Investigations.
- 10.555 and 10.553 and 10.556 and 10.559 and 10.582 – Updated the cluster deleting 10.579 and adding 10.582; I, “Program Objectives”; II, “Program Procedures,” including subsections Source of Government Requirements and in

Availability of Other Program Information, a new subsection on COVID-19 Pandemic Flexibilities, including a website; III Compliance Matrix C, “Cash Management,” changed to an N from a Y, J, “Program Income,” changed to an N from a Y, and L, “Reporting” changed to a Y from an N; III.A., “Activities Allowed or Unallowed”; III.E., “Eligibility,” all subsections; III.I., “Procurement and Suspension and Debarment”; III.N.1., “Verification of Free and Reduced Price Applications (NSLP)”; III.N.3., “Non-Profit School Food Service Accounts”; III.N.4., “Paid Lunch Equity (NSLP)”; IV, “Other Information.”

- 10.566 – Updated II, “Program Procedures,” subsection on Benefit Redemption; III.A., “Activities Allowed or Unallowed.”
- 10.568 and 10.565 and 10.569 – Updated I, “Project Objectives”; II, “Program Procedures”; III.E., “Eligibility,” all subsections.
- 10.649 – Updated II, “Program Procedures” including a new subsection on P-EBT Administrative Cost Grant Awards; III.A., “Activities Allowed or Unallowed”; III.H., “Period of Performance”; III.L., “Reporting,” section III.L.1, Financial Reporting.
- 11.300 and 11.307 – Updated I, “Program Objectives”; II, “Program Procedures”; III.A.1.f., “Activities Allowed and Unallowed,” to add new subsection in Activities Allowed on participant support costs and Activities Allowed to update CFR references; III.J., “Program Income,” to update CFR references; III.L.1, “Reporting,” and III.L.3., “Special Reporting”; III.M., “Subrecipient Monitoring” to update CFR references; III.N.2, “RLF Awards: Loan Requirements,” subsection Compliance Requirements; III.N.4., “Wage Rate Requirements,” subsection Compliance Requirements for CFR references; IV, “Other Information.”
- 11.611 – Updated II, “Program Procedures,” subsection A, including subsection on Base Cooperative Agreements to Create and Support Centers, and subsection on Cooperative Agreements for Emergency Assistance; III.L.3.a., “Reporting,” subsection on Financial Reporting for SF-425, Federal Financial Report.
- 14.169 – Please note: The program has made the decision to pull the current CSP package for 14.169 from the FY 22 package. They will refine and look to resubmit the package guidance for FY 23.
- 14.218 and 14.225 – Updated II, “Program Procedures”; III.A., “Activities Allowed or Unallowed,” including a new content on additional flexibilities that apply to CDBG-DR and CDBG-MIT funds and a new link to the *Federal Register* notices; III.B., “Allowable Costs/Cost Principles”; III.H., “Period of Performance”; III.J., “Program Income”; III.L., “Reporting”; III.N.2, “Citizen Participation,” subsections Compliance Requirements and Suggested Audit

Procedures; III.N.5., “Rehabilitation,” subsection Compliance Requirements; IV, “Other Information.”

- 14.228 – Updated I, “Program Objectives”; II, “Program Procedures,” including new links in both Source of Governing Requirements and Availability of Other Program Information; Compliance Matrix, F “Equipment/Real Property Management” changed to a Y from an N; III.A., “Activities Allowed or Unallowed”; III.B., “Allowable Costs/Cost Principles”; III.F., “Equipment and Real Property Management,” new narrative added; III.H., “Period of Performance”; III.J., “Program Income”; III.L., “Reporting”; III.N.2., “Environmental Oversight”; III.N.3., “Environmental Reviews,” new content for subsection Compliance Requirements; III.N.4, “Citizen Participation,” new content for subsection Compliance Requirements; IV, “Other Information.”
- 14.231 – Updated II, “Program Procedures,” including a new link in section Source of Government Requirements; III.A., “Activities Allowed and Unallowed”; III.G., “Matching, Level of Effort, Earmarking”; III.N.2, “Maintenance as Homeless Shelters.”
- 14.239 – Updated I, “Program Objectives” to add information on HOME-ARP; II, “Program Procedures,” including section Source of Governing Requirements and Availability of Other Program Information, including a new website; III.A., “Activities Allowed or Unallowed” updated for HOME and HOME-ARP narratives; III.E., “Eligibility,” updated for HOME-ARP narrative; III.J., “Program Income” updated for HOME-ARP narrative; III.M., “Subrecipient Monitoring”; III.N.1., “Wage Rate Requirements”; III.N.2., “Maximum Per-unit Subsidy and Underwriting Requirements”; III.N.3., “Drawdowns of HOME/HOME-ARP Funds”; III.N.3., “Housing Quality Standards”; III.N.4, “Housing Quality Standards”; IV, “Other Information.”
- 14.241 – Updated I, “Program Objectives”; II, “Program Procedures”; III.E.1., “Eligibility” section Eligibility for Individuals, including new links to CPD waiver memoranda; III.L.2., “Reporting,” sections Financial Reporting and Performance Reporting; III.N.1., “Maintenance of Structures,” subsection Suggested Audit Procedures; III.N.2., “Housing Quality Standards,” subsection Compliance Requirements; III.N.3., “Community Residences,” subsection Suggested Audit Procedures.
- 14.862 – Updated II, “Program Procedures”; III.L.2., “Reporting,” section on Performance Reporting changed to “Not Applicable”; IV, “Other Information,” added new section on Indian CDBG-ARP Imminent Threat Grants.
- 14.867 – Updated III.L.2., “Reporting,” section of Performance Reporting; III.N.3., “Investment of IHBG Funds,” subsection Compliance Requirements; IV, “Other Information” for sections on Indian Housing Block Grant-CARES Grant and Indian Housing Block Grant-ARP Grants.

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- 14.871 and 14.879 – Updated II, “Program Procedures,” to add under subsection B. Subprograms/Program Elements on Emergency Housing Voucher Program; III.A., “Activities Allowed and Unallowed”; III.N.11, new section Emergency Housing Vouchers Program Funding.
 - 14.872 – Updated II, “Program Procedures,” including new links in Availability of Other Program Information; III.A.2, “Activities Allowed or Unallowed,” with new content for the Activities Unallowed section; III.B, “Allowable Costs/Cost Principles.”
 - 14.873 – Updated II, “Program Procedures”; IV, “Other Information,” for subsections on Native Hawaiian housing Block Grants-ARP Grants, including a new link, Waivers and Alternative Requirements Applicable Only to NHHBG-ARP Funding.
 - 17.207 and 17.801 – Updated title to change name for 17.801 and to delete 17.804; I, “Program Objectives”; III.E., “Eligibility.”
 - 17.225 – Updated II, “Program Procedures,” subsections on A. Overview, B. Subprograms/Program Elements, and C. Program Funding; III, Compliance Requirements, B, “Allowable Costs/Cost Principles” to a Y from an N; III.E.1, “Eligibility”; III.H., “Period of Performance”; III.N.4, “UI Program Integrity–Overpayments,” subsection Compliance Requirements.
 - 17.235 – Updated II, “Program Procedures,” including updating website; III.L.2., “Reporting,” subsection on Performance Reporting, including the addition of a Key Line Item for Individuals Formerly Incarcerated.
 - 17.245 – Program Title updated to Trade Adjustment Assistance for Workers; Updated I, “Program Objectives”; II, “Program Procedures,” including new link, and subsections Source of Governing Requirements and Availability of Other Program Information; III.A.1., “Activities Allowed or Unallowed”; III.E.1., “Eligibility”; III.L., “Reporting.”
 - 17.264 – Updated II, “Program Procedures,” section Source of Governing Requirements and a new link in Availability of Other Program Information; III.A., “Activities Allowed or Unallowed”; III.L.2., “Reporting,” new narrative for section on Performance Reporting, including new links.
 - 20.315 – Updated, III.N., added three new narratives for III.N.1., “Use and Reporting of Overtime for Agreement Employees”; III.N.2., “Preventing and Reporting on Employee Furloughs”; III.N.3., Buy American Act/Domestic Buying Preference.”
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- 20.600 and 20.611 and 20.616 – Updated to remove 20.601 and 20.602 and 20.609 and 20.610 and 20.612 and 20.613 from the cluster; II, “Program Procedures,” including a new link in Availability of Other Program Information; III.A.1., “Activities Allowed or Unallowed”; III.G.3.b, “Matching, Level of Effort, Earmarking,” subsection Earmarking.
 - 21.016 – Updated II, “Program Procedures,” including subsection Source of Governing Requirements; III.A.1., “Activities Allowed or Unallowed”; III.B, “Allowable Costs/Cost Principles”; III.E.4, “Eligibility for Groups of Individuals or Area of Service Delivery”; III.G.3, “Matching, Level of Effort, Earmarking” changed from Not Applicable; III.I., “Procurement and Suspension and Debarment”; III.L., “Reporting.”
 - 21.027 – Updated I, “Program Objectives”; II, “Program Procedures,” sections on Governing Requirements and Availability of Other Program Information, including new links; III.A., “Activities Allowed or Unallowed,” including new link; III.B., “Allowable Cost/Cost Principles”; III.H., “Period of Performance;” III.I., “Procurement and Suspension and Debarment;” III.L., “Reporting,” new narrative for 3. Special reporting and for III.4; III.M., Subrecipient Monitoring; IV, “Other Information.”
 - 32.006 – Updated I, “Program Objectives”; II, “Program Procedures,” including new websites in Source of Governing Requirements and Availability of Other Program sections; III. Compliance Matrix, changed E, “Eligibility,” to an N from a Y; and I, “Procurement and Suspension and Debarment” to a Y from an N; III.A., “Activities Allowed or Unallowed,” both sections; III.B., “Allowable Costs/Cost Principles”; III.E., “Eligibility,” section III.E.1, changed to Not Applicable; III.H., “Period of Performance”; III.I., “Procurement and Suspension and Debarment,” narrative added; III.L., “Reporting,” narrative added; III.N.1., “Eligibility,” narrative added.
 - 81.041 – Updated II, “Program Procedures,” including subsection Availability of Other Program Information to update links; III.L.2, “Reporting” subsection Performance Reporting changed from “Not Applicable” to Progress Report; IV, “Other Information.”
 - 81.042 – Updated II, “Program Procedures” subsection Source of Governing Requirements; III.A.2.b.(3), “Activities Allowed or Unallowed,” subsection Activities Unallowed; III.E.1, “Eligibility,” subsection; III.L.2., “Reporting,” including a new link in section on Performance Reporting.
 - 84.000 – “Introduction,” updated link in Waivers and Expanded Flexibility and changes to Cross-Cutting Requirements; II, “Program Procedures,” section on Availability of Other Program Information; III.A., “Activities Allowed or Unallowed”; III.B., “Allowable Costs/Cost Principles”; III.C., “Cash
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Management”; III.G., “Matching, Level of Effort, Earmarking”; III.N.1., “Participation of Private School Children.”

- 84.010 – II, “Program Procedures,” including new links; III.A., “Activities Allowed or Unallowed”; III.E.1., “Eligibility”; III.G.2, “Matching, Level of Effort, Earmarking.”
- 84.032-G – Updated II, “Program Procedures,” subsection Availability of Other Program Information; III.N.5., “Collection Efforts,” subsection Compliance Requirements; III.N.7., “Assignment of Defaulted Loans to ED,” all subsections; III.N.8., “Federal Fund and Agency Operating Fund,” subsection Compliance Requirements; III.N.10., “Collection Charges,” all subsections; added new section III.N.13., “Implementation of Dear Colleague Letter GEN-21-03 “Expansion of Collections Pause to Defaulted FFEL Program Loans Managed by Guaranty Agencies (Updated May 24, 2021)””; added new section III.N.14., “Calculation of Lost Revenue.”
- 84.126 – Updated III.L.2., “Reporting” section on Performance Reporting.
- 84.425 – Updated Introduction, including list of subprograms, and IV, “Other Information,” including a new figure and an example table.
ESF Section 1: Added 84.425V American Rescue Plan – Emergency Assistant to Non-Public schools (ARP EANS) subprogram; I, “Program Objectives”; II, “Program Procedures,” including new links in Source of Governing Sources and updated and new links in Availability of Other Program Information; III.A., “Activities Allowed or Unallowed,” including new content on ESF-Governor Funds, ESF-SEA Funds, and ARP-OA SEA Funds; III.B., “Allowable Costs/Cost Principles”; III.F., “Equipment/Real Property Management”; III.G., “Matching, Level of Effort, Earmarking” new narrative; III.L.3, “Reporting,” subsection Special Reporting; III.N., “Special Tests and Provisions,” added new subsection III.N.3., “Identifying Non-Public Schools under ARP EANS that Enroll a Significant Percentage of Students from Low-Income Families and are Most Impacted by the COVID-10 Emergency.”
ESF Section 2: Added 84.425P HEERF Institutional Resilience and Expanded Postsecondary Opportunity (IREPO) Program and 84.425T HEERF Supplemental Support Under American Rescue Plan (SSARP) Program; and added a note on 84.425Q and new link before Program Objectives; II, “Program Procedures,” including new links; III “Compliance Requirements” changed “Cash Management” to a Y from an N; III.A., “Activities Allowed and Unallowed”; III.B., “Allowable Costs/Cost Principles”; III.C, “Cash Management” narrative added; III.G, “Matching, Level of Effort, Earmarking”; III.H., “Period of Performance”; III.I, “Procurement and Suspension and Debarment”; III.L, “Reporting,” subsection Special Reporting, including links.
- 93.044 and 93.045 and 93.053 – Title change for 93.044 to add American Rescue Plan and 93.045 to add in reference to CARES Act and American Rescue plans

under Title III-C of the Older Americans Act; I, “Program Objectives”; II, “Program Procedures,” including new and updated links in Availability of Other Program Information; III.G.1., “Matching, Level of Effort, Earmarking” added new subsection titles and new subsection for NSIP grants.

- 93.224 and 93.527 – Updated II, “Program Procedures,” including sections Sources of Governing Requirements and Availability of Other Program Information for links for HRSA COVI-19 CAF; III.A.2., “Activities Allowed and Unallowed”; III.L.3., “Reporting” section on Special Reporting to UDS resources link and Key Line Items; III.N.2., “Compliance with Consolidated Appropriations Act,” subsections Compliance Requirements and Audit Objectives.
- 93.461 – Title change to add in COVID-19 Coverage Assistance Fund; Updated I, “Program Objectives;” II, “Program Procedures, including Sources of Governing Requirements and Availability of Program Information, including new website links; III.A., “Activities Allowed or Unallowed,” including new link; III.B., “Allowable Costs/Cost Principles”; III.E., “Eligibility”; IV, “Other Information,” link updated.
- 93.498 – Title change to add in American Rescue Plan; Updated I, “Program Objectives,” including table that outlines PRF and ARP Rural Distribution recipients’ payments eligible expenses and lost revenues; II, “Program Procedures,” including new links for PRF in subsection Availability of Other Program Information; III. Compliance Requirements, III.N., “Special Tests and Provisions” changed to an N from a Y; III.A., “Activities Allowed or Unallowed”; III.B., “Allowable Costs/Cost Principles,” with a deleted link; III.L., “Reporting”; IV, “Other Information,” including update to the HRSA PRF and ARP Rural Distribution reporting requirements table.
- 93.558 – Updated I, “Program Objectives”; II, “Program Procedures” to add a section on the American Rescue Plan and to update subsection Availability of Other Program Information; III.A., “Activities Allowed and Unallowed” a new section 3 on Pandemic Emergency Assistance Fund; III.E., “Eligibility” section III.E.2 Eligibility for the Pandemic Emergency Assistance Fund added; III.G., “Matching, Level of Effort, Earmarking,” new narrative for subsection 2.2 for Pandemic Emergency Assistance Fund; III.L., “Reporting,” section Special Reporting.
- 93.575 and 93.489 and 93.596 – Updated II, “Program Procedures,” subsection Availability of Other Program Information for additional web site links; Compliance Matrix change in L, “Reporting” to a Y from an N; III.A.1., Activities Allowed or Unallowed subsection added for Activities Allowed for CCDF ARP Act Stabilization Funds; III.E., “Eligibility,” changes to subsection on Eligibility for Subrecipients, and a new subsection 4, eligibility for Child Care Providers Receiving CCDF ARP Act Stabilization Funds; III.G., “Matching, Level of Effort, Earmarking;” III.H., “Period of Performance” new mandatory

funds for Assistance Listing 93.596 and charts updated for FY 2021 and FY 2022; III.L., new narrative; III.N.4, “Child Care Provider Eligibility for ARP Act Stabilization Funds,” new subsection; III, “Other Information,” new subsection on Funding Sources Within the CCDF Cluster.

- 93.767 – Updated I, “Program Objectives,” with a new link; II, “Program Procedures,” including updating a link; III.A., “Activities Allowed and Unallowed”; III.B., “Allowable Costs/Cost Principles”; III.E., “Eligibility,” including new links; III.G., “Matching, Level of Effort, Earmarking”; III.H, “Period of Performance”; III.N.1., “Provider Eligibility (Screening and Enrollment), subsection Compliance Requirements, including a new link; III.N.2., “Refunding of Federal Share of CHIP Overpayments to Providers,” subsections Compliance Requirements and Suggested Audit Procedures.
- 93.778 and 93.775 and 93.777 – Updated I, “Program Objectives”; II, “Program Procedures,” including new links; III.A., “Activities Allowed or Unallowed”; III.B., “Allowable Costs/Cost Principles”; III.E., “Eligibility,” including new links; III.G., “Matching, Level of Effort, Earmarking”; III.L., “Reporting”; III.N.1., “Utilization Control and Program Integrity,” subsections Compliance Requirements and Audit Objectives; III.N.4., “Provider Eligibility (Screening and Enrollment,” subsection Compliance requirements; III.N.7., “Refunding of Federal Share of Medicaid Overpayments to Providers” subsections Compliance Requirements and Suggested Audit Procedures; III.N.8, “Medicaid National Correct Coding Initiative (NCCI),” subsection Compliance Requirements; III.N.9, Investments – Federal Fund for new link; III.N.12, a new section “American Rescue Plan Act of 2021 (ARP) Section 9817; IV, “Other Information.”
- 94.006 – Updated II, “Program Procedures”; III.B., “Allowable Costs/Cost Principles”; III.E., “Eligibility,” subsections on Eligibility for Individuals; III.N.1., “Living Allowances,” including the living allowances chart for 2020; III.N.2., “National Service Criminal History Checks,” all subsections updated, including two new links.
- 94.011 and 94.016 – Updated throughout to change CNCS to AmeriCorps; III.E.1., “Eligibility,” updated links; III.N.1., “National Service Criminal History Checks,” all subsections updated, including two new links.
- 96.001 and 96.006 – Updated II, “Program Procedures”; III.N.1., subsection Suggested Audit Procedures.

Part 5 – Clusters of Programs

Part 5.1 and 5.2 – updated for the effective date of the Supplement.

Part 5.3 – major edits implemented.

Part 5.4 – updated the cluster list.

Part 6 – Internal Control

- Updated for the effective date of the Supplement.

Part 7 – Guidance for Auditing Programs Not Included in This Compliance Supplement

- Updated for the effective date of the Supplement.

Part 8 – Appendixes

Appendix I – Federal Programs Excluded from the A-102 Common Rule and Portions of 2 CFR Part 200

- Updated for the effective date of the Supplement.

Appendix II – Federal Agency Codification of Governmentwide Requirements and Guidance for Grants and Cooperative Agreements

- Updated for the effective date of the Supplement.

Appendix III – Federal Agency Single Audit, Key Management Liaison, and Program Contacts

- Updated for this year’s program contacts.

Appendix IV – Internal Reference Tables

- Updated the list of programs currently designated as high risk.
- List updated with new programs with requirements defined in IV, “Other Information.”

Appendix V – List of Changes for the 2022 Compliance Supplement

- List updated with changes to the programs and appendixes for 2022.

Appendix VI – Program-Specific Audit Guides

- Updated for the effective date of the Supplement.

Appendix VII – Other Audit Advisories

- Major updates sections, including Definition of COVID-19 Funding, Alternative Compliance Examination Engagement for Eligible SLFRF Recipients, and Due Date for Submission of Audit Reports and Low-Risk Auditee Criteria and the Federal Audit Clearinghouse transition from Census to GSA.

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- Updated for the effective date of the Supplement.

Appendix VIII – Examinations of EBT Service Organizations

- Updated for the effective date of the Supplement.

Appendix IX – Compliance Supplement Core Team

- Updated for this year's team members.

APPENDIX VI PROGRAM-SPECIFIC AUDIT GUIDES

This appendix lists program-specific audit guides for use by auditors. The listing includes the title of the guide, the date of issuance or latest update, and where to obtain a copy.

Department of Education

- Audit Guides for Student Aid Programs
(<https://www2.ed.gov/about/offices/list/oig/nonfed/index.html>)

Department of Housing and Urban Development

- HUD Consolidated Audit Guide ([HUD Consolidated Audit Guide | Office of Inspector General, Department of Housing and Urban Development \(hudoig.gov\)](#))

APPENDIX VII OTHER AUDIT ADVISORIES

I. Novel Coronavirus (COVID-19)

This section provides guidance to the following areas affecting single audits arising due to COVID-19:

- Definition of COVID-19 funding
- Treatment of donated personal protective equipment (PPE) on the Schedule of Expenditures of Federal Awards (SEFA)
- Agency Guidance Document References
- Identification of COVID-19 related awards and single audit applicability
- Identification of COVID-19 related awards on the SEFA and SF-SAC
- Identification of COVID-19 related awards in audit findings
- Identification of compliance requirements for COVID-19 related awards
- Responsibilities for informing subrecipients
- Alternative Compliance Examination Engagement for Eligible SLFRF Recipients

Definition of COVID-19 Funding

As a result of the COVID-19 pandemic, many new federal programs have been established and funding has been added to existing federal programs from the following Acts:

Coronavirus Preparedness and Response Supplemental Appropriations Act

Families First Coronavirus Response Act

Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)

American Rescue Plan Act (ARP)

Funding arising from these sources, both to new and existing programs, is referred to as “COVID-19 funding,” “COVID-19 programs,” or “COVID-19 related awards” throughout this section. Refer also to Appendix IV, Internal Reference Tables, for a listing of programs with a “higher risk” designation, many of which involve COVID-19 funding, and for information about how that designation impacts the major program determination process.

Donated Personal Protective Equipment (PPE)

During the emergency period of COVID-19 pandemic and as allowed under OMB Memorandum M-20-20 (April 9, 2020), federal agencies and recipients can donate PPE purchased with federal assistance funds to various entities for the COVID-19 response. The donated PPE were mostly provided without any compliance or reporting requirements or Assistance Listing information from the donors. As such, the non-federal entities that received donated PPE should provide the fair market value of the PPE at the time of receipt as a stand-alone footnote accompanying their SEFA. The amount of donated PPE should not be counted for purposes of determining the threshold for a single audit or determining the type A/B threshold for major programs and is not required to be audited as a major program. Because donated PPE has no bearing on the single audit, the donated PPE footnote may be marked “unaudited.”

As a reminder, the above only relates to donated PPE provided without any compliance or reporting requirements or assistance listing from donors. There could be some PPE that must appear on the SEFA as a federal program (e.g., when the recipient uses funds provided under an Assistance Listing to purchase PPE).

Agency Guidance Document References for COVID-19 Programs

The COVID-19 pandemic has led many federal agencies to issue implementing guidance (e.g., frequently asked questions, memos) outside of the normal regulatory process for new and existing programs receiving COVID-19 funding. Such guidance is issued to communicate an agency’s understanding of how the relevant statutes, regulations, or the terms and conditions of the federal awards and apply to a particular circumstance, but it does not create new compliance requirements. Due to the evolving nature of the pandemic environment, it has been common for federal agencies to update, change, or delete their specific guidance over time.

The Part 4 sections for COVID-19 programs often refer auditors to agency guidance documents to obtain a better understanding of statutory and regulatory compliance requirements subject to audit. When evaluating a non-federal entity’s compliance, auditors must consider provisions of federal statutes, regulations, and the terms and conditions of federal awards. However, auditors may also consider guidance documents in effect during the period to understand the program requirements. An auditor may conclude whether the non-federal entity is in compliance with a type of compliance requirement based on consideration of applicable implementing guidance in effect at the time of the activity or transaction.

When citing criteria for audit findings, 2 CFR 200.516(b)(2) states that the following information must be included in finding detail: “The criteria or specific requirement upon which the finding is based, including the Federal statutes, regulations, or the terms and conditions of the Federal awards.” Therefore, auditors should refer to a statute, regulation, or term and condition as criteria for the audit finding.

Identification of COVID-19 Related Awards and Single Audit Applicability

Federal agencies may have incorporated COVID-19 funding into an existing program and Assistance Listing number or set up a separate COVID-19 program with a unique Assistance

Listing number. Federal agencies are required to specifically identify COVID-19 related awards, regardless of whether the funding is provided under a new or existing Assistance Listing number. However, in the early days of the crisis caused by the COVID-19 pandemic with the need to respond quickly, in some cases cash was sent to non-federal entities without application or Assistance Listing number. The non-federal entity was required to either agree to the terms and conditions or return the funds.

When COVID-19 funding is subawarded by a pass-through entity from an existing program, the information furnished to subrecipients should distinguish the subawards of incremental COVID-19 funding included in the subawards from non-COVID-19 funding.

In order to assist recipients and auditors in the identification of all the COVID-19 funds and their related program Assistance Listing numbers, OMB has issued several summaries of federal programs that were created by COVID-19 funding and also existing programs that received COVID-19 funding. A summary of programs that received funding under the CARES Act (and other earlier COVID-19 legislation) as of May 20, 2020, can be accessed at: https://www.cfo.gov/wp-content/uploads/2020/07/M-20-21_FAQ_07312020_UPDATED.pdf. A summary of programs that received funding under the ARP Act as of October 29, 2021, can be found at: https://www.cfo.gov/assets/files/Revised-American-Rescue-Plan-Assistance-Listings_10-29-2021.pdf. Each summary includes program Assistance Listing numbers and an asterisk (*) next to Assistance Listing numbers denoting a new Assistance Listing number.

Identification of COVID-19 Related Awards on the SEFA and SF-SAC

As described in 2 CFR section 200.510(b), auditees must complete the SEFA and include Assistance Listing numbers when reporting their federal awards and subawards. To maximize the transparency and accountability of COVID-19 related award expenditures, OMB M-20-26 (June 18, 2020) instructed recipients and subrecipients to separately identify the COVID-19 Emergency Acts expenditures on the Schedules of Expenditures of Federal Awards. Therefore, non-federal entities should separately identify COVID-19 expenditures on the SEFA and SF-SAC. For existing programs that have both COVID-19 expenditures and non-COVID-19 expenditures, this may be accomplished by identifying COVID-19 expenditures on the:

- SEFA – On a separate line by Assistance Listing number with “COVID-19” as a prefix to the program name. For example:
 - COVID-19 – Temporary Assistance for Needy Families – 93.558 – \$1,000,000
 - Temporary Assistance for Needy Families – 93.558 – \$3,000,000
 - Total – Temporary Assistance for Needy Families – 93.558 – \$4,000,000
- SF-SAC – On a separate row by Assistance Listing number with “COVID-19” as the first characters in Part II, Item 1c, Additional Award Information. Example:

	a	b	c	d	e	f	g	h
	Assistance Listing #	Assistance Listing #						
Row Number (auto-generated)	Federal Awarding Agency Prefix	Assistance Listing Three-Digit Extension	Additional Award Identification	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total (auto-generated)	Cluster Total (auto-generated)
					(\$)		(\$)	(\$)
1	93	558		TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$3,000,000.00		\$4,000,000.00	
2	93	558	COVID-19	COVID-19 - TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$1,000,000.00		\$4,000,000.00	
				Total Federal Awards Expended =	\$4,000,000.00			

Identification of COVID-19 Related Awards in Audit Findings

Consistent with identifying COVID-19 expenditures on the SEFA, auditors should include the COVID-19 identification for audit findings that are applicable to programs that are entirely COVID-19 funded and existing programs with COVID-19 funding.

Identification of Compliance Requirements for COVID-19 Related Awards

As noted in OMB Memorandum M-20-26 (June 18, 2020), federal awarding agencies are responsible for identifying COVID-19 related awards and communicating the applicable compliance requirements to the recipient. Similarly, pass-through entities are responsible for identifying COVID-19 related awards and communicating the applicable requirements to their subrecipients. Normally, this information would be in the award terms and conditions. However, for COVID-19 related awards, the compliance requirements may have been communicated through an agency website and the compliance requirements may have been modified or compliance requirements not included in original terms and conditions may have been added.

For new COVID-19 related programs that are not included in this Supplement, the auditor must use the framework provided by Part 7 of this Supplement. Part 7 includes procedures to determine which of the compliance requirements to test.

Responsibilities for Informing Subrecipients

As noted in OMB Memorandum M-20-26 (June 18, 2020), pass-through entities agree to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the federal award number, Assistance Listing number, and amount of COVID-19 funds. When COVID-19 funds are subawarded for an existing program, the information furnished to subrecipients should distinguish the subawards of incremental COVID-19 funds from regular subawards under the existing program.

This information is needed to allow the pass-through entity to properly monitor subrecipient expenditures of COVID-19 funds, as well as for oversight by the federal awarding agencies, Federal Offices of Inspector General, and the Government Accountability Office.

Alternative Compliance Examination Engagement for Eligible SLFRF Recipients

The US Department of the Treasury (“Treasury”) recognizes that many recipients of Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) may now be required to complete a Single Audit or a Program-Specific Audit pursuant to the Single Audit Act and its implementing regulations, 2 CFR Part 200, Subpart F, due to their receipt of an SLFRF award, which may lead to them expending \$750,000 or more during their fiscal year in Federal awards. This may be because the recipient has not received federal financial assistance before, or the other federal financial assistance they expended did not exceed the \$750,000 audit threshold set forth 2 CFR 200.501(a). As a result, Treasury has developed an alternative approach which is available for SLFRF recipients that would otherwise not be required to undergo an audit pursuant to 2 CFR Part 200, Subpart F, if it was not for the expenditures of SLFRF funds directly awarded by Treasury.

Under its authority 2 CFR section 200.102(a), OMB is authorizing the use of an alternative compliance examination engagement in accordance with the Government Accountability Office’s Government Auditing Standards in lieu of a full single audit or program-specific audit as required per 2 CFR 200, Subpart F. The alternative approach along with the criteria for eligible recipients are detailed in the Part 4 – Section IV, “Other Information” of assistance listing 21.027 – Coronavirus State and Local Recovery Funds.

This alternative is intended to reduce the burden of a full Single Audit or Program-Specific Audit on eligible recipients and practitioners, as well as uphold Treasury’s responsibility to be good stewards of federal funds.

II. Effect of Changes to Compliance Requirements and Other Clusters

Removal of Compliance Requirement from Part 2 Matrix

In any instance in which a compliance requirement has been removed from a program/cluster, as shown in the Part 2 matrix, if there was an audit finding related to that compliance requirement in an audit conducted using the prior year’s Supplement that finding must continue to be reported in the summary schedule of prior audit findings and considered in the major program determination under 2 CFR section 200.518. The procedures to assess the reasonableness of the summary schedule of prior year audit findings must include all prior audit findings included in the summary schedule, regardless of whether the current Part 2 matrix identified a requirement subject to audit. For example, if there was an audit finding relating to subrecipient monitoring in the prior year but the current year Part 2 matrix identified “M. Subrecipient Monitoring” as not subject to audit with a “No,” the auditor’s procedures to determine the reasonableness of the summary schedule of prior audit findings must include subrecipient monitoring. In any instance in which a compliance requirement was added to a program/cluster in the current year’s Supplement, auditors are not expected to have tested for that requirement under the prior year’s audit. This includes correction of an error, if any, as identified in Appendix V of the Supplement.

Addition of a New Program to an Other Cluster

One of the criteria for an “other cluster” to be considered a low-risk Type A program is that it must have been audited as a major program in at least one of the two most recent audit periods (“2-year look back” under 2 CFR section 200.518(c)(1)). In the year that this Supplement adds a new program to another cluster listed in Part 5, the determination of whether the resulting other cluster meets the 2-year look back criterion requires additional consideration. During that year, the other cluster cannot qualify as having been audited as a major program in one of the two most recent audit periods unless the auditee’s current-year expenditures for the newly added program were less than or equal to 25 percent (0.25) of the Type A threshold, or all of the programs included in the resulting other cluster met the “2-year look back” criterion. The additional criteria in 2 CFR section 200.518(c) must also be evaluated by the auditor to determine if the other cluster can be considered a low-risk Type A program in the current year.

In years after this Supplement adds a program to another cluster, such addition in a prior year does not require additional consideration for the 2-year look back criterion.

The following examples are intended to illustrate consideration of the addition of a new program to another cluster. They are illustrative only and not based on the contents of the current Supplement.

Background for Examples:

Type A threshold \$750,000.

Human Services existing other cluster (93.123, 93.125, and 93.127) was audited in 2015 with no audit findings.

Part 5 of the 2017 Compliance Supplement added Assistance Listing 93.129 to form the new other cluster with the following federal awards expended in 2017:

93.123: \$ 500,000

93.125: \$ 300,000

93.127: \$ 400,000

93.129: \$ 300,000

Considerations for 2017 major program determination using these facts:

Example 1

The Human Services cluster was audited in 2015. However, the auditee’s current year expenditures for newly added Assistance Listing 93.129 exceed 0.25 of the Type A threshold of \$750,000 or \$187,500; therefore, the resulting other cluster fails the 2-year look back criterion and cannot be considered a low-risk Type A program in 2017.

If, however, the auditee's expenditures for newly added Assistance Listing 93.129 were equal to or less than \$187,500, the other cluster would pass the 2-year look back criterion and could be considered to have been audited as a major program in one of the two prior years.

Example 2

The Human Services cluster was audited in 2015. The newly added program Assistance Listing 93.129 was audited in 2016. If both the cluster and the newly added program met all criteria in 2 CFR section 200.518(c) to be considered low-risk programs for 2017, the other cluster would be a low-risk Type A program in 2017.

III. Due Date for Submission of Audit Reports and Low-Risk Auditee Criteria

As provided in 2 CFR Part 200, Subpart F (2 CFR section 200.520), in order to meet the criteria for a low-risk auditee in the current year, the two prior years' audits must have met the specified criteria, including report submission to the Federal Audit Clearinghouse (FAC) by the due date.

The auditor may consider using the following steps to identify FAC submissions that do not meet the due date.

Suggested Steps

1. Inquire of entity management and review available prior-year financial reports and audits to ascertain if the entity had federal awards expended of \$750,000, in the prior two audit periods and, therefore, was required to have an audit under the uniform guidance and file with the FAC.
2. If the entity was below the \$750,000 threshold in either of the prior two audit periods, and an audit was not required under the uniform guidance obtain written representation from management to this fact and no further audit procedures are necessary as the entity does not qualify as a low-risk auditee.
3. If a prior-year audit was conducted, obtain a copy of the data collection form (Form SF-SAC) and the reporting package.
 - a. Calculate the "Nine Month Due Date" to file with the FAC as the date nine (9) months after the end of the audit period. For example, for audit periods ending June 30, 2022, the audit report would be due March 31, 2023.
 - b. Access the FAC web page at <https://harvester.census.gov/facweb>.
 - Select the "Find Audit Information" option and using the "Federal Audit Clearinghouse IMS" and "Search for Single Audits" options for the audit year in question, locate the FAC record for the entity. Verify correct record by comparing both the entity name and Entity Identification Number (EIN) number from the entity's copy of the SF-SAC to the FAC web page.

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- For this record, located on the FAC web page, compare the “Date Received” to the Nine Month Due Date to determine if the due date was met.

If the entity was not in compliance with the Nine Month Due Date or Extended Due Date (if applicable) or did not submit the required audit to the FAC for either of the prior two audit periods, then the entity does not qualify as a low-risk auditee.

4. Contact the FAC at govs.fac@census.gov or 866-306-8799 if additional information is needed on using the FAC website or determining the date the FAC accepted the report submission as complete.

IV. Treatment of National Science Foundation and National Institutes of Health Awards

National Science Foundation

All awards issued by the National Science Foundation (NSF) meet the definition of “Research and Development” at 2 CFR section 200.87. As such, auditees must identify NSF awards as part of the R&D cluster on the Schedule of Expenditures of Federal Awards (SEFA) and the auditor must use the Research and Development cluster in Part 5 when testing any of those awards. NSF recognizes that some awards may have another classification for purposes of reimbursement of indirect costs. The auditor is not required to report this difference in treatment (i.e., the award is classified as R&D for 2 CFR Part 200, Subpart F purposes, but non-research for indirect cost rate purposes), unless the auditee is charging indirect costs at a rate other than the rate(s) specified in the award document(s). This guidance complies with the NSF Proposal and Award Policies and Procedures Guide (PAPPG), the current and prior versions of which may be found at <http://www.nsf.gov/bfa/dias/policy/>.

National Institutes of Health

Effective for grants and cooperative agreements with budget periods beginning on or after December 26, 2014, and awards that receive supplemental funding on or after December 26, 2014, all awards issued by the National Institutes of Health (NIH) meet the definition of “Research and Development” at 45 CFR section 75.2. As such, auditees must identify NIH awards as part of the R&D cluster on the SEFA, and the auditor must use the Research and Development cluster in Part 5 when testing any of those awards. NIH recognizes that some awards may have another classification for purposes of reimbursement of indirect costs. The auditor is not required to report this disconnect (i.e., the award is classified as R&D for 2 CFR Part 200, Subpart F, purposes, but non-research for indirect cost rate purposes), unless the auditee is charging indirect costs at a rate other than the rate(s) specified in the award document(s). (See the NIH Grants Policy Statement, the current and prior versions of which may be found at <http://grants.nih.gov/grants/policy/policy.htm>.)

V. Exceptions to the Guidance in 2 CFR Part 200

OMB does not maintain a complete listing of approved agency exceptions to the uniform guidance in 2 CFR Part 200.

For programs included in the Supplement, the auditor should review the program supplement and, as necessary, agency regulations adopting/implementing the OMB uniform guidance in 2 CFR Part 200 to determine if there is any exception related to the compliance requirements that apply to the program. For programs not included in the Supplement that are audited using Part 7, the auditor should review agency regulations adopting/implementing 2 CFR Part 200 to determine if an exception applies to the program.

Questions about the agency-level rulemakings that adopt/implement 2 CFR Part 200 should be directed to the federal agency key management liaisons specified in Appendix III to the Supplement.

VI. Audit Sampling

Certain suggested audit procedures in this *Compliance Supplement* lend themselves to testing using sampling. Auditors are reminded that when performing an audit under generally accepted auditing standards (GAAS), including single audits, that AU-C section 530, *Audit Sampling*, <https://www.aicpa.org/content/dam/aicpa/research/standards/auditattest/downloadabledocuments/au-c-00530.pdf>, provides auditor requirements and guidance related to an auditor's use of sampling. Failure to follow the standards, including the requirement to determine sample sizes that are sufficient to reduce sampling risk to an acceptably low level, may result in the audit being considered nonconforming by the federal cognizant agency for audit as part of a quality control review.

The guidance in AU-C section 530 primarily addresses sampling considerations when performing a financial statement audit. The AICPA Audit Guide, *Government Auditing Standards and Single Audits*, contains auditor guidance for, among other things, designing an audit approach that includes audit sampling to achieve both compliance and internal control over compliance related audit objectives in a single audit or program-specific audit performed in accordance with the Uniform Guidance. It also includes suggested minimum sample sizes for tests of controls over compliance and tests of compliance based on certain engagement-specific inputs.

Another AICPA Audit Guide, *Audit Sampling* also provides additional guidance and technical background, which forms the basis of the practical application of audit sampling to Uniform Guidance audits.

VII. Federal Audit Clearinghouse Transition from Census to GSA

The provider of the Federal Audit Clearinghouse (FAC) will change from Census to the General Services Administration (GSA) on October 1, 2022. Single audits with a fiscal period ending in 2021 (or earlier) should be submitted to Census. Census will continue to receive and process single audits for a limited period after September 30, 2022, allowing auditees an opportunity to complete remaining in-process submissions.

Single audits with a fiscal period ending in 2022 will be submitted to the GSA FAC beginning on October 1, 2022. Therefore, single audits with a fiscal period ending in 2022 cannot be submitted before that date. The 2 CFR 200.512(1) states that single audits must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If it is not possible to meet the 30-day aspect of that requirement due to the timing of the opening of the GSA FAC for submissions, the audits will not be considered late if they are submitted within nine months after the end of the audit period.

For example, a March 31, 2022, fiscal year-end single audit that is issued on June 30, 2022, would technically be due to the FAC on July 30, 2022 (i.e., 30 calendar days after the auditee's receipt of the auditor's reports). Because the GSA FAC will not be available for submissions until October 1, 2022, if the single audit is submitted to the FAC by December 31, 2022, it would be considered timely and have no impact on the low-risk auditee status of the auditee.

APPENDIX VIII EXAMINATIONS OF EBT SERVICE ORGANIZATIONS

Background

States must obtain an examination report by an independent auditor of the state electronic benefits transfer (EBT) service providers (service organizations) regarding the issuance, redemption, and settlement of benefits under the Supplemental Nutrition Assistance Program (SNAP) (Assistance Listing 10.551) in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Attestation Engagements (AT) Section 801, *Reporting on Controls at a Service Organization*. Also, states are required to ensure that the service organization has these examinations performed at least annually, that the examinations cover the entire period since the previous examination period, and that the examination reports are submitted to the state within 90 days after the end of the examination period. The examination report must include a list of all states whose systems operate under the same control environment. The auditor of the service organization is required to issue a report on controls placed in operation and tests of operating effectiveness of controls, which is commonly referred to as a “service organization control (SOC) 1 type 2 report” (7 CFR section 274.1(i)).

In performing audits of SNAP under 2 CFR Part 200, Subpart F, an auditor may use these SOC 1 type 2 reports to gain an understanding of internal controls and obtain evidence about the operating effectiveness of controls.

A SOC 1 type 2 report includes (1) a description by the service organization’s management of its system of policies and procedures for providing services to user entities (including control objectives and related controls as they relate to the services provided) throughout the specified period of time; (2) a written assertion by the service organization’s management about whether, in all material respects and based on suitable criteria, (a) the aforementioned description fairly presents the system throughout the specified period, (b) the controls were suitably designed throughout the specified period to achieve the control objectives stated in that description, and (c) the controls operated effectively throughout the specified period to achieve those control objectives; and (3) the report of the service auditor, which (a) expresses an opinion on the matters covered in management’s written assertion, and (b) includes a description of the auditor’s tests of operating effectiveness of controls and the results of those tests.

This appendix is intended to assist service organizations and their auditors by describing illustrative control objectives and controls that service organizations may have in place. When such controls are present and operating effectively, they may enable auditors of user organizations to assess control risk below the maximum for financial statement assertions related to EBT transactions. The illustrative control objectives and controls in this appendix may not necessarily reflect how a specific service organization considers and implements internal control. Also, this appendix is not a checklist of required controls. Service organizations’ controls may be properly designed and operating effectively even though some of the controls included in this appendix are not present. Further, service organizations could have other controls operating effectively that have not been included in this appendix. Service organizations and their auditors will need to exercise professional judgment in determining the most appropriate and cost effective controls in a given environment or circumstance.

Many of the illustrative controls are stated in relation to the kinds of policies and procedures that are “established” or “in place” at an organization. It would be insufficient for such policies and procedures to merely exist on paper and not be implemented. To meet the criteria of a SOC 1 type 2 examination, the policies and procedures would need to be suitably designed, placed in operation, and operating effectively.

1. Control Environment

Illustrative Control Objective:

Controls provide reasonable assurance that the EBT system functions in a manner consistent with the service organization’s policies and complies with applicable laws and regulations (Food and Nutrition Act of 2008, as amended (7 USC 2011 et seq.) and (7 CFR section 277.18(p)).

Illustrative Controls:

- The service organization has written policies and procedures for the system processing EBT transactions.
- The organization identifies and analyzes relevant risks to the EBT process.
- Policies and procedures regarding acceptable employee practices, conflicts of interests, and codes of conduct have been established and communicated to employees with EBT responsibilities.
- Policies and procedures are established for performing background investigations of employees prior to employment.
- Policies and procedures have been established to segregate incompatible functions (e.g., application programming, systems and operation, financial duties, data storage, government reimbursement payment requests, transaction processing, and reconciliation) so no individual interacting with the system can exercise unilateral control over EBT transactions.
- Policies and procedures are in place for management to monitor the effectiveness of EBT controls and correct deficiencies or weaknesses when found.
- Policies and procedures are in place to prevent management or staff from overriding controls.

2. Systems Development and Maintenance

Illustrative Control Objective:

Controls provide reasonable assurance that changes (including emergency procedures) to EBT applications and system software are authorized, tested, approved, implemented, and documented.

Illustrative Controls:

- The service organization follows a system development methodology.
- System documentation for new and existing applications is current and complete in accordance with programming and documentation standards used by the service organization.
- Systems development staff are not responsible for system maintenance.

3. Access Controls

Illustrative Control Objective:

Controls provide reasonable assurance that the EBT system is protected against unauthorized physical and logical access.

Illustrative Controls:

- The responsibility for the development and enforcement of a security policy is at an organizational level that facilitates compliance by service organization personnel and enables enforcement of policies and procedures.
- Security policy and procedures are in place and are communicated to appropriate employees and contractors.
- Policies and procedures are in place for reporting security incidents or observed irregularities to an organizational level where such matters can be investigated and resolved.
- Policies and procedures are established for the security over filing, retention, and destruction of EBT system files.
- Policies and procedures are in place for conducting security system training.
- Policies and procedures are in place for discontinuing an employee or contractor's ability to access EBT hardware, software, and data when the employee is terminated or the employee's duties are changed.
- Access to EBT files or processes is limited based upon users' needs.

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- Passwords control access to EBT files, personal identification numbers (PIN), and privacy data.
 - A password change policy is in place and requires a password change at a specified interval, generally at least every 90 days.
 - Firewalls or other procedures prevent unauthorized access to data from an external network.
 - Policies and procedures are in place to prevent a state from reviewing or altering data for another state.

4. Computer Operations – Processing

Illustrative Control Objective:

Controls provide reasonable assurance that processing is scheduled and deviations from scheduling are identified and resolved.

5. Computer Operations – Data Transmission

Illustrative Control Objective:

Controls provide reasonable assurance that data transmissions are complete, accurate and secure.

Illustrative Controls:

- Policies and procedures require that PINs and data be encrypted throughout processing.
- Encryption keys are stored in a secure manner.
- Maintenance of encryption keys is performed by authorized service center staff.
- Policies and procedures of the service organization require proper identification, validation, and acceptance of EBT transactions processed.

6. Computer Operations – Output

Illustrative Control Objective:

Controls provide reasonable assurance that output data and documents are complete, accurate, and distributed to authorized recipients on a timely basis.

7. EBT Controls – Transactions Received from Authorized Sources

Illustrative Control Objective:

Controls provide reasonable assurance that transactions are received only from authorized sources.

Illustrative Controls:

- Policies and procedures are in place to ensure that updates of point of sale (POS) device parameters are restricted to authorized personnel.
- Policies and procedures require that POS transactions be properly validated.
- Policies and procedures for direct data entry, such as adjustments, require proper review and approval.
- Policies and procedures are in place to approve voucher transactions.
- Policies and procedures for voucher transactions prevent unauthorized access to recipient or retailer accounts.

8. EBT Controls – Transaction Amounts and Recording

Illustrative Control Objective:

Controls provide reasonable assurance that transactions are for authorized amounts and are recorded completely and accurately.

Illustrative Controls:

- Records identify the activity and events in client accounts (e.g., deposits, withdrawals, charges, and type of transactions).
- Records identify client accounts for which benefits have not been withdrawn or used beyond pre-established periods (i.e., identify inactive accounts for which deposits are still made).
- System edits prevent individual client accounts from being credited with benefits in excess of authorized amounts.

9. EBT Controls – Processing

Illustrative Control Objective:

Controls provide reasonable assurance that transactions are processed completely and accurately.

Illustrative Controls:

- Policies and procedures of the service organization include controls to:
 - monitor and investigate any unsuccessful file transfers,
 - recover or reproduce lost or damaged data,
 - examine edit checks for unusual conditions,
 - reconcile input and output of transactions processed,
 - log and store transactions, and
 - monitor rejected transactions and account adjustment actions.

10. EBT Controls – Settlement

Illustrative Control Objective:

Controls provide reasonable assurance that settlement of funds received from benefit providers and distributed to benefits acquirers for SNAP benefit purchases and withdrawals is performed timely and accurately.

Illustrative Controls:

- Policies and procedures are in place to perform reconciliations (at least weekly) of:
 - account balances,
 - net settlements, and
 - government funds.
- Policies and procedures are established for resolution of disputed transactions.
- Policies and procedures are established for requesting federal and state reimbursements.

11. Physical Environment

Illustrative Control Objective:

Controls exist to provide reasonable assurance that physical assets are protected.

Illustrative Controls:

- Policies and procedures are established for environmental controls (e.g., maintenance schedules, fire suppression equipment, water detection and protection considerations, and the availability of an uninterruptable power system designed to protect and ensure continued operations).
- Policies and procedures call for periodic facility inspections.

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- Policies and procedures for proper maintenance of hardware have been established.

12. Contingency Planning

Illustrative Control Objective:

Controls exist within the data center to provide reasonable assurance of continuity of operations.

Illustrative Controls:

- Disaster recovery and business continuity plans exist for the system processing EBT transactions.
- The business continuity plan provides for periodic testing at the backup facility and the service organization has performed such testing.
- The service organization has a contractually protected access right to the backup facility.
- Backup arrangements for key applications, processes, and files are in place.

13. Card Controls

Illustrative Control Objective:

Controls are established to provide reasonable assurance that users of EBT benefit cards are authorized.

Illustrative Controls:

- Each transaction is validated with a unique account number and PIN.
- For benefit card issuance services provided by the EBT service organization policies and procedures are in place to:
 - prevent unauthorized assignment and replacement of PINs;
 - properly deliver benefit cards to participants;
 - activate cards by only authorized users;
 - deactivate damaged, lost, or stolen cards;
 - record and destroy active cards returned to the service organization; and
 - control access to and inventory levels of pre-printed unused card stock.

**APPENDIX IX
COMPLIANCE SUPPLEMENT CORE TEAM**

The Compliance Supplement Core Team is responsible for the annual production of the Office of Management and Budget (OMB) Compliance Supplement with the assistance of a support contractor. The Core Team is composed of audit and program representatives from the federal grant-making agencies, OMB, and the Census Bureau. The support contractor is CP2S.

The following is a list of team members (alphabetical by last name) responsible for the production of this Supplement:

Dexter Brereton, Department of Education
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Audrey Clarke, Department of Transportation
Carole Clay, Department of State
Kevin Cone, Department of Veterans Affairs
Antanese Crank, National Aeronautics and Space Administration
Laura M. H. Davis, National Endowment for the Humanities
Mark Dixon, Census Bureau, Department of Commerce
Christopher Eck, National Archives and Records Administration
Nasr Fahmy, Department of Homeland Security
Beth Flowers, Denali Commission
Cindy Galyen, Corporation for National and Community Service
John Geisen, Department of Commerce
David Gilliland, Gulf Coast Ecosystem Restoration Council
Joel Gonzalez, Department of Energy
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Kysha Holliday, Environmental Protection Agency
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Gilbert Tran, Office of Management and Budget
Annie Walker-Bradley, Department of Agriculture
Sandra Webb, Institute for Museum and Library Services

ASSISTANCE LISTING 21.027 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

I. PROGRAM OBJECTIVES

Note: This program is considered a “higher risk” program for 2023, pursuant to 2 CFR section 200.519(c)(2). Refer to the “Programs with Higher Risk Designation” section of Part 8, Appendix IV, Internal Reference Tables, for a discussion of the impact of the “higher risk” designation on the major program determination process.

Note: Per Part IV, “Other Information,” certain Coronavirus State and Local Fiscal Recovery Funds (SLFRF) recipients are provided with an option to have an alternative compliance examination engagement in lieu of a Single Audit or a Program-Specific Audit under 2 CFR Part 200, Subpart F.

The purpose of the SLFRF program is to provide direct payments to states (defined to include all 50 states and the District of Columbia), US territories (defined to include Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), Tribal governments, metropolitan cities, counties, and (through states) non-entitlement units of local government (NEUs) (collectively the “eligible entities”) to:

1. Respond to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including by providing assistance to households, small businesses, nonprofits, and impacted industries, such as tourism, travel, and hospitality;
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the recipient that perform essential work or by providing grants to eligible employers that have eligible workers who are performing essential work;
3. Provide government services, to the extent of the reduction in revenue of the eligible entities due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the eligible entities prior to the emergency; and
4. Make necessary investments in water, sewer, or broadband infrastructure.

II. PROGRAM PROCEDURES

A. Overview

Sections 602 and 603 of the Social Security Act (the “Act”), as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 USC sections 802 and 803, authorized the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, respectively (referred to collectively as the

“Coronavirus State and Local Fiscal Recovery Funds” or “SLFRF”). SLFRF is administered by the US Department of the Treasury (“Treasury”) and provides assistance in the form of direct payments for specified use. SLFRF provides \$350 billion for payments to eligible entities.

The total allocations to the eligible entities under SLFRF are as follows:

- (1) \$195.3 billion reserved for making payments to the 50 states and the District of Columbia;
- (2) \$4.5 billion reserved for making payments to the US territories;
- (3) \$20 billion reserved for making payments to Tribal governments;
- (4) \$45.57 billion reserved for making payments to metropolitan cities;
- (5) \$65.1 billion reserved for making payments to counties; and
- (6) \$19.53 billion reserved for making payments to NEUs.

Amounts paid to eligible states and local governments were based on 2019 population data from the US Census Bureau as well as latest available data from the Bureau of Labor Statistics at the time of the issuance of Treasury’s Interim Final Rule, May 17, 2021. Treasury made a determination to allocate payments to Tribal governments based on enrollment reported to the Bureau of Indian Affairs and employment data, as well as consultation with Tribal leaders.

Prior to receipt of award funds, all eligible entities are required to execute a Financial Assistance Agreement, which includes the Award Terms and Conditions that recipients must comply with in carrying out the objectives of their award, as well as the certification required at 42 USC 802(d)(1). Tribal and local governments are not required to provide such certification as a condition of receiving payment under SLFRF. Eligible entities are required to use their award funds as set forth at 42 USC sections 802(c)(1) and 803(c)(1) and Treasury’s Final Rule, 31 CFR Part 35 to meet pandemic response needs and rebuild a strong, more equitable economy as the country recovers.

Source of Governing Requirements

The SLFRF program is authorized by sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 USC sections 802 and 803, and implemented by Treasury’s [Interim Final Rule](#) and [Final Rule](#) at 31 CFR Part 35.

On January 6, 2022, Treasury adopted a Final Rule to implement the requirements of the SLFRF program. The Final Rule responded to comments Treasury received on the Interim Final Rule and became effective on April 1, 2022.

Along with the Final Rule, Treasury published a [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule](#) (the “Statement”) that clarifies the transition from compliance with the Interim Final Rule to compliance with the Final Rule. Recipients should review the Final Rule for additional information. Recipients must comply with the Final Rule beginning on April 1, 2022. Prior to April 1, 2022, recipients were permitted to take actions and use funds in a manner consistent with the Final Rule, and Treasury will not take action to enforce the Interim Final Rule if a use of funds is consistent with the terms of the Final Rule, regardless of when the SLFRF funds were used. This means that Treasury will not take action to enforce against uses in accordance with the Interim Final Rule to the extent that the recipient wishes to change its planned uses of SLFRF funds in a manner consistent with the Final Rule.

Prior to April 1, 2022, the Interim Final Rule remained in effect. Accordingly, recipients were able to obligate and expend funds in a manner consistent with the Interim Final Rule prior to April 1, 2022. In addition, Treasury recognizes that recipients took steps to use SLFRF funds for projects in a manner consistent with the Interim Final Rule prior to adoption of the Final Rule. To the extent that a recipient took significant steps toward obligating SLFRF funds in a manner consistent with the Interim Final Rule prior to January 6, 2022, Treasury will generally not take action to enforce provisions contained in the Final Rule, to the extent that they are more restrictive than those in the Interim Final Rule. Such significant steps include initiation of procurement or grantmaking actions, detailed planning of projects or programs, appropriation of funds, and other significant planning steps.

Recipients must follow the requirements on award funds they expended for their fiscal year 2023 based on the requirements set forth at 42 USC sections 802 and 803, Treasury’s Interim Final Rule, Treasury’s Final Rule, and Frequently Asked Questions (FAQs), as applicable. If an expenditure is not consistent with the Final Rule, then auditors should consult the Statement in order to determine how to assess the applicability of the Interim Final Rule and use their professional judgement. See the IV., “Other Information” section below for auditor guidance relating to the criteria auditors should use for compliance testing purposes.

Auditors should note that the [Consolidated Appropriations Act, 2023](#) amended Sections 602 and 603 of the Social Security Act to provide state, local, and Tribal governments the flexibility to use SLFRF funds for additional eligible uses. See Division LL, Section 102 of the Consolidated Appropriations Act. Additional guidance will be forthcoming and available on the Treasury website.

Availability of Other Program Information

Additional information on the requirements for SLFRF is available through the program webpage on Treasury’s website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.

SLFRF’s Compliance and Reporting Guidance can be found at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities>.

The Compliance and Reporting Guidance provides additional detail and clarification for each recipient's compliance and reporting responsibilities and should be read in concert with the Award Terms and Conditions (Please refer to: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/request-funding>), the authorizing statute, the Interim Final Rule and Final Rule, as applicable, and other regulatory and statutory requirements.

Interim Final Rule FAQs and Final Rule FAQs about SLFRF are available on the program webpage on Treasury's website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.

The FAQ documents contain answers to frequently asked questions regarding the Interim Final Rule and the Final Rule. Treasury intends to update the Final Rule FAQs periodically in response to questions received from stakeholders. The Final Rule FAQs are applicable to the Final Rule, although readers will notice that many FAQs have been incorporated from the Interim Final Rule FAQs, because they remain applicable. Answers to frequently asked questions that are unique to the Interim Final Rule remain available on the Treasury website. The Final Rule FAQs include a categorization to assist readers in identifying the FAQs that remain largely the same as in the Interim Final Rule FAQs and the FAQs that are new or have been updated in conformity with the Final Rule.

Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule can be found at <https://home.treasury.gov/system/files/136/SLFRF-Compliance-Statement.pdf>.

The Statement clarifies the transition from compliance with the Interim Final Rule to compliance with the Final Rule. Recipients should also review the Final Rule for additional information.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, "Matrix of Compliance Requirements"), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a "Y" in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as "N," it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an "N." See the Safe Harbor Status Discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	Y	Y	Y	N	Y	Y	N

A. Activities Allowed or Unallowed

Recipients may use SLFRF payments for any eligible expenses subject to the restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021 codified at 42 USC sections 802 and 803 respectively. Recipients may also use payments subject to the restrictions set forth Division LL, Section 103 of the Consolidated Appropriations Act, 2023, Treasury’s Interim Final Rule and Final Rule at 31 CFR Part 35, and FAQs available at <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf> and <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf>.

1. Activities Allowed- Recipients may use payments from SLFRF to:

- a. **Respond to the public health and negative economic impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, impacted industries, and the public sector recover from economic impacts of the pandemic;
- b. **Replace lost public sector revenue** to provide government services; recipients may use this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic.
- c. **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and
- d. **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

2. *Activities Unallowed*

- a. Offset a reduction in net tax revenue (applicable to states and territories)
- b. Deposits into pension funds (applicable to all recipients except Tribes)
- c. Debt service or replenishing financial reserves (e.g., “rainy day funds”) (applicable to all recipients)
- d. Satisfaction of settlements and judgments (applicable to all recipients)
- e. Programs, services, or capital expenditures that include a term or condition that undermines efforts to stop the spread of COVID-19 (applicable to all recipients)

Under the Final Rule, recipients can elect a one-time “standard allowance” of \$10 million (not to exceed the recipient’s award amount) to spend on the “provision of government services” during the period of performance. Alternatively, recipients can calculate lost revenue for the years 2020, 2021, 2022, and 2023 based on the formula provided in the Final Rule to determine the amount of SLFRF funds that can be used for the “provision of government services.” In calculating revenue loss, recipients can choose whether to use calendar or fiscal year dates but must be consistent throughout the period of performance. If calculating revenue loss, recipients must provide auditors with evidence supporting their revenue loss calculation. Treasury has determined that there are no subawards under this eligible use category. The definition of subrecipient in the Uniform Guidance provides that a subaward is provided for the purpose of “carrying out” a portion of a federal award. Recipients’ use of revenue loss funds does not give rise to subrecipient relationships.

The dollar amount of the revenue loss determines the limit for the amount of SLFRF funds that can be used to “provide government services” (which is one of four eligible uses of SLFRF funds). For Schedule of Expenditures of Federal Awards (SEFA) reporting purposes, the aggregate expenditures for all four eligible use categories are reported on the SEFA and not just the result of the revenue loss calculation or standard allowance. See the IV, “Other Information” section below for guidance on the related Schedule of Expenditures of Federal Award reporting.

B. Allowable Cost/Cost Principles

SLFRF is considered “other financial assistance” per 2 CFR section 200.1 and is administered as direct payments for specified use.

The auditor is not expected to determine whether the recipient exceeded the maximum limits for specified eligible use categories. Treasury will evaluate that the recipient was within the limits for the eligible use categories through reviewing the recipient’s reporting, which is subject to audit.

The 2 CFR Part 200, Subpart E is applicable to expenditures under SLFRF unless stated otherwise. Given the purpose and very broad scope of eligible uses of the revenue replacement funds, only a subset of the requirements in 2 CFR Part 200, Subpart E apply to recipients' use of such funds, as follows:

- 2 CFR 200.400(a) - (c), and (e) Policy guide;
- 200.403(a), (c), (d), (g), and (h) Factors affecting allowability of costs; and
- 200.404(e) Reasonable costs.

G. Matching, Level of Effort, Earmarking

1. Matching

Not Applicable

2. Level of Effort

Not Applicable

3. Earmarking

Recipients may use payments from SLFRF to replace lost public sector revenue to provide government services. Recipients may use this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic.

Under the Final Rule, recipients can elect a one-time "standard allowance" of \$10 million (not to exceed the recipient's award amount) to spend on the "provision of government services" during the period of performance. Alternatively, recipients can calculate lost revenue for the years 2020, 2021, 2022, and 2023 based on the formula provided in the Final Rule to determine the amount of SLFRF funds that can be used for the "provision of government services."

In calculating revenue loss, recipients can choose whether to use calendar or fiscal year dates but must be consistent throughout the period of performance. If calculating revenue loss, recipients must provide auditors with evidence supporting their revenue loss calculation.

Treasury has determined that there are no subawards under this eligible use category. The definition of subrecipient in the Uniform Guidance provides that a subaward is provided for the purpose of "carrying out" a portion of a federal award. Recipients' use of revenue loss funds does not give rise to subrecipient relationships.

The dollar amount of the revenue loss determines the limit for the amount of SLFRF funds that can be used to "provide government services" (which is one of

four eligible uses of SLFRF funds). For Schedule of Expenditures of Federal Awards (SEFA) reporting purposes, the aggregate expenditures for all four eligible use categories are reported on the SEFA and not the result of the revenue loss calculation or standard allowance. See the IV, “Other Information” section below for guidance on the related Schedule of Expenditures of Federal Award reporting.

H. Period of Performance

Recipients may only use funds to cover costs incurred during the period beginning on March 3, 2021 and ending on December 31, 2024, pursuant to the Final Rule at 31 CFR section 35.5(a). Recipients must liquidate all obligations incurred by December 31, 2024, under the award no later than December 31, 2026, which is the end of the period of performance. As such, program obligations or costs must be incurred from the period beginning on March 3, 2021 and ending on December 31, 2024. No new obligations or costs may be incurred during the period beginning January 1, 2025 and ending on December 31, 2026. During this two-year period from January 1, 2025, through December 31, 2026, recipients are only permitted to expend funds to satisfy obligations incurred by December 31, 2024.

I. Procurement and Suspension and Debarment

1. Procurement

Recipients may use award funds to enter into contracts to procure goods and services necessary to implement one or more of the eligible purposes outlined in 42 USC sections 802(c) and 803(c) and Treasury’s Interim Final Rule and Final Rule. As such, except as noted in the next paragraph, recipients are expected to have procurement policies and procedures in place that comply with the procurement standards outlined in the Uniform Guidance.

In July 2022, Treasury released [Final Rule FAQ 13.15](#), which explains that only a subset of the requirements in Subparts D and E of the Uniform Guidance apply to recipients’ use of award funds under the revenue loss eligible use category. The requirements of 2 CFR sections 200.318 through 200.327 are not included in the list of requirements applicable to such funds.

Recipients may also refer to section 13 of the [Final Rule FAQs](#), which includes FAQs related to procurement and other Uniform Guidance-related topics.

2. Suspension and Debarment

See Part 3.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

2. Performance Reporting

Title of Report: Project and Expenditure Report

PRA Number: 1505-0271

Reporting Cycle: Quarterly and Annual

Authoritative Requirement: 2 CFR 200.328 and [31 CFR section 35.4\(c\)](#)
[Reporting and requests for other information](#)

Blank Copy of the Report: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities> - See pages 17 through 34.

Report Instructions: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities> - See pages 17 through 34.

Report Corrections: Recipients will have an opportunity to reopen and provide edits to their submitted Project and Expenditure Reports any time before the reporting deadline. Recipients will then be required to re-certify and submit the report again to properly reflect any edits made. After the reporting deadline, unless prompted by Treasury staff, recipients will not be able to edit their submitted report, any changes or revisions will need to be reflected in the next Project and Expenditure report.

The Office of Recovery Program's (ORP) reporting portal has built-in functionality to reopen a report and allow recipients to make edits after the reporting deadline. However, it is ORP's policy that recipients may only make revisions if authorized by Treasury staff for a period of up to 60 days after the reporting deadline. After the revision period ends, the report is final. A resubmitted report becomes a recipient's final report within ORP's reporting portal. Recipients can generate PDFs of this reports at any time.

Key Line Item(s)- The following line items contain critical information:

1. **Obligations and Expenditures- Quantifiable Objective Criteria:**
Reported obligations and expenditures. (See pages 16 and 17 of the above links.)
 - a. Current period obligation
 - b. Cumulative obligation
 - c. Current period expenditure
 - d. Cumulative expenditure

Revenue loss calculation validation- Note- Recipients may elect a “standard allowance” of up to \$10 million to spend on government services through the period of performance instead of using the full formula specified in the final rule. The standard allowance is available to all recipients. See page 30 for when recipients may modify their revenue loss election. **Quantifiable Objective Criteria:** Recipient’s application of the revenue loss calculation is accurate if they did not elect the standard allowance. Specific information regarding the revenue loss formula can be found in [paragraph \(d\)\(2\) of 31 CFR § 35.6 at 31 CFR § 35.6\(d\)\(2\)\(d\)\(2\)](#).

2. **Capital Expenditures- Quantifiable Objective Criteria:** The recipient has the required written justification in their grant file if the total of the capital expenditures costs in a project is greater than or equal to \$1 million and less than \$10 million; or, the recipient submitted the required justification to Treasury if (1) a project has total capital expenditures costs greater than \$10 million for capital expenditures enumerated by Treasury in the final rule; or (2) the total of a project’s capital expenditures costs is greater than \$1 million for capital expenditures not enumerated by Treasury in the final rule. Note: Capital expenditures paid for using revenue replacement funds are not subject to this requirement. Tribal governments are not required to complete the written justification. (See [31 CFR section 35.6\(b\)\(4\)](#))

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act (FFATA)

Not Applicable

- a. Treasury received approval from the Office of Management and Budget (OMB) to increase the subaward reporting threshold outlined in 2 CFR Part 170 from \$30,000 to \$50,000 for CSLFRF.

- b. Although reporting on subaward information is applicable to SLFRF recipients pursuant to the award term set forth in Appendix A to 2 CFR Part 170, which is incorporated by reference in the SLFRF Financial Assistance Agreement, SLFRF recipients' compliance with FFATA reporting requirements is not subject to audit.

M. Subrecipient Monitoring

See Part 3, Section M, "Subrecipient Monitoring" for a general description of the compliance requirements, the related audit objectives, and suggested audit procedures. Note that subrecipient monitoring is not required for entities deemed to be beneficiaries. Because NEUs are considered by Treasury to be direct recipients of SLFRF (and not subrecipients or beneficiaries), states have no subrecipient monitoring responsibilities related to the funding states were required to distribute to NEUs.

The subrecipient or beneficiary designation is an important distinction as funding provided to beneficiaries is not subject to audit pursuant to the Single Audit Act and 2 CFR Part 200, Subpart F, but funding provided to subrecipients is subject to those audit requirements. For example, when recipients of SLFRF provide award funds to entities to respond to the negative economic impacts of COVID-19 as end users, and not for the purpose of carrying out program requirements, the entities receiving such funding are beneficiaries of SLFRF. Alternatively, when recipients of SLFRF provide award funds to an entity to carry out a program on behalf of the SLFRF recipient, the entities receiving such funding are subrecipients.

Recipients may permit for-profit subrecipients to submit a consolidated audit that reflects their SLFRF expenditures across subawards and programs.

Also as discussed in [Final Rule FAQ 13.14](#), Treasury has determined that there are no subawards under this eligible use category because a recipients' use of revenue loss funds does not give rise to subrecipient relationships given that there is no federal program or purpose to carry out in the case of the revenue loss portion of the award. Therefore, subrecipient monitoring is not applicable to Expenditure Category Group 6 "Revenue Replacement."

IV. OTHER INFORMATION

Please refer to the section entitled "Source of the Governing Requirements" above.
Schedule of Expenditures of Federal Awards (SEFA)

As noted above in Activities Allowed or Unallowed, the dollar amount of the revenue loss determines the limit for the amount of SLFRF funds that can be used to "provide government services" (which is one of four eligible uses of SLFRF funds). For SEFA reporting purposes, the aggregate expenditures for all four eligible use categories are reported on the SEFA and not the result of the revenue loss calculation or standard allowance.

Additionally, because NEUs are considered direct recipients under SLFRF, NEUs that do not elect or are not eligible for the alternative compliance examination engagement are required to report their award expenditures on the SEFA and data collection form as direct awards. Further, States must not report award funds that were required to be distributed to the NEUs on State SEFAs or data collection forms.

Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving SLFRF Awards

I. ALTERNATIVE APPROACH OBJECTIVES

Treasury recognizes that many recipients of SLFRF may newly be required to complete a single audit or a program-specific audit pursuant to the Single Audit Act and its implementing regulations, 2 CFR Part 200, Subpart F, due to their receipt of an SLFRF award which may lead to them expending \$750,000 or more during their fiscal year in Federal awards. This may be because the recipient has not received direct federal financial assistance before, or the other federal financial assistance they expended did not exceed the \$750,000 audit threshold set forth at 2 CFR 200.501(a). This section describes an alternative approach for SLFRF recipients that would otherwise not be required to undergo an audit pursuant to 2 CFR Part 200, Subpart F, if it was not for the expenditures of SLFRF funds directly awarded by Treasury. This alternative approach is permitted by OMB as further described in the Part 8, Appendix VII – Other Audit Advisories and as detailed below. However, an SLFRF recipient may still elect to undergo a single audit or a program-specific audit under 2 CFR Part 200, Subpart F.

A. Alternative Compliance Examination Engagement

The alternative approach to a single audit or program-specific audit under 2 CFR Part 200, Subpart F, permits eligible recipients to engage a practitioner to perform a compliance examination engagement in accordance with the Government Accountability Office (GAO) [*Government Auditing Standards*](#). The GAO *Government Auditing Standards* direct practitioners to conduct these engagements in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Attestation Engagements. The AICPA attestation standards are codified in the AT-C section of the AICPA's *Professional Standards* and [AT-C section 315, Compliance Attestation](#), which is the standard to be followed. This engagement, which results in an opinion on compliance, is to be directed at the compliance requirements described below in D. Compliance Requirements.

This alternative is intended to reduce the burden of a full single audit or program-specific audit on eligible recipients and practitioners, as well as uphold Treasury's responsibility to be a good steward of federal funds. This balance of burden reduction and Treasury responsibility to be a good steward is achieved in several ways as follows:

1. A financial statement audit is not required for those eligible recipients that expend award funds from other Federal programs.
2. A compliance examination engagement simplifies the engagement for both recipients and practitioners.
3. A formal schedule of expenditures of federal awards is not required as the practitioner opines directly on compliance for a single program.
4. The requirements for internal control in 2 CFR 200.514(c) are not relevant to the engagement, although AT-C 315, paragraph .15, still requires the practitioner to obtain an understanding of relevant portions of internal control over compliance sufficient to plan the engagement and to assess control risk for compliance with specified requirements.
5. The engagement still involves testing of the compliance requirements described below and results in a related examination opinion which is similar to the compliance opinion provided under 2 CFR Part 200, Subpart F.
6. The engagement reporting is simplified as compared to the audit report required by 2 CFR Part 200, Subpart F. One compliance examination opinion is issued (versus up to 3 reports for a single audit or program-specific audit) and the reporting allows for reporting findings that are noted in a similar manner to how they are reported for audits under 2 CFR Part 200, Subpart F.

The following subsections of this section align with normal OMB Compliance Supplement presentation for a Federal program; however, practitioners performing the alternative compliance examination engagement should use this “Other Information” section as a standalone document. Practitioners should not use Part 3 of the OMB *Compliance Supplement* or the full Part 4 section of the SLFRF Program Compliance Supplement (designated for audits of the program performed under 2 CFR Part 200, Subpart F) when testing compliance. Instead, the examination objectives and suggested examination procedures below should be used on their own.

B. Recipient Eligibility

Recipient eligibility to use this alternative approach is as follows: SLFRF recipients that expend \$750,000 or more during the recipient’s fiscal year in federal awards and which meet **both** criteria listed below have the option to follow the alternative SLFRF compliance examination engagement:

1. The recipient’s total SLFRF award received directly from Treasury or received (through states) as an NEU is at or below \$10 million; and

2. Other federal award funds the recipient expended (not including their direct SLFRF award funds) are less than \$750,000 during the recipient's fiscal year.

C. Program Objectives

SLFRF provides direct payments to states (defined to include the District of Columbia), US territories (defined to include Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), Tribal governments, metropolitan cities, counties, and (through states) NEU (collectively the "eligible entities") to:

1. Respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including by providing assistance to households, small businesses, nonprofits, and impacted industries, such as tourism, travel, and hospitality;
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the recipient that perform essential work or by providing grants to eligible employers that have eligible workers who are performing essential work;
3. Provide government services, to the extent of the reduction in revenue of the eligible entities due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the eligible entities prior to the emergency; and
4. Make necessary investments in water, sewer, or broadband infrastructure.

II. PROGRAM PROCEDURES

A. Overview

Sections 602 and 603 of the Social Security Act (the "Act"), as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 USC 802 and 803, authorized the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, respectively (referred to collectively as the "Coronavirus State and Local Fiscal Recovery Funds" or "SLFRF"). SLFRF is administered by the Treasury and provides assistance in the form of direct payments for specified uses. SLFRF provides \$350 billion for payments to eligible entities.

The total allocations to the eligible entities under SLFRF are as follows:

1. \$195.3 billion reserved for making payments to the 50 states and the District of Columbia;

2. \$4.5 billion reserved for making payments to the US territories;
3. \$20 billion reserved for making payments to tribal governments;
4. \$45.57 billion reserved for making payments to metropolitan cities;
5. \$65.1 billion reserved for making payments to counties; and
6. \$19.53 billion reserved for making payments to states for distribution to NEUs.

Prior to receipt of award funds, all eligible entities are required to execute a Financial Assistance Agreement, which includes the Award Terms and Conditions that recipients must comply with in carrying out the objectives of their award, as well as the certification required by 42 USC section 802(d)(1). Tribal and local governments are not required to provide such certification as a condition of receiving payment under SLFRF. Eligible entities are required to use their award funds as set forth in 42 USC sections 802(c)(1) and 803(c)(1) and Treasury's Final Rule, 31 CFR Part 35 to meet pandemic response needs and rebuild a strong, more equitable economy as the country recovers.

Source of Governing Requirements

The Coronavirus State and Local Fiscal Recovery Funds program is authorized by sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 USC sections 802 and 803, and implemented by Treasury's [Interim Final Rule](#) and [Final Rule](#) at 31 CFR Part 35.

On January 6, 2022, the Treasury adopted a Final Rule to implement the requirements of the SLFRF program. The Final Rule responded to comments Treasury received on the Interim Final Rule and became effective on April 1, 2022.

Along with the Final Rule, Treasury published a *Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule* (See <https://home.treasury.gov/system/files/136/SLFRF-Compliance-Statement.pdf>) that clarifies the transition from compliance with the Interim Final Rule to compliance with the Final Rule. Recipients should also review the Final Rule for additional information.

Recipients must comply with the Final Rule beginning on April 1, 2022. Prior to April 1, 2022, recipients were permitted to take actions and use funds in a manner consistent with the Final Rule, and Treasury will not take action to enforce the Interim Final Rule if a use of funds is consistent with the terms of the Final Rule, regardless of when the SLFRF funds were used. This means that Treasury will not take action to enforce

against uses in accordance with the Interim Final Rule to the extent that the recipient wishes to change its planned uses of SLFRF funds in a manner consistent with the Final Rule.

Prior to April 1, 2022, the Interim Final Rule remained in effect. Accordingly, recipients were able to obligate and expend funds in a manner consistent with the Interim Final Rule prior to April 1, 2022. In addition, Treasury recognizes that recipients took steps to use SLFRF funds for projects in a manner consistent with the Interim Final Rule prior to adoption of the Final Rule. To the extent that a recipient took significant steps toward obligating SLFRF funds in a manner consistent with the Interim Final Rule prior to January 6, 2022, Treasury will generally not take action to enforce provisions contained in the Final Rule, to the extent that they are more restrictive than those in the Interim Final Rule. Such significant steps include initiation of procurement or grantmaking actions, detailed planning of projects or programs, appropriation of funds, and other significant planning steps.

Auditors must audit recipients on award funds they expended for their fiscal year 2023 based on the requirements set forth in 42 USC sections 802 and 803, Treasury's Interim Final Rule, Treasury's Final Rule, and Frequently Asked Questions (FAQs), as applicable. If an expenditure is not consistent with the Final Rule, then auditors should consult the Statement in order to determine how to assess the applicability of the Interim Final Rule.

Auditors should note that the [Consolidated Appropriations Act, 2023](#) amended Sections 602 and 603 of the Social Security Act to provide state, local, and Tribal governments the flexibility to use SLFRF funds for additional eligible uses. See Division LL, Section 102 of the Consolidated Appropriations Act, 2023. Additional guidance will be forthcoming and available on the Treasury website.

Availability of Other Program Information

Additional information on the requirements for SLFRF is available through the program webpage on Treasury's website at [Coronavirus State and Local Fiscal Recovery Funds | US Department of the Treasury](#).

SLFRF's Compliance and Reporting Guidance can be found at [Recipient Compliance and Reporting Responsibilities | US Department of the Treasury](#).

The Compliance and Reporting Guidance provides additional detail and clarification for each recipient's compliance and reporting responsibilities and should be read in concert with the Award Terms and Conditions, the authorizing statute, the Interim Final Rule and Final Rule, as applicable, and other regulatory and statutory requirements.

The [Final Rule](#), an overview of the Final Rule, and FAQs about SLFRF are available on the program webpage on Treasury's website at <https://home.treasury.gov/policy->

[issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds.](#)

The FAQ documents contain answers to frequently asked questions regarding the Interim Final Rule and the Final Rule. Treasury intends to update the Final Rule FAQs periodically in response to questions received from stakeholders. The Final Rule FAQs are applicable to the Final Rule, although readers will notice that many FAQs have been incorporated from the Interim Final Rule FAQs, because they remain applicable. Answers to frequently asked questions that are unique to the Interim Final Rule remain available on the Treasury website. The Final Rule FAQs include a categorization to assist readers in identifying the FAQs that remain largely the same as in the Interim Final Rule FAQs and the FAQs that are new or have been updated in conformity with the Final Rule.

Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule can be found at <https://home.treasury.gov/system/files/136/SLFRF-Compliance-Statement.pdf>.

The Statement clarifies the transition from compliance with the Interim Final Rule to compliance with the Final Rule. Recipients should also review the Final Rule for additional information.

III. COMPLIANCE REQUIREMENTS

Preconditions for the Compliance Examination Engagement- ACEEs should be performed consistent with, and in addition GAO's *Government Auditing Standards*, AT-C 205, [Examination Engagements](#), and AT-C 315, [Compliance Attestation](#). As a precondition to this compliance examination engagement, the practitioner should determine that:

1. management can provide evidence to the practitioner that it meets the recipient eligibility criteria for the alternative compliance examination engagement as outlined in Section A, "Recipient Eligibility";
2. management accepts responsibility for the entity's compliance with the compliance requirements below and the entity's internal control over compliance; and
3. management evaluates the entity's compliance with the compliance requirements in this section.

Compliance Requirements Relevant to the Compliance Examination Engagement-
The requirements noted with a "Y" in the "Matrix of Compliance Requirements" below are subject to the compliance examination engagement.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	N	N	N	N	N	N

A. Activities Allowed or Unallowed

Recipients may use SLFRF payments for any eligible expenses subject to the restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021 as codified by 42 USC sections 802 and 803, respectively. Recipients may also use payments subject to the restrictions set forth Division LL, Section 103 of the Consolidated Appropriations Act, 2023, Treasury’s Interim Final Rule and Final Rule at 31 CFR Part 35, and FAQs available at <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf> and <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf>.

1. *Activities Allowed-* Suggested Examination Procedures

- a. Obtain an understanding of the design of relevant portions of internal control over compliance regarding unallowable activities by performing some or all of the following:
 - (1) Inquiries of appropriate management, supervisory, and staff personnel
 - (2) Inspection of the entity's relevant documents
 - (3) Observation of the entity's activities and operations
 - (4) Review a sample of SLFRF expenditures to determine if recipients used SLFRF funds for ineligible uses

1. *Activities Unallowed-* The following activities are not permitted under SLFRF:

- a. Offset a reduction in net tax revenue (applicable to states and territories)
- b. Deposits into pension funds (applicable to all recipients except Tribes)

- c. Debt service or replenishing financial reserves (e.g., “rainy day funds”) (applicable to all recipients)
- d. Satisfaction of settlements and judgments (applicable to all recipients)
- e. Programs, services, or capital expenditures that include a term or condition that undermines efforts to stop the spread of COVID-19 (applicable to all recipients)

Examination Objective Determine whether the recipients used SLFRF funds for ineligible uses.

B. Allowable Cost/Cost Principles

Compliance Requirement- Recipients that are eligible for the alternative compliance examination engagement may elect the standard allowance for revenue loss, pursuant to which they could use the entirety of their allocation for the provision of government services. Recipients are required to comply with 2 CFR 200.404(e) regarding reasonable costs, and, as such, are required to not deviate from their established practices and policies regarding the incurrence of costs.

[Final Rule FAQ 13.15](#) outlines that Given the purpose and very broad scope of eligible uses of the revenue replacement funds, only a subset of the requirements in 2 CFR part 200, Subpart E apply to recipients’ use of such funds, as follows:

- 2 CFR 200.400(a) - (c), and (e) Policy guide;
- 200.403(a), (c), (d), (g), and (h) Factors affecting allowability of costs; and
- 200.404(e) Reasonable costs.

Examination Objective- Determine whether the recipient significantly deviated from its established practices and policies regarding the incurrence of costs.

1. Suggested Examination Procedures

- a. Obtain an understanding of the design of relevant portions of internal control over compliance and established practices and policies regarding the incurrence of costs by performing some or all of the following:
 - (1) Inquiries of appropriate management, supervisory, and staff personnel
 - (2) Inspection of the entity's relevant documents

- (3) Observation of the entity's activities and operations
- (4) Test a sample of SLFRF expenditures to determine that the recipient treated costs consistently with its established practices and policies.

L. REPORTING

As described in the GAO *Government Auditing Standards*, and elaborated upon in AICPA standards, the practitioner issues the following reporting in the alternative compliance examination engagement:

- Practitioner's Examination Report prepared in accordance with [AT-C 315](#) and [Government Auditing Standards](#).
- Schedule of Findings and Responses (if applicable) that includes findings required to be reported under *Government Auditing Standards*.

IV. OTHER INFORMATION

A. COMPLIANCE EXAMINATION ENGAGEMENT SUBMISSION INSTRUCTIONS

The submission deadlines for the alternative compliance examination engagement are the same as those for single audits and program specific audits due in accordance with 2 CFR Part 200, Subpart F. Therefore, the results of the alternative compliance examination engagement must be submitted by the auditee to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Instructions for how recipients are to submit the ACEE can be found on pages 1 to 14 of the Federal Audit Clearinghouse guidance located at [https://facides.census.gov/Files/IDES%20Manual%202022%20\(UG\).pdf](https://facides.census.gov/Files/IDES%20Manual%202022%20(UG).pdf)

Also, please refer to the related SLFRF certification statement on page 13 of the Single Audit Checklist, Instructions, and Form located at <https://facides.census.gov/Files/2022%20Checklist%20Instructions%20and%20Form.pdf>.

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.027 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS**

This Compliance Supplement section is broken down into two sections. The first section below is relevant to audits of the Coronavirus State and Local Fiscal Recovery Funds performed under subpart F, Audit Requirements, of the Uniform Guidance. The second section (beginning on page 4-21.027-16) describes an alternative audit approach for certain eligible recipients.

Section 1 – Audits Performed Under the Uniform Guidance**I. PROGRAM OBJECTIVES**

Note: This program is considered a “higher risk” program for 2024, pursuant to 2 CFR section 200.519(c)(2). Refer to the “Programs with Higher Risk Designation” section of Part 8, Appendix IV, Internal Reference Tables, for a discussion of the impact of the “higher risk” designation on the major program determination process.

Note: Per Part IV, “Other Information,” certain Coronavirus State and Local Fiscal Recovery Funds (SLFRF) recipients are provided with an option to have an alternative compliance examination engagement in lieu of a Single Audit or a Program-Specific Audit.

The purpose of the SLFRF program is to provide direct payments to states (defined to include all 50 states and the District of Columbia), US territories (defined to include Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), Tribal governments, metropolitan cities, counties, and (through states) non-entitlement units of local government (NEUs) (collectively the “eligible entities”) to:

1. Respond to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including by providing assistance to households, small businesses, nonprofits, and impacted industries, such as tourism, travel, and hospitality;
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the recipient that perform essential work or by providing grants to eligible employers that have eligible workers who are performing essential work;
3. Provide government services, to the extent of the reduction in revenue of the eligible entities due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the eligible entities prior to the emergency;
4. Make necessary investments in water, sewer, or broadband infrastructure;
5. Provide emergency relief from natural disasters or the negative economic impacts of natural disasters including temporary housing, food assistance, financial assistance for

lost wages, and other immediate needs. Please see pages 4 - 8 of the Overview of the 2023 Interim Final Rule ([SLFRF Overview of the 2023 IFR](#)) for a list of such eligible uses;

6. Use funds for Surface Transportation projects under certain programs administered by the U.S. Department of Transportation. Please see pages 9 - 15 of the [SLFRF Overview of the 2023 IFR](#) for a list of such eligible uses; and
7. Use funds for projects eligible under the programs established in Title I of the Housing and Community Development Act of 1974 (“Title I projects”), subject to certain requirements and limitations. Please see pages 16 - 19 of the [SLFRF Overview of the 2023 IFR](#) for a list of such eligible uses.

II. PROGRAM PROCEDURES

A. Overview

Sections 602 and 603 of the Social Security Act (the “Act”), as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 USC sections 802 and 803, and as amended by the Consolidated Appropriations Act, 2023 (“2023 CAA”), Pub. L. No. 117-328 (Dec. 29, 2022), authorized the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, respectively (referred to collectively as the “Coronavirus State and Local Fiscal Recovery Funds” or “SLFRF”). SLFRF is administered by the U.S. Department of the Treasury (“Treasury”) and provides assistance in the form of direct payments for specified use. SLFRF provides \$350 billion for payments to eligible entities.

The total allocations to the eligible entities under SLFRF are as follows:

- (1) \$195.3 billion reserved for making payments to the 50 states and the District of Columbia;
- (2) \$4.5 billion reserved for making payments to the US territories;
- (3) \$20 billion reserved for making payments to Tribal governments;
- (4) \$45.57 billion reserved for making payments to metropolitan cities;
- (5) \$65.1 billion reserved for making payments to counties; and
- (6) \$19.53 billion reserved for making payments to NEUs.

Amounts paid to eligible states and local governments were based on 2019 population data from the US Census Bureau as well as latest available data from the Bureau of Labor Statistics at the time of the issuance of Treasury’s 2021 Interim Final Rule on May 17, 2021. Treasury made a determination to allocate payments to Tribal governments based

on enrollment reported to the Bureau of Indian Affairs and employment data, as well as consultation with Tribal leaders.

Prior to receipt of award funds, all eligible entities are required to execute a Financial Assistance Agreement, which includes the Award Terms and Conditions that recipients must comply with in carrying out the objectives of their award, as well as the certification required at 42 USC 802(d)(1). Tribal and local governments are not required to provide such certification as a condition of receiving an award under SLFRF. Eligible entities are required to use their award funds as set forth at 42 USC sections 802(c) and 803(c) and the SLFRF regulations set forth at 31 CFR Part 35, Subpart A, to meet pandemic response needs and rebuild a strong, more equitable economy as the country recovers.

Source of Governing Requirements

The SLFRF program is authorized by sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 USC sections 802 and 803, and as amended by the 2023 CAA. The U.S. Department of the Treasury (Treasury) has implemented the statutory provisions applicable to FY 2024 through the [2021 Interim Final Rule](#), the [2022 Final Rule](#), the [2023 Interim Final Rule](#), and the [Obligation Interim Final Rule](#) at 31 CFR Part 35, Subpart A.

On January 6, 2022, Treasury adopted the 2022 Final Rule to implement the requirements of the SLFRF program. The 2022 Final Rule responded to comments Treasury received on the 2021 Interim Final Rule and took effect on April 1, 2022. Until that time, the 2021 Interim Final Rule remained in effect. Auditors should note that if a recipient obligated funds in accordance with the 2021 Interim Final Rule, then the expenditures follow the requirements of the 2021 Interim Final Rule.

Treasury issued the [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds 2021 Interim Final Rule and 2022 Final Rule](#) (“the Statement”) that clarifies the transition from compliance with the Interim Final Rule to compliance with the Final Rule. Recipients must comply with the 2022 Final Rule beginning on April 1, 2022, when the 2022 Final Rule took effect. Prior to April 1, 2022, recipients may take actions and use funds in a manner consistent with the 2022 Final Rule, and Treasury will not take action to enforce the 2021 Interim Final Rule if a use of funds is consistent with the terms of the 2022 Final Rule, regardless of when the SLFRF funds were used. Please see pages 3-4 of the Statement for specific guidance. For example, a recipient is not required to prepare or submit a written justification as required under the 2022 Final Rule for capital expenditures under the public health-negative economic impact eligible use category if the recipient (i) has taken significant steps toward obligating SLFRF funds for that project prior to January 6, 2022, or (ii) has obligated funds for such project prior to April 1, 2022.

Recipients must follow the requirements on award funds they expended for their fiscal year 2024 based on the requirements set forth at 42 USC sections 802 and 803, Treasury’s 2021 Interim Final Rule, Treasury’s 2022 Final Rule, Treasury’s 2023 Interim Final Rule, obligation Interim Final Rule, and [Frequently Asked Questions \(FAQs\)](#), as applicable.

Auditors should note that the [Consolidated Appropriations Act, 2023](#) amended Sections 602 and 603 of the Social Security Act to provide state, local, Tribal, and territorial governments the flexibility to use SLFRF funds for additional eligible uses. See Division LL, Section 102 of the Consolidated Appropriations Act, 2021 for the original eligible uses. On September 20, 2023, the [2023 Interim Final Rule](#) implementing these additional eligible uses was published in the Federal Register and became effective. An additional resource that provides information on the 2023 Interim Final Rule is the [Overview of the 2023 Interim Final Rule](#).

Treasury also issued an Interim Final Rule describing an amendment to the definition of obligation in 31 CFR 35.3 and related guidance updates via the "[Obligation IFR](#)." The Obligation IFR was published in the Federal Register on November 20, 2023. See page 6 of the Obligation IFR for the definition of an obligation. Section 17 of Treasury's [Frequently Asked Questions \(FAQs\)](#) also contains several important clarifications of the Obligation IFR's definition of an obligation.

Availability of Other Program Information

Additional information on the requirements for SLFRF is available through the program webpage on Treasury's website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.

SLFRF's Compliance and Reporting Guidance can be found at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities>.

The Compliance and Reporting Guidance provides additional detail and clarification for each recipient's compliance and reporting responsibilities and should be read in concert with the Award Terms and Conditions (Please refer to: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/request-funding>), the authorizing statute, the 2021 Interim Final Rule, 2022 Final Rule, and the 2023 Interim Final Rule, Obligation Interim Final Rule, as applicable, and other regulatory and statutory requirements.

The SLFRF FAQs are available on the program webpage on Treasury's website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>. This document addresses questions regarding the eligible uses established under the 2022 Final Rule; new eligible uses established in the 2023 Interim Final Rule; and the definition of an obligation under the Obligation Interim Final Rule. Treasury intends to update this document periodically in response to new questions received from stakeholders.

Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds 2021 Interim Final Rule and 2022 Final Rule can be found at <https://home.treasury.gov/system/files/136/SLFRF-Compliance-Statement.pdf>.

The Statement clarifies the transition from compliance with the 2021 Interim Final Rule to compliance with the 2022 Final Rule. Recipients should also review the 2022 Final Rule for

additional information. Additionally, the [Overview of the 2023 Interim Final Rule](#) provides information regarding the 2023 Interim Final Rule, and Obligation IFRII.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status Discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	Y	Y	Y	N	Y	Y	N

A. Activities Allowed or Unallowed

Recipients may use SLFRF payments for any eligible expenses subject to the restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, codified at 42 USC sections 802 and 803, and as amended by the 2023 CAA. Recipients may also use payments subject to the restrictions set forth in the 2021 Interim Final Rule (i.e., Auditors should note that if a recipient obligated funds in accordance with the 2021 Interim Final Rule, then the expenditures follow the requirements of the 2021 Interim Final Rule), 2022 Final Rule, 2023 Interim Final Rule, and Obligation Interim Final Rule at 31 CFR Part 35, and FAQs available at <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf>.

- I. Activities Allowed* – In general, recipients may use payments from SLFRF for one or more of the purposes described below. For full details on eligible uses, see 31 CFR 35.6, Overview of the 2022 Final Rule, 2023 Interim Final Rule, Obligation IFR, and SLFRF FAQs:
- a. **Respond to the public health and negative economic impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, non-profits, impacted industries, and the public sector recover from economic impacts of the pandemic.
 - b. **Replace lost public sector revenue** to provide government services; recipients may use this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic. Note: Recipients can use SLFRF funds under the revenue loss eligible use category for any service traditionally provided by a government regardless of how the recipient previously budgeted, with documentation that sufficiently supports their funding determinations. This may include services currently or previously provided by the recipient, an expansion of existing services, or new services or programs.
 - c. **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors. The SLFRF statute and the 2022 final rule provide that recipients can use SLFRF funds to provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency. The Public Health Emergency and National Emergency declarations terminated effective April 10, 2023. Therefore, recipients may not use SLFRF funds to provide premium pay to essential workers for work performed after April 10, 2023. Recipients may continue to make payments retroactively for premium pay for work performed between the start of the pandemic and April 10, 2023. The obligation to provide such premium pay must not have been incurred by the recipient prior to March 3, 2021.
 - d. **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.
 - e. **Provide emergency relief from natural disasters or the negative economic impacts of natural disasters** including temporary emergency housing, food assistance, financial assistance for lost wages, and other immediate needs. Please see pages 4 - 8 of the [Overview of the 2023 Interim Final Rule](#) (“SLFRF Overview of the 2023 IFR”) for a complete list of eligible uses.

- f. **Fund projects eligible under certain programs administered by the U.S. Department of Transportation** (“Surface Transportation projects”) through three pathways. Please see pages 9 - 15 of the [SLFRF Overview of the 2023 IFR](#) for a full list of programs; and
 - g. **Fund projects eligible under the programs established in Title I of the Housing and Community Development Act of 1974** (“Title I projects”), subject to certain requirements and limitations. Please see pages 16 - 19 of the [SLFRF Overview of the 2023 IFR](#) for a list of eligible Title I projects.
2. **Activities Unallowed** – The following costs are ineligible uses, restrictions, or limitations. For full details on the general restricted uses, see [the Overview of the 2022 Final Rule](#) (page 41).
- a. Offset a reduction in net tax revenue (applicable to states and territories)
 - b. Deposits into pension funds (applicable to all recipients except Tribes)
 - c. Debt service or replenishing financial reserves (e.g., “rainy day funds”) (applicable to all recipients)
 - d. Satisfaction of settlements and judgments (applicable to all recipients)
 - e. Programs, services, or capital expenditures that include a term or condition that undermines efforts to stop the spread of COVID-19 (applicable to all recipients)

Under the 2022 Final Rule, recipients can elect a one-time “standard allowance” of \$10 million (not to exceed the recipient’s award amount) to spend on the “provision of government services” during the period of performance. Alternatively, recipients can calculate lost revenue for the years 2020, 2021, 2022, and 2023 based on the formula provided in the 2022 Final Rule to determine the amount of SLFRF funds that can be used for the “provision of government services.” In calculating revenue loss, recipients can choose whether to use calendar or fiscal year dates but must be consistent throughout the period of performance. If calculating revenue loss, recipients must provide auditors with evidence supporting their revenue loss calculation. Treasury has determined that there are no subawards under this eligible use category. The definition of subrecipient in the Uniform Guidance provides that a subaward is provided for the purpose of “carrying out” a portion of a federal award. Recipients’ use of revenue loss funds does not give rise to subrecipient relationships.

The dollar amount of the revenue loss determines the limit for the amount of SLFRF funds that can be used to “provide government services” (which is one of seven eligible uses of SLFRF funds). For Schedule of Expenditures of Federal Awards (SEFA) reporting purposes, the aggregate expenditures for all seven eligible use categories are

reported on the SEFA and not just the result of the revenue loss calculation or standard allowance. See the IV, “Other Information” section below for guidance on the related Schedule of Expenditures of Federal Award reporting.

B. Allowable Costs/Cost Principles

SLFRF is considered “other financial assistance” per 2 CFR section 200.1 and is administered as direct payments for specified use.

The auditor is not expected to determine whether the recipient exceeded the maximum limits for specified eligible use categories. Treasury will evaluate that the recipient was within the limits for the eligible use categories through reviewing the recipient’s reporting, which is subject to audit.

For the Surface Transportation projects eligible use category, recipients using SLFRF funds for projects eligible for Urbanized Formula Grants (ALN: 20.507), Fixed Guideway Capital Investment Grants (ALN: 20.500), Formula Grants for Rural Areas (ALN: 20.509), State of Good Repair Grants (ALN: 20.525), or Grants for Buses and Bus Facilities (ALN: 20.526) may not use SLFRF funds for operating expenses of these projects. Operating expenses are those costs necessary to operate and manage a public transportation system, including costs such as driver salaries, the cost of fuel, and the cost of equipment and supplies having a useful life of less than one year. Operating expenses do not include preventive maintenance activities. The limitation on operating expenses does not apply to other Surface Transportation projects or to other uses of SLFRF funds, including under the revenue loss eligible use category.

The 2 CFR Part 200, Subpart E is applicable to expenditures under SLFRF unless stated otherwise. Given the purpose and very broad scope of eligible uses of the revenue replacement funds, only a subset of the requirements in 2 CFR Part 200, Subpart E apply to recipients’ use of such funds, as follows:

- 2 CFR 200.400(a) - (c), and (e) Policy guide;
- 200.403(a), (c), (d), (g), and (h) Factors affecting allowability of costs; and
- 200.404(e) Reasonable costs.

Per the SLFRF and CPF Supplementary Broadband Guidance (II.A.6.), Pages 2 – 3, internet service provider (ISP) subrecipients that receive fixed amount subawards are not required to comply with Subpart E Cost Principles of the Uniform Guidance. See <https://home.treasury.gov/system/files/136/SLFRF-and-CPF-Supplementary-Broadband-Guidance.pdf>. Please see the SLFRF and CPF Supplementary Broadband Guidance for further explanation on what constitutes a “fixed amount award” for broadband infrastructure projects under SLFRF and CPF.

The Uniform Guidance permits agencies to provide an exception from the cost principles in the case of fixed amount subawards (See 2 CFR 200.1, 200.201(b), and 200.333). Treasury has provided that recipients may issue fixed amount subawards for broadband

infrastructure projects without further Treasury approval regardless of whether the value of the subaward exceeds \$250,000 and that recipients are not required to apply the cost principles of the Uniform Guidance to ISPs receiving such fixed amount subawards. Please see the SLFRF and CPF Supplementary Broadband Guidance for further explanation on what constitutes a “fixed amount award” for broadband infrastructure projects under SLFRF and CPF.

G. Matching, Level of Effort, Earmarking

1. Matching

Generally, SLFRF recipients may use funds available under the revenue loss eligible use category to satisfy non-federal matching requirements. Funds under any other eligible use category, except as discussed below, may not be used to satisfy non-federal matching 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 Children’s Health Insurance Programs (CHIP) 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.

If a recipient seeks to use SLFRF funds to satisfy match or cost-share requirements for a federal grant program, it should first confirm with the relevant awarding agency that no waiver has been granted for that program, that no other circumstances enumerated under 2 CFR 200.306(b) would limit the use of SLFRF funds to meet the match or cost-share requirement, and that there is no other statutory or regulatory impediment to using the SLFRF funds for the match or cost-share requirement. 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 2022 Final Rule for further details if they seek to utilize SLFRF funds as a match for these projects.

Under the Surface Transportation projects eligible use category, recipients may use SLFRF funds to satisfy non-federal share requirements for certain programs under Pathway Three. Under the Title I projects eligible use category, recipients may use SLFRF funds to satisfy the non-federal share requirements of a federal financial assistance program in support of activities that would be eligible under

the Community Development Block Grant (ALN: 14.218), and Indian Community Development Block Grant (ALN: 14.862).

Per the 2023 IFR, recipients may use SLFRF funds to provide emergency relief from natural disasters with a Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) (Stafford Act) declaration under the emergency relief from natural disasters eligible use category. If a recipient uses SLFRF funds to cover Stafford Act disaster losses under the emergency relief from natural disasters eligible use category, the Stafford Act's prohibition on duplication of benefits applies. However, emergency relief from natural disasters eligible use category does not permit recipients to use SLFRF funds for non-federal matching requirements for FEMA programs.

2. Level of Effort

Under the Surface Transportation projects and Title I projects eligible use categories, recipients must supplement, and not supplant, other federal, state, territorial, Tribal, and local government funds (as applicable) otherwise available for such uses. Recipients may not: 1) de-obligate funds and replace those previously obligated amounts with SLFRF funds under this eligible use category or 2) use SLFRF to replace federal or non-federal funds identified in a federal commitment, such as an award agreement. This supplement, not supplant requirement does not apply to the eligible use categories described in the 2022 final rule or the emergency relief from natural disasters eligible use category. See the Overview of the 2023 Interim Final Rule for more information.

3. Earmarking

Recipients may use payments from SLFRF to replace lost public sector revenue to provide government services. Recipients may use this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic.

Under the 2022 Final Rule, recipients can elect a one-time "standard allowance" of \$10 million (not to exceed the recipient's award amount) to spend on the "provision of government services" during the period of performance. Alternatively, recipients can calculate lost revenue for the years 2020, 2021, 2022, and 2023 based on the formula provided in the 2022 Final Rule to determine the amount of SLFRF funds that can be used for the "provision of government services."

In calculating revenue loss, recipients can choose whether to use calendar or fiscal year dates but must be consistent throughout the period of performance. If calculating revenue loss, recipients must provide auditors with evidence supporting their revenue loss calculation.

Under the Surface Transportation projects and Title I projects eligible use categories, the total amount of SLFRF funds that a recipient may use for Surface Transportation projects and Title I projects, taken together, cannot exceed the greater of \$10 million and 30% of a recipient's SLFRF allocation. However, the auditor is not expected to determine whether the recipient exceeded the maximum limits for specified eligible use categories. Treasury will evaluate that the recipient was within the limits for the eligible use categories through reviewing the recipient's reporting, which is subject to audit.

H. Period of Performance

For eligible use categories described in the 2022 Final Rule, recipients may only use funds to cover costs incurred during the period beginning on March 3, 2021 and ending on December 31, 2024, pursuant to the 2022 Final Rule at 31 CFR section 35.5(a). Recipients must liquidate all obligations incurred by December 31, 2024, under the award no later than December 31, 2026, which is the end of the period of performance. As such, program obligations or costs must be incurred from the period beginning on March 3, 2021 and ending on December 31, 2024. No new obligations or costs may be incurred during the period beginning January 1, 2025 and ending on December 31, 2026. During this two-year period from January 1, 2025, through December 31, 2026, recipients are only permitted to expend funds to satisfy obligations incurred by December 31, 2024.

For eligible use categories described in the 2023 Interim Final Rule, recipients may use SLFRF funds for the three new eligible uses for costs incurred beginning December 29, 2022. Consistent with the existing eligible uses, recipients must obligate SLFRF funds for the new eligible uses by December 31, 2024. An "obligation" continues to include an order placed for property and services and entry into contracts, subawards, and similar transactions that require payment. However, under the revised definition, a recipient is also considered to have incurred an obligation by December 31, 2024, with respect to a requirement under federal law or regulation or a provision of the SLFRF award terms and conditions to which the recipient becomes subject as a result of receiving or expending SLFRF funds per the [Obligation Interim Final Rule](#). Recipients must expend SLFRF funds obligated to provide emergency relief from natural disasters by December 31, 2026. Recipients must expend SLFRF funds obligated for Surface Transportation projects and Title I projects by September 30, 2026. Costs for projects described in the 2023 Interim Final Rule that are incurred by the recipient prior to December 29, 2022 are not eligible under these three eligible use categories.

I. Procurement and Suspension and Debarment

Recipients may use award funds to enter into contracts to procure goods and services necessary to implement one or more of the eligible purposes outlined in 42 USC sections 802(c) and 803(c) and Treasury's 2021 Interim Final Rule, and 2022 Final Rule,

and 2023 Interim Final Rule. As such, except as noted in the next paragraph, recipients are expected to have procurement policies and procedures in place that comply with the procurement standards outlined in the Uniform Guidance.

In July 2022, Treasury released Final Rule FAQ 13.15, which explains that only a subset of the requirements in Subparts D and E of the Uniform Guidance apply to recipients' use of award funds under the revenue loss eligible use category. The requirements of 2 CFR sections 200.318 through 200.327 are not included in the list of requirements applicable to such funds.

Recipients may also refer to section 13 of the Final Rule FAQs, which includes FAQs related to procurement and other Uniform Guidance-related topics.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable

2. Performance Reporting

Title of Report: Project and Expenditure Report

PRA Number: 1505-0271

Reporting Cycle: Quarterly and Annual for more details see section B.1-B.2 in the [SLFRF Compliance and Reporting Guidance](#) (pages 18-19).

Authoritative Requirement: 2 CFR 200.328 and [31 CFR section 35.4\(c\) Reporting and requests for other information](#)

Recipient Compliance and Reporting responsibilities can be found at: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds/recipient-compliance-and-reporting-responsibilities>:-

Report Instructions is located at: Reporting guidance is on pages 16 through 34 of <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>.

Report Corrections: Recipients will have an opportunity to reopen and provide edits to their submitted Project and Expenditure Reports any time before the reporting deadline. Recipients will then be required to re-certify and submit the report again to properly reflect any edits made. After the reporting deadline,

unless prompted by Treasury staff, recipients will not be able to edit their submitted report, any changes or revisions will need to be reflected in the next Project and Expenditure report.

The Office of Recovery Program's (ORP) reporting portal has built-in functionality to reopen a report and allow recipients to make edits after the reporting deadline. However, it is ORP's policy that recipients may only make revisions if authorized by Treasury staff for a period of up to 60 days after the reporting deadline. After the revision period ends, the report is final. A resubmitted report becomes a recipient's final report within ORP's reporting portal. Recipients can generate PDFs of reports at any time.

Key Line Item(s)- The following line items contain critical information:

1. **Obligations and Expenditures- Quantifiable Objective Criteria:** Reported obligations and expenditures. (See pages 16 and 17 of the above links.)
 - a. Current period obligation
 - b. Cumulative obligation
 - c. Current period expenditure
 - d. Cumulative expenditure

Revenue loss calculation validation – Note-Recipients may elect a “standard allowance” of up to \$10 million to spend on government services through the period of performance instead of using the full formula specified in the final rule. The standard allowance is available to all recipients. See page 30 for when recipients may modify their revenue loss election. Quantifiable Objective Criteria: Recipient's application of the revenue loss calculation is accurate if they did not elect the standard allowance. Specific information regarding the revenue loss formula can be found in [paragraph \(d\)\(2\) of 31 CFR § 35.6](#).

2. **Capital Expenditures- Quantifiable Objective Criteria:** The recipient has the required written justification in their grant file if the total of the capital expenditures costs for a project within the public health and negative economic impact eligible use category described in the 2022 Final Rule is greater than or equal to \$1 million and less than \$10 million; or, the recipient submitted the required justification to Treasury if (1) a project has total capital expenditures costs greater than \$10 million for capital expenditures enumerated by Treasury in the 2022 Final Rule; or (2) the total of a project's capital expenditures costs is greater than \$1 million for capital expenditures not enumerated by Treasury in the 2022 Final Rule. The recipient has submitted the required written justification to Treasury if the total of the capital expenditure costs for a project that is a mitigation activity within the emergency relief from natural disasters eligible use

category described in the 2023 interim final rule is greater than \$1 million. Note: Capital expenditures paid for using revenue replacement funds are not subject to this requirement. Tribal governments are not required to complete the written justification. (See [31 CFR section 35.6\(b\)\(4\)](#))

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act (FFATA)

Not Applicable

- a. Treasury received approval from the Office of Management and Budget (OMB) to increase the subaward reporting threshold outlined in 2 CFR Part 170 from \$30,000 to \$50,000 for CSLFRF.
- b. Although reporting on subaward information is applicable to SLFRF recipients pursuant to the award term set forth in Appendix A to 2 CFR Part 170, which is incorporated by reference in the SLFRF Financial Assistance Agreement, SLFRF recipients' compliance with FFATA reporting requirements is not subject to audit.

M. Subrecipient Monitoring

See Part 3, Section M, "Subrecipient Monitoring" for a general description of the compliance requirements, the related audit objectives, and suggested audit procedures. Note that subrecipient monitoring is not required for entities deemed to be beneficiaries. Because NEUs are considered by Treasury to be direct recipients of SLFRF (and not subrecipients or beneficiaries), states have no subrecipient monitoring responsibilities related to the funds distributed to NEUs.

Subrecipient monitoring is required by pass-through entities for all SLFRF funded projects. For broadband infrastructure investment projects, auditors should refer to Treasury's [SLFRF and CPF Supplementary Broadband Guidance](#) for special applicability considerations of the following 2 CFR 200 requirements to ISP subrecipients implementing broadband projects:

- Program income
- Cost principles, procurement practices and fixed amount subawards
- Ownership of Infrastructure
- Audit and monitoring requirements

The subrecipient or beneficiary designation is an important distinction as funding provided to beneficiaries is not subject to audit pursuant to the Single Audit Act and 2 CFR Part 200, Subpart F, but funding provided to subrecipients is subject to those audit

requirements. For example, when recipients of SLFRF provide award funds to entities to respond to the negative economic impacts of COVID-19 as end users, and not for the purpose of carrying out program requirements, the entities receiving such funding are beneficiaries of SLFRF. Alternatively, when recipients of SLFRF provide award funds to an entity to carry out a program on behalf of the SLFRF recipient, the entities receiving such funding are subrecipients.

Recipients may permit for-profit subrecipients to submit a consolidated audit that reflects their SLFRF expenditures across subawards and programs.

Also as discussed in [SLFRF FAQ 13.14](#), Treasury has determined that there are no subawards under the revenue loss eligible use category because a recipients' use of revenue loss funds does not give rise to subrecipient relationships given that there is no federal program or purpose to carry out in the case of the revenue loss portion of the award. Therefore, subrecipient monitoring is not applicable to Expenditure Category Group 6 "Revenue Replacement." However, projects undertaken via revenue loss do not lose their federal character. [FAQ 13.15](#) specifies which requirements of the Uniformed Guidance apply to revenue loss funds.

Treasury has determined that there are no subawards under this eligible use category. The definition of subrecipient in the Uniform Guidance provides that a subaward is provided for the purpose of "carrying out" a portion of a federal award. Recipients' use of revenue loss funds does not give rise to subrecipient relationships.

IV. OTHER INFORMATION

Please refer to the section entitled "Source of the Governing Requirements" above.
Schedule of Expenditures of Federal Awards (SEFA)

As noted above in Activities Allowed or Unallowed, the dollar amount of the revenue loss determines the limit for the amount of SLFRF funds that can be used to "provide government services" (which is one of seven eligible uses of SLFRF funds). For SEFA reporting purposes, the aggregate expenditures for all seven eligible use categories are reported on the SEFA and not the result of the revenue loss calculation or standard allowance.

Additionally, because NEUs are considered direct recipients under SLFRF, NEUs that do not elect or are not eligible for the alternative compliance examination engagement are required to report their award expenditures on the SEFA and data collection form as direct awards. Further, States must not report award funds that were required to be distributed to the NEUs on State SEFAs or data collection forms.

The dollar amount of the revenue loss determines the limit for the amount of SLFRF funds that can be used to "provide government services" (which is one of seven eligible uses of SLFRF funds). For Schedule of Expenditures of Federal Awards (SEFA) reporting purposes, the aggregate expenditures for all seven eligible use categories are reported on the SEFA and not the

result of the revenue loss calculation or standard allowance. See the IV, “Other Information” section below for guidance on the related Schedule of Expenditures of Federal Award reporting. Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving SLFRF Awards.

Section 2: Engagements Performed Under the Alternative Approach

I. ALTERNATIVE APPROACH OBJECTIVES

Treasury recognizes that many recipients of SLFRF may newly be required to complete a single audit or a program-specific audit pursuant to the Single Audit Act and its implementing regulations, 2 CFR Part 200, Subpart F, due to their receipt of an SLFRF award which may lead to them expending \$750,000 or more during their fiscal year in Federal awards. This may be because the recipient has not received direct federal financial assistance before, or the other federal financial assistance they expended did not exceed the \$750,000 audit threshold set forth at 2 CFR 200.501(a). This section describes an alternative approach for SLFRF recipients permitted by OMB that would otherwise not be required to undergo an audit pursuant to 2 CFR Part 200, Subpart F, if it was not for the expenditures of SLFRF funds directly awarded by Treasury as further described in the Part 8, Appendix VII – Other Audit Advisories and as detailed below. However, an SLFRF recipient may still elect to undergo a single audit or a program-specific audit under 2 CFR Part 200, Subpart F.

A. Alternative Compliance Examination Engagement

The alternative approach to a single audit or program-specific audit under 2 CFR Part 200, Subpart F, permits eligible recipients to engage a practitioner to perform a compliance examination engagement in accordance with the Government Accountability Office (GAO) [*Government Auditing Standards*](#). The GAO *Government Auditing Standards* direct practitioners to conduct these engagements in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Attestation Engagements. The AICPA attestation standards are codified in the AT-C section of the AICPA’s *Professional Standards* and [AT-C section 315, Compliance Attestation](#), which is the standard to be followed. This engagement, which results in an opinion on compliance, is to be directed at the compliance requirements described below in D. Compliance Requirements.

This alternative is intended to reduce the burden of a full single audit or program-specific audit on eligible recipients and practitioners, as well as uphold Treasury’s responsibility to be a good steward of federal funds. This balance of burden reduction and Treasury responsibility to be a good steward is achieved in several ways as follows:

1. A financial statement audit is not required for those eligible recipients that expend award funds from other Federal programs.
2. A compliance examination engagement simplifies the engagement for

both recipients and practitioners.

3. A formal schedule of expenditures of federal awards is not required as the practitioner opines directly on compliance for a single program.
4. The requirements for internal control in 2 CFR 200.514(c) are not relevant to the engagement, although AT-C 315, paragraph .15, still requires the practitioner to obtain an understanding of relevant portions of internal control over compliance sufficient to plan the engagement and to assess control risk for compliance with specified requirements.
5. The engagement still involves testing of the compliance requirements described below and results in a related examination opinion which is similar to the compliance opinion provided under 2 CFR Part 200, Subpart F.
6. The engagement reporting is simplified as compared to the audit report required by 2 CFR Part 200, Subpart F. One compliance examination opinion is issued (versus up to 3 reports for a single audit or program-specific audit) and the reporting allows for reporting findings that are noted in a similar manner to how they are reported for audits under 2 CFR Part 200, Subpart F.

The following subsections of this section align with normal OMB Compliance Supplement presentation for a Federal program; however, practitioners performing the alternative compliance examination engagement should use this “Other Information” section as a standalone document. Practitioners should not use Part 3 of the OMB *Compliance Supplement* or the full Part 4 section of the SLFRF Program Compliance Supplement (designated for audits of the program performed under 2 CFR Part 200, Subpart F) when testing compliance. Instead, the examination objectives and suggested examination procedures below should be used on their own.

B. Recipient Eligibility

Recipient eligibility to use this alternative approach is as follows: SLFRF recipients that expend \$750,000 or more during the recipient’s fiscal year in federal awards and which meet **both** criteria listed below have the option to follow the alternative SLFRF compliance examination engagement:

1. The recipient’s total SLFRF award received directly from Treasury or received (through states) as an NEU is at or below \$10 million; and
2. Other federal award funds the recipient expended (not including their direct SLFRF award funds) are less than \$750,000 during the recipient’s fiscal year.

C. Program Objectives

SLFRF provides direct payments to states (defined to include the District of Columbia), US territories (defined to include Puerto Rico, US Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), Tribal governments, metropolitan cities, counties, and (through states) NEU (collectively the “eligible entities”) to:

1. Respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including by providing assistance to households, small businesses, nonprofits, and impacted industries, such as tourism, travel, and hospitality;
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the recipient that perform essential work or by providing grants to eligible employers that have eligible workers who are performing essential work;
3. Provide government services, to the extent of the reduction in revenue of the eligible entities due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the eligible entities prior to the emergency;
4. Make necessary investments in water, sewer, or broadband infrastructure;
5. Provide emergency relief from natural disasters or the negative economic impacts of natural disasters including temporary emergency housing, food assistance, financial assistance for lost wages, and other immediate needs. Please see pages 4 - 8 of the Overview of the 2023 Interim Final Rule ([SLFRF Overview of the 2023 IFR](#)) for a complete list of eligible uses;
6. Use funds for projects eligible under 26 programs administered by the U.S. Department of Transportation (“Surface Transportation projects”). Please see pages 9 - 15 of the [SLFRF Overview of the 2023 IFR](#) for a full list of programs; and
7. Use funds for projects eligible under Title I of the Housing and Community Development Act of 1974 (“Title I projects”). Please see pages 16 - 19 of the [SLFRF Overview of the 2023 IFR](#) for a list of eligible Title I projects.

II. PROGRAM PROCEDURES

A. Overview

Sections 602 and 603 of the Social Security Act (the “Act”), as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 USC 802 and 803, and as amended by the Consolidated Appropriations Act, 2023 (“2023 CAA”), Pub. L. No. 117-328 (Dec. 29, 2022), authorized the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, respectively (referred to collectively as the “Coronavirus State and Local Fiscal Recovery Funds” or “SLFRF”). SLFRF is administered by the U.S. Department of the Treasury (Treasury) and provides assistance in the form of direct payments for specified uses. SLFRF provides \$350 billion for payments to eligible entities.

The total allocations to the eligible entities under SLFRF are as follows:

1. \$195.3 billion reserved for making payments to the 50 states and the District of Columbia;
2. \$4.5 billion reserved for making payments to the US territories;
3. \$20 billion reserved for making payments to tribal governments;
4. \$45.57 billion reserved for making payments to metropolitan cities;
5. \$65.1 billion reserved for making payments to counties; and
6. \$19.53 billion reserved for making payments to states for distribution to NEUs.

Amounts paid to eligible states and local governments were based on 2019 population data from the US Census Bureau as well as latest available data from the Bureau of Labor Statistics at the time of the issuance of Treasury’s 2021 Interim Final Rule on May 17, 2021. Treasury made a determination to allocate payments to Tribal governments based on enrollment reported to the Bureau of Indian Affairs and employment data, as well as consultation with Tribal leaders.

Prior to receipt of award funds, all eligible entities are required to execute a Financial Assistance Agreement, which includes the Award Terms and Conditions that recipients must comply with in carrying out the objectives of their award, as well as the certification required by 42 USC 802(d)(1). Tribal and local governments are not required to provide such certification as a condition of receiving an award under SLFRF. Eligible entities are required to use their award funds as set forth in 42 USC sections 802(c) and 803(c) and the SLFRF regulations set forth at 31 CFR Part 35, Subpart A, to meet pandemic response needs and rebuild a strong, more equitable economy as the country recovers.

Source of Governing Requirements

The SLFRF program is authorized by sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified at 42 USC sections 802 and 803, and as amended by the 2023 Consolidated Appropriations Act (2023 CAA). The U.S. Department of the Treasury (Treasury) has implemented the statutory provisions applicable to FY 2024 through the 2021 Interim Final Rule, 2022 Final Rule, 2023 Interim Final Rule at 31 CFR Part 35, Subpart A, as well as the Obligation Interim Final Rule.

On January 6, 2022, the Treasury adopted the 2022 Final Rule to implement the requirements of the SLFRF program. The Final Rule responded to comments Treasury received on the 2021 Interim Final Rule and took effect on April 1, 2022. Until that time, the Interim Final Rule remained in effect. Auditors should note that if a recipient obligated funds in accordance with the 2021 Interim Final Rule, then the expenditures follow the requirements of the Interim Final Rule.

Treasury issued the [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds 2021 Interim Final Rule and 2022 Final Rule](#) (the Statement) that clarifies the transition from compliance with the 2021 Interim Final Rule to compliance with the 2022 Final Rule. Recipients must comply with the 2022 Final Rule beginning on April 1, 2022, when the 2022 Final Rule took effect. Prior to April 1, 2022, recipients may take actions and use funds in a manner consistent with the 2022 Final Rule, and Treasury will not take action to enforce the 2021 Interim Final Rule if a use of funds is consistent with the terms of the 2022 Final Rule, regardless of when the SLFRF funds were used. Please see pages 3-4 of the Statement for specific guidance. For example, a recipient is not required to prepare or submit a written justification as required under the 2022 Final Rule for capital expenditures under the public health-negative economic impact eligible use category if the recipient (i) has taken significant steps toward obligating SLFRF funds for that project prior to January 6, 2022, or (ii) has obligated funds for such project prior to April 1, 2022.

Recipients must follow the requirements on award funds expended for their fiscal year 2024 based on the requirements set forth in 42 USC sections 802 and 803, Treasury's 2021 Interim Final Rule, Treasury's 2022 Final Rule, and Frequently Asked Questions (FAQs), as applicable.

Auditors should note that the [Consolidated Appropriations Act, 2023](#) amended Sections 602 and 603 of the Social Security Act to provide state, local, and Tribal governments the flexibility to use SLFRF funds for additional eligible uses. See Division LL, Section 102 of the Consolidated Appropriations Act, 2021 for the original eligible uses. On September 20, 2023, the 2023 Interim Final Rule was published in the Federal Register and became effective. An additional resource that provides information on the 2023 Interim Final Rule is the [Overview of the 2023 Interim Final Rule](#).

Treasury also issued an Interim Final Rule describing an amendment to the definition of obligation in 31 CFR 35.3 and related guidance updates via the "Obligation IFR." The Obligation IFR was published in the Federal Register on November 20, 2023. See page 6 of the Obligation IFR for the definition.

Availability of Other Program Information

Additional information on the requirements for SLFRF is available through the program webpage on Treasury's website at [Coronavirus State and Local Fiscal Recovery Funds | US Department of the Treasury](#).

SLFRF's Compliance and Reporting Guidance can be found at [Recipient Compliance and Reporting Responsibilities | US Department of the Treasury](#).

The Compliance and Reporting Guidance provides additional detail and clarification for each recipient's compliance and reporting responsibilities and should be read in concert with the Award Terms and Conditions. (Please refer to: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/request-funding>), the authorizing statute, the 2021 Interim Final Rule, 2022 Final Rule, and the 2023 Interim Final Rule, as applicable, and other regulatory and statutory requirements.

SLFRF FAQs are available on the program webpage on Treasury's website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.

The FAQ documents include existing FAQs that address questions regarding the 2022 final rule, existing FAQs that have been updated to address the new eligible uses discussed in the 2023 interim final rule and the guidance in the Obligation IFR, and new FAQs that address the new eligible uses discussed in the 2023 interim final rule. See <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf>.

Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds 2021 Interim Final Rule and 2022 Final Rule can be found at <https://home.treasury.gov/system/files/136/SLFRF-Compliance-Statement.pdf>.

The Statement clarifies the transition from compliance with the 2021 Interim Final Rule to compliance with the 2022 Final Rule. Recipients should also review the 2022 Final Rule for additional information.

Additionally, the [Overview of the 2023 Interim Final Rule](#) provides information regarding the 2023 Interim Final Rule.

III. COMPLIANCE REQUIREMENTS

Preconditions for the Compliance Examination Engagement- ACEEs should be performed consistent with, and in addition GAO's *Government Auditing Standards*, AT-C 205, [Examination Engagements](#), and AT-C 315, [Compliance Attestation](#). As a precondition to this compliance examination engagement, the practitioner should determine that:

1. management can provide evidence to the practitioner that it meets the recipient

eligibility criteria for the alternative compliance examination engagement as outlined in Section A, “Recipient Eligibility”;

2. management accepts responsibility for the entity’s compliance with the compliance requirements below and the entity’s internal control over compliance; and
3. management evaluates the entity’s compliance with the compliance requirements in this section.

Compliance Requirements Relevant to the Compliance Examination Engagement-
 The requirements noted with a “Y” in the “Matrix of Compliance Requirements” below are subject to the compliance examination engagement.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	N	N	N	N	N	N

A. Activities Allowed or Unallowed

Examination Objective: Determine whether the recipients used SLFRF funds for ineligible uses. For full details on the general restricted uses, see SLFRF Final Rule Overview (page 41) and Overview of the 2023 Interim Final Rule (pages 11, 13, and 19).

Recipients may use SLFRF payments for any eligible expenses subject to the restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, as codified by 42 USC sections 802 and 803, and as amended by the 2023 CAA. Recipients may also use payments subject to the restrictions set forth in the 2021 Interim Final Rule, 2022 Final Rule, and 2023 Interim Final Rule at 31 CFR Part 35, and FAQs available at <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf>.

1. *Activities Allowed* – Suggested Examination Procedures
 - a. Obtain an understanding of the design of relevant portions of internal control over compliance regarding unallowable activities by performing

some or all of the following:

- (1) Inquiries of appropriate management, supervisory, and staff personnel
 - (2) Inspection of the entity's relevant documents
 - (3) Observation of the entity's activities and operations
- b. Review a sample of SLFRF expenditures to determine if recipients used SLFRF funds for ineligible uses. For full details of eligible uses, see 31 CFR 35.6 and the 2022 Final Rule FAQs.

2. *Activities Unallowed* – The following activities are ineligible uses, restrictions, or limitations. For full details on the general restricted uses, see [the Overview of the 2022 Final Rule](#) (page 41).:

- a. Offset a reduction in net tax revenue (applicable to states and territories)
- b. Deposits into pension funds (applicable to all recipients except Tribes)
- c. Debt service or replenishing financial reserves (e.g., “rainy day funds”) (applicable to all recipients)
- d. Satisfaction of settlements and judgments (applicable to all recipients)
- e. Programs, services, or capital expenditures that include a term or condition that undermines efforts to stop the spread of COVID-19 (applicable to all recipients)

B. Allowable Cost/Cost Principles

Compliance Requirement – Recipients that are eligible for the alternative compliance examination engagement may elect the standard allowance for revenue loss, pursuant to which they could use the entirety of their allocation for the provision of government services. Recipients are required to comply with 2 CFR 200.404(e) regarding reasonable costs, and, as such, are required to not deviate from their established practices and policies regarding the incurrence of costs.

[2022 Final Rule FAO 13.15](#) outlines that given the purpose and very broad scope of eligible uses of the revenue replacement funds, only a subset of the requirements in 2 CFR part 200, Subpart E apply to recipients' use of such funds, as follows:

- 2 CFR 200.400(a) - (c), and (e) Policy guide;
- 200.403(a), (c), (d), (g), and (h) Factors affecting allowability of costs; and

- 200.404(e) Reasonable costs.

Examination Objective – Determine whether the recipient significantly deviated from its established practices and policies regarding the incurrence of costs.

1. Suggested Examination Procedures

- a. Obtain an understanding of the design of relevant portions of internal control over compliance and established practices and policies regarding the incurrence of costs by performing some or all of the following:
 - (1) Inquiries of appropriate management, supervisory, and staff personnel
 - (2) Inspection of the entity's relevant documents
 - (3) Observation of the entity's activities and operations
- b. Test a sample of SLFRF expenditures to determine that the recipient treated costs consistently with its established practices and policies.

L. REPORTING

As described in the GAO *Government Auditing Standards*, and elaborated upon in AICPA standards, the practitioner issues the following reporting in the alternative compliance examination engagement:

- Practitioner's Examination Report prepared in accordance with [AT-C 315](#) and [Government Auditing Standards](#).
- Schedule of Findings and Responses (if applicable) that includes findings required to be reported under *Government Auditing Standards*.

IV. OTHER INFORMATION

COMPLIANCE EXAMINATION ENGAGEMENT SUBMISSION INSTRUCTIONS

The submission deadlines for the alternative compliance examination engagement (ACEE) are the same as those for single audits and program specific audits due in accordance with 2 CFR Part 200, Subpart F. Therefore, the results of the alternative compliance examination engagement must be submitted by the auditee within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. The repository of the alternative compliance examination is expected to eventually be the Federal Audit Clearinghouse at www.fac.gov.

However, at the time of this Supplement's issuance, the FAC is unable to accept the alternative compliance examination engagement submissions. Treasury will be posting

additional instructions for where and how to submit the results of the ACEE on the Coronavirus State and Local Fiscal Recovery Funds' website. The FAC will also include updates on its ability to accept the ACEE on the FAC Web site.

Also, please refer to the related SLFRF certification statement on page 13 of the Single Audit Checklist, Instructions, and Form located at <https://facides.census.gov/Files/2022%20Checklist%20Instructions%20and%20Form.pdf>.

APPENDIX IV HIGHER RISK DESIGNATION

INTRODUCTION

This Appendix includes a listing of programs with a “higher risk” designation and describes how that designation impacts the major program determination process.

PROGRAMS WITH “HIGHER RISK” DESIGNATION

Uniform Guidance section 200.519(c)(2) states that “Federal agencies, with the concurrence of OMB, may identify Federal programs that are higher risk. It also states that OMB will provide this identification in the Compliance Supplement.”

As a result of the COVID-19 pandemic, many new federal programs were established and funding was added to existing federal programs from the following Acts:

- Coronavirus Preparedness and Response Supplemental Appropriations Act
- Families First Coronavirus Response Act
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- American Rescue Plan Act (ARP)

Funding arising from these sources is referred to as “COVID-19 funding,” or “COVID-19 programs”.

On November 15, 2021, the Infrastructure Investment and Jobs Act (IIJA) was signed into law. It established new programs and provided additional funding for existing programs. Funding arising from the IIJA is referred to as “IIJA funding” or “IIJA program”. The 2024 higher risk list includes one program that includes IIJA funding.

The following table includes a complete list of programs that have been identified as “higher risk” for audits subject to the 2024 Compliance Supplement either because of COVID-19 funding, IIJA funding, or because a Federal agency has identified the program to be higher risk.

Agency	Assistance Listing Number (ALN)	Title
HHS**	93.778/93.777/93.775	Medicaid Cluster
Treasury*	21.023	Emergency Rental Assistance
Treasury*	21.027	Coronavirus State and Local Fiscal Recovery Funds
Interior**	15.252	Abandoned Mine Land Reclamation (AMLR)

Note:

* These programs were created by one of the laws cited at the beginning of this section and are thus considered 100% COVID-19 funding.

** These programs were existing programs that received additional IJJA or COVID-19 funding from one or more of the laws cited at the beginning of this section.

Impact of “Higher Risk” Status on Major Program Determination*Type A Program Considerations*

A “higher risk” designation will often result in a Type A program or other cluster being audited as a major program. However, an auditor is not precluded from determining that a “higher risk” Type A program or other cluster qualifies as a low risk Type A program if both of the following criteria are met:

1. the program otherwise meets the criteria for a low risk Type A program in section 200.518 of the Uniform Guidance; and
2. the percentage of COVID-19 funding or IJJA funding in the program or other cluster during the non-federal entity’s fiscal year is not material to the program or other cluster as a whole. For example, a recipient’s schedule of expenditures of federal awards may include the Medicaid Cluster but the expenditures relevant to COVID-19 funding included in the program during the June 30, 2024, fiscal year end is not material. Alternatively, a recipient’s schedule of expenditures of federal awards may include Emergency Rental Assistance expenditures for the June 30, 2024, fiscal year end, which would be considered material because COVID-19 funding comprises the entire program.

Note that the inclusion of COVID-19 funding or IJJA funding within the Research & Development (R&D) cluster does not create a “higher risk” designation for the R&D cluster.

Auditors should prepare audit documentation supporting the risk considerations and conclusions for “higher risk” programs.

Type B Program Considerations

Under section 200.518 of the Uniform Guidance, in certain circumstances the auditor must identify Type B programs that are high risk using professional judgment and the criteria in section 200.519 of the Uniform Guidance, which includes consideration of whether a program has been identified as “higher risk” by a Federal agency with the concurrence of OMB. Thus, there are no changes to the normal risk assessment process for Type B programs identified as “higher risk.” That is, the “higher risk” identification must be considered with the other factors in section 200.519.

Further, the auditor is not required to prioritize the assessment of risk for “higher risk” Type B programs over other Type B programs.

APPENDIX VII OTHER AUDIT ADVISORIES

I. Novel Coronavirus (COVID-19)

This section provides guidance to the following areas affecting single audits arising due to COVID-19:

- Definition of COVID-19 funding
- Treatment of donated personal protective equipment (PPE) on the Schedule of Expenditures of Federal Awards (SEFA)
- Agency Guidance Document References
- Identification of COVID-19 related awards and single audit applicability
- Identification of COVID-19 related awards on the SEFA and SF-SAC
- Identification of COVID-19 related awards in audit findings
- Identification of compliance requirements for COVID-19 related awards
- Responsibilities for informing subrecipients
- Alternative Compliance Examination Engagement for Eligible SLFRF Recipients

Definition of COVID-19 Funding

As a result of the COVID-19 pandemic, many new federal programs have been established and funding has been added to existing federal programs from the following Acts:

- Coronavirus Preparedness and Response Supplemental Appropriations Act
- Families First Coronavirus Response Act
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- American Rescue Plan Act (ARP)

Funding arising from these sources, both to new and existing programs, is referred to as “COVID-19 funding,” “COVID-19 programs,” or “COVID-19 related awards” throughout this section. Refer also to Appendix IV, Higher Risk Designation, for a listing of programs with a

“higher risk” designation, many of which involve COVID-19 funding, and for information about how that designation impacts the major program determination process.

Donated Personal Protective Equipment (PPE)

During the emergency period of COVID-19 pandemic and as allowed under OMB Memorandum M-20-20 (April 9, 2020), federal agencies and recipients can donate PPE purchased with federal assistance funds to various entities for the COVID-19 response. The donated PPE were mostly provided without any compliance or reporting requirements or Assistance Listing information from the donors. As such, the non-federal entities that received donated PPE should provide the fair market value of the PPE at the time of receipt as a stand-alone footnote accompanying their SEFA. The amount of donated PPE should not be counted for purposes of determining the threshold for a single audit or determining the type A/B threshold for major programs and is not required to be audited as a major program. Because donated PPE has no bearing on the single audit, the donated PPE footnote may be marked “unaudited.”

As a reminder, the above only relates to donated PPE provided without any compliance or reporting requirements or assistance listing from donors. There could be some PPE that must appear on the SEFA as a federal program (e.g., when the recipient uses funds provided under an Assistance Listing to purchase PPE).

Agency Guidance Document References for COVID-19 Programs

The COVID-19 pandemic has led many federal agencies to issue implementing guidance (e.g., frequently asked questions, memos) outside of the normal regulatory process for new and existing programs receiving COVID-19 funding. Such guidance is issued to communicate an agency’s understanding of how the relevant statutes, regulations, or the terms and conditions of the federal awards and apply to a particular circumstance, but it does not create new compliance requirements. Due to the evolving nature of the pandemic environment, it has been common for federal agencies to update, change, or delete their specific guidance over time.

The Part 4 sections for COVID-19 programs often refer auditors to agency guidance documents to obtain a better understanding of statutory and regulatory compliance requirements subject to audit. When evaluating a non-federal entity’s compliance, auditors must consider provisions of federal statutes, regulations, and the terms and conditions of federal awards. However, auditors may also consider guidance documents in effect during the period to understand the program requirements. An auditor may conclude whether the non-federal entity is in compliance with a type of compliance requirement based on consideration of applicable implementing guidance in effect at the time of the activity or transaction.

When citing criteria for audit findings, 2 CFR 200.516(b)(2) states that the following information must be included in finding detail: “The criteria or specific requirement upon which the finding is based, including the Federal statutes, regulations, or the terms and conditions of the Federal awards.” Therefore, auditors should refer to a statute, regulation, or term and condition as criteria for the audit finding.

Identification of COVID-19 Related Awards and Single Audit Applicability

Federal agencies may have incorporated COVID-19 funding into an existing program and Assistance Listing number or set up a separate COVID-19 program with a unique Assistance Listing number. Federal agencies are required to specifically identify COVID-19 related awards, regardless of whether the funding is provided under a new or existing Assistance Listing number. However, in the early days of the crisis caused by the COVID-19 pandemic with the need to respond quickly, in some cases cash was sent to non-federal entities without application or Assistance Listing number. The non-federal entity was required to either agree to the terms and conditions or return the funds.

When COVID-19 funding is subawarded by a pass-through entity from an existing program, the information furnished to subrecipients should distinguish the subawards of incremental COVID-19 funding included in the subawards from non-COVID-19 funding.

In order to assist recipients and auditors in the identification of all the COVID-19 funds and their related program Assistance Listing numbers, OMB has issued several summaries of federal programs that were created by COVID-19 funding and also existing programs that received COVID-19 funding. A summary of programs that received funding under the CARES Act (and other earlier COVID-19 legislation) as of May 20, 2020, can be accessed at: [M-20-21 FAQ 07312020 UPDATED.pdf \(cfo.gov\)](#). A summary of programs that received funding under the ARP Act as of October 29, 2021, can be found at: [Revised-American-Rescue-Plan-Assistance-Listings 10-29-2021.pdf \(cfo.gov\)](#). Each summary includes program Assistance Listing numbers and an asterisk (*) next to Assistance Listing numbers denoting a new Assistance Listing number.

Identification of COVID-19 Related Awards on the SEFA and SF-SAC

As described in 2 CFR section 200.510(b), auditees must complete the SEFA and include Assistance Listing numbers when reporting their federal awards and subawards. To maximize the transparency and accountability of COVID-19 related award expenditures, OMB M-20-26 (June 18, 2020) instructed recipients and subrecipients to separately identify the COVID-19 Emergency Acts expenditures on the Schedules of Expenditures of Federal Awards. Therefore, non-federal entities should separately identify COVID-19 expenditures on the SEFA and SF-SAC. For existing programs that have both COVID-19 expenditures and non-COVID-19 expenditures, this may be accomplished by identifying COVID-19 expenditures on the:

- SEFA – On a separate line by Assistance Listing number with “COVID-19” as a prefix to the program name. For example:
 - COVID-19 – Temporary Assistance for Needy Families – 93.558
\$1,000,000
 - Temporary Assistance for Needy Families – 93.558 – \$3,000,000
 - Total – Temporary Assistance for Needy Families – 93.558 – \$4,000,000
- SF-SAC – On a separate row by Assistance Listing number with “COVID-19” listed in the Additional Award Identification and Federal Program Name column. Example:

A	B	C	D	E	F
Federal Agency Prefix	ALN (CFDA) Three Digit Extension	Additional Award Identification	Federal Program Name	Amount Expended	Federal Program Total
93	558		TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$3,000,000	\$4,000,000
93	558	COVID-19	COVID-19 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$1,000,000	\$4,000,000
					\$0
					\$0
					\$0
					\$0

Identification of COVID-19 Related Awards in Audit Findings

Consistent with identifying COVID-19 expenditures on the SEFA, auditors should include the COVID-19 identification for audit findings that are applicable to programs that are entirely COVID-19 funded and existing programs with COVID-19 funding.

Identification of Compliance Requirements for COVID-19 Related Awards

As noted in OMB Memorandum M-20-26 (June 18, 2020), federal awarding agencies are responsible for identifying COVID-19 related awards and communicating the applicable compliance requirements to the recipient. Similarly, pass-through entities are responsible for identifying COVID-19 related awards and communicating the applicable requirements to their subrecipients. Normally, this information would be in the award terms and conditions. However, for COVID-19 related awards, the compliance requirements may have been communicated through an agency website and the compliance requirements may have been modified or compliance requirements not included in original terms and conditions may have been added.

For COVID-19 related programs that are not included in this Supplement, the auditor must use the framework provided by Part 7 of this Supplement. Part 7 includes procedures to determine which of the compliance requirements to test.

Responsibilities for Informing Subrecipients

As noted in OMB Memorandum M-20-26 (June 18, 2020), pass-through entities agree to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the federal award number, Assistance Listing number, and amount of COVID-19 funds. When COVID-19 funds are subawarded for an existing program, the information furnished to subrecipients should distinguish the subawards of incremental COVID-19 funds from regular subawards under the existing program.

This information is needed to allow the pass-through entity to properly monitor subrecipient expenditures of COVID-19 funds, as well as for oversight by the federal awarding agencies, Federal Offices of Inspector General, and the Government Accountability Office.

Alternative Compliance Examination Engagement for Eligible SLFRF Recipients

The US Department of the Treasury (“Treasury”) recognizes that many recipients of Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) may now be required to complete a Single Audit or a Program-Specific Audit pursuant to the Single Audit Act and its implementing regulations, 2 CFR Part 200, Subpart F, due to their receipt of an SLFRF award, which may lead to them expending \$750,000 or more during their fiscal year in Federal awards. This may be because the recipient has not received federal financial assistance before, or the other federal financial assistance they expended did not exceed the \$750,000 audit threshold set forth 2 CFR 200.501(a). As a result, Treasury has developed an alternative approach that is available for SLFRF recipients that would otherwise not be required to undergo an audit pursuant to 2 CFR Part 200, Subpart F, if it were not for the expenditures of SLFRF funds directly awarded by Treasury.

The alternative compliance examination engagement is in accordance with the Government Accountability Office’s Government Auditing Standards. It is also in lieu of a full single audit or program-specific audit as required per 2 CFR 200, Subpart F. The alternative approach along with the criteria for eligible recipients are detailed in the Part 4 – Section IV, “Other Information” of assistance listing 21.027 – Coronavirus State and Local Recovery Funds.

This alternative is intended to reduce the burden of a full Single Audit or Program-Specific Audit on eligible recipients and practitioners, as well as uphold Treasury’s responsibility to be good stewards of federal funds.

II. Effect of Changes to Compliance Requirements and Other Clusters

Removal of Compliance Requirement from Part 2 Matrix

In any instance in which a compliance requirement has been removed from a program/cluster, as shown in the Part 2 matrix, if there was an audit finding related to that compliance requirement in an audit conducted using the prior year’s Supplement that finding must continue to be reported in the summary schedule of prior audit findings and considered in the major program determination under 2 CFR section 200.518. The procedures to assess the reasonableness of the summary schedule of prior year audit findings must include all prior audit findings included in the summary schedule, regardless of whether the current Part 2 matrix identified a requirement subject to audit. For example, if there was an audit finding relating to subrecipient monitoring in the prior year but the current year Part 2 matrix identified “M. Subrecipient Monitoring” as not subject to audit with a “No,” the auditor’s procedures to determine the reasonableness of the summary schedule of prior audit findings must include subrecipient monitoring. In any instance in which a compliance requirement was added to a program/cluster in the current year’s Supplement, auditors are not expected to have tested for that requirement under the prior year’s audit. This includes correction of an error, if any, as identified in Appendix V of the Supplement.

Addition of a New Program to an Other Cluster

One of the criteria for an “other cluster” to be considered a low-risk Type A program is that it must have been audited as a major program in at least one of the two most recent audit periods

(“2-year look back” under 2 CFR section 200.518(c)(1)). In the year that this Supplement adds a new program to another cluster listed in Part 5, the determination of whether the resulting other cluster meets the 2-year look back criterion requires additional consideration. During that year, the other cluster cannot qualify as having been audited as a major program in one of the two most recent audit periods unless the auditee’s current-year expenditures for the newly added program were less than or equal to 25 percent (0.25) of the Type A threshold, or all of the programs included in the resulting other cluster met the “2-year look back” criterion. The additional criteria in 2 CFR section 200.518(c) must also be evaluated by the auditor to determine if the other cluster can be considered a low-risk Type A program in the current year.

In years after this Supplement adds a program to another cluster, such addition in a prior year does not require additional consideration for the 2-year look back criterion.

The following examples are intended to illustrate consideration of the addition of a new program to another cluster. They are illustrative only and not based on the contents of the current Supplement.

Background for Examples:

Type A threshold \$750,000.

Human Services existing other cluster (93.123, 93.125, and 93.127) was audited in 2022 with no audit findings.

Part 5 of the 2024 Compliance Supplement added Assistance Listing 93.129 to form the new other cluster with the following federal awards expended in 2024:

93.123: \$ 500,000

93.125: \$ 300,000

93.127: \$ 400,000

93.129: \$ 300,000

Considerations for 2024 major program determination using these facts:

Example 1

The Human Services cluster was audited in 2022. However, the auditee’s current year expenditures for newly added Assistance Listing 93.129 exceed 0.25 of the Type A threshold of \$750,000 or \$187,500; therefore, the resulting other cluster fails the 2-year look back criterion and cannot be considered a low-risk Type A program in 2024.

If, however, the auditee’s expenditures for newly added Assistance Listing 93.129 were equal to or less than \$187,500, the other cluster would pass the 2-year look back criterion and could be considered to have been audited as a major program in one of the two prior years.

Example 2

The Human Services cluster was audited in 2022. The newly added program Assistance Listing 93.129 was audited in 2023. If both the cluster and the newly added program met all criteria in 2 CFR section 200.518(c) to be considered low-risk programs for 2024, the other cluster would be a low-risk Type A program in 2024.

III. Due Date for Submission of Audit Reports and Low-Risk Auditee Criteria

As provided in 2 CFR Part 200, Subpart F (2 CFR section 200.520), in order to meet the criteria for a low-risk auditee in the current year, the two prior years' audits must have met the specified criteria, including report submission to the Federal Audit Clearinghouse (FAC) by the due date.

The auditor may consider using the following steps to identify FAC submissions that do not meet the due date.

Suggested Steps

1. Inquire of entity management and review available prior-year financial reports and audits to ascertain if the entity had federal awards expended of \$750,000, in the prior two audit periods and, therefore, was required to have an audit under the uniform guidance and file with the FAC.
2. If the entity was below the \$750,000 threshold in either of the prior two audit periods, and an audit was not required under the uniform guidance obtain written representation from management to this fact and no further audit procedures are necessary as the entity does not qualify as a low-risk auditee.
3. If a prior-year audit was conducted, obtain a copy of the data collection form (Form SF-SAC) and the reporting package.
 - a. Calculate the "Due Date" to file with the FAC as the earlier of (i) nine (9) months after the end of the audit period or (ii) 30 calendar days after the entity received the auditor's report (under 2 CFR §200.512(a)(1)).
 - b. Access the FAC web page at [The Federal Audit Clearinghouse \(fac.gov\)](https://www.fac.gov/)
<https://www.fac.gov/>.
 - Select the "Search for audits" option and on the "Search Single Audits reports" page, locate the FAC record for the entity. Verify correct record by comparing both the entity name and Unique Entity Identification (UEI) from the entity's copy of the SF-SAC to the FAC web page.
 - For the entity, compare the initial "FAC Accepted Date" to the earlier of (i) the Nine Month Due Date or (ii) 30 days after the entity received the auditor's report(s) to determine if the Due Date was met.

If the entity was not in compliance with the Due Date or Extended Due Date (if applicable) or did not submit the required audit to the FAC for either of the prior two audit periods, then the entity does not qualify as a low-risk auditee.

4. Contact the FAC Help Desk at [The Federal Audit Clearinghouse \(FAC.gov\)](https://www.fac.gov) if additional information is needed on using the FAC website or determining the date the FAC accepted the report submission as complete.

IV. Treatment of National Science Foundation and National Institutes of Health Awards

National Science Foundation

All awards issued by the National Science Foundation (NSF) meet the definition of “Research and Development” at 2 CFR section 200.1. As such, auditees must identify NSF awards as part of the R&D cluster on the Schedule of Expenditures of Federal Awards (SEFA) and the auditor must use the Research and Development cluster in Part 5 when testing any of those awards. NSF recognizes that some awards may have another classification for purposes of reimbursement of indirect costs. The auditor is not required to report this difference in treatment (i.e., the award is classified as R&D for 2 CFR Part 200, Subpart F purposes, but non-research for indirect cost rate purposes), unless the auditee is charging indirect costs at a rate other than the rate(s) specified in the award document(s). This guidance complies with the NSF Proposal and Award Policies and Procedures Guide (PAPPG), the current and prior versions of which may be found at <http://www.nsf.gov/bfa/dias/policy/>.

National Institutes of Health

Effective for grants and cooperative agreements with budget periods beginning on or after December 26, 2014, and awards that receive supplemental funding on or after December 26, 2014, all awards issued by the National Institutes of Health (NIH) meet the definition of “Research and Development” at 45 CFR section 75.2. As such, auditees must identify NIH awards as part of the R&D cluster on the SEFA, and the auditor must use the Research and Development cluster in Part 5 when testing any of those awards. NIH recognizes that some awards may have another classification for purposes of reimbursement of indirect costs. The auditor is not required to report this disconnect (i.e., the award is classified as R&D for 2 CFR Part 200, Subpart F, purposes, but non-research for indirect cost rate purposes), unless the auditee is charging indirect costs at a rate other than the rate(s) specified in the award document(s). (See the NIH Grants Policy Statement, the current and prior versions of which may be found at <http://grants.nih.gov/grants/policy/policy.htm>.)

V. Exceptions to the Guidance in 2 CFR Part 200

OMB does not maintain a complete listing of approved agency exceptions to the uniform guidance in 2 CFR Part 200.

For programs included in the Supplement, the auditor should review the program supplement and, as necessary, agency regulations adopting/implementing the OMB uniform guidance in 2 CFR Part 200 to determine if there is any exception related to the compliance requirements that

apply to the program. For programs not included in the Supplement that are audited using Part 7, the auditor should review agency regulations adopting/implementing 2 CFR Part 200 to determine if an exception applies to the program.

Questions about the agency-level rulemakings that adopt/implement 2 CFR Part 200 should be directed to the federal agency key management liaisons specified in Appendix III to the Supplement.

VI. Audit Sampling

Certain suggested audit procedures in this *Compliance Supplement* lend themselves to testing using sampling. Auditors are reminded that when performing an audit under generally accepted auditing standards (GAAS), including single audits, that AU-C section 530, *Audit Sampling*, <https://www.aicpa-cima.com/resources/download/aicpa-statements-on-auditing-standards-currently-effective>, provides auditor requirements and guidance related to an auditor's use of sampling. Failure to follow the standards, including the requirement to determine sample sizes that are sufficient to reduce sampling risk to an acceptably low level, may result in the audit being considered nonconforming by the federal cognizant agency for audit as part of a quality control review.

The guidance in AU-C section 530 primarily addresses sampling considerations when performing a financial statement audit. The AICPA Audit Guide, *Government Auditing Standards and Single Audits*, contains auditor guidance for, among other things, designing an audit approach that includes audit sampling to achieve both compliance and internal control over compliance related audit objectives in a single audit or program-specific audit performed in accordance with the Uniform Guidance. It also includes suggested minimum sample sizes for tests of controls over compliance and tests of compliance based on certain engagement-specific inputs.

Another AICPA Audit Guide, *Audit Sampling* also provides additional guidance and technical background, which forms the basis of the practical application of audit sampling to Uniform Guidance audits.

VII. Federal Audit Clearinghouse Transition from Census to GSA and Single Audit Extensions

Federal Audit Clearinghouse Transition from Census to GSA

The provider of the Federal Audit Clearinghouse (FAC) changed from U.S. Census Bureau (Census) to the U.S. General Services Administration (GSA) on October 1, 2023. At that time, all submissions were to be made through the new FAC hosted by GSA, including all single audits for entities with 2023 FYE dates.

For any 2023 submissions with fiscal periods ending between January 1, 2023 and September 30, 2023, the 2 CFR 200.512(a)(1) requirement for Single Audit report to be submitted to the Federal Audit Clearinghouse 30 days after receipt of the auditor's report(s), is waived. These

audits will be considered on time if they are submitted within nine months after their fiscal period end date.

Single Audit Extensions

In 2022, there were two extensions for audit submission.

Single audits with a fiscal period ending in 2022 were scheduled to be submitted to the GSA FAC beginning on October 1, 2022. However, the transition to GSA was delayed for one year and rescheduled to October 1, 2023. Due to the delay in transition, the SF-SAC Data Collection Form used for the fiscal year 2022 audit submission was not available until October 6, 2022. Therefore, single audits with a fiscal period ending in 2022 could not be submitted before that date. The 2 CFR 200.512(1) states that single audits must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. For any 2022 submissions with fiscal periods ending between January 1, 2022 and October 31, 2022, the requirement in 2 CFR 200.512(1) stating that single audits are due to the Federal Audit Clearinghouse 30 days after receipt of the auditor's report(s), is waived. These audits will be considered on time if they are submitted within nine months after their fiscal period end date.

For example, a March 31, 2022, fiscal year-end single audit that was issued on June 30, 2022, would technically be due to the FAC on July 30, 2022 (i.e., 30 calendar days after the auditee's receipt of the auditor's reports). Because the SF-SAC Data Collection Form was not available until October 6, 2022, if the single audit was submitted to the FAC by October 31, 2022, it would be considered timely and have no impact on the low-risk auditee status of the auditee.

Hurricanes Fiona and Ian, and the Alaska flood and landslide

In September and October 2022, the President made the major disaster and emergency declarations under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 et seq. (the "Stafford Act") for the following: Hurricane Fiona (FEMA-4671-PR), the Alaska storm, flooding, and landslides (FEMA-4672-AK) and Hurricane Ian (FEMA-DR-4673-FL, FEMA-EM-3585-SC, FEMA-EM-3586-NC).

Consistent with these declarations and to assist the affected recipients during these emergencies, OMB granted a six (6) month extension for all single audits that cover recipients in the affected areas and had due dates between September 18, 2022 and December 31, 2022. The recipients in the less affected areas were encouraged to submit their reports as soon as possible. The extension is item 11 of the flexibilities listed in OMB Letter dated December 23, 2022 and published on the CFO Council link at <https://www.cfo.gov/> ([Microsoft Word - 2022 Hurricanes Fiona Ian Alaska Flood Admin Relief \(cfo.gov\)](#)).

VIII. 2024 Revisions to OMB's Guidance for Federal Financial Assistance.

For this 2024 Supplement, auditors must also recognize that OMB recently updated its Guidance for Federal Financial Assistance contained in 2 CFR, including 2 CFR part 200. See 89 FR 30046 (Apr. 22, 2024). Although the government-wide effective date for the 2024 revisions is

not until October 1, 2024, federal agencies may elect to implement the revisions as early as June 21, 2024 to new awards and through amendments to existing awards. Because federal agencies are not required to implement the revisions prior to October 1, 2024, there is likely to be some variation on when federal agencies begin to make the 2024 revisions apply to federal awards. For example, a non-federal entity with a fiscal year beginning on January 1, 2024 may receive an award on June 21, 2024 made subject to the 2024 revisions by the federal agency. Consequently, the auditor should perform reasonable procedures to ensure that compliance requirements identified as subject to the audit are current and determine whether there are any additional or modified provisions of federal awards based on the 2024 revisions. Auditors must not, however, apply compliance requirements from the 2024 revisions in circumstances in which the federal agency has not yet applied the 2024 revisions to the federal award subject to audit. (Note: Among other things, the 2024 revisions increased the audit threshold to \$1,000,000 for auditee fiscal years beginning on or after October 1, 2024.)

SUBMITTED BY:

Name of Offeror

Name and Title of Official

Signature of Official

Date