MEMORANDUM

Agenda Item No. 14(A)(23)

TO:	Honorable Chairman Jose "Pepe" Diaz and Members, Board of County Commissioners	**DATE:**	July 20, 2021
FROM:	Geri Bonzon-Keenan County Attorney	**SUBJECT:**	Resolution accepting the County Mayor's July 1, 2021 Report and Recommendations ("Report") regarding the $527,733,745.00 grant award from the United States Department of Treasury made available through the American Rescue Plan Act, Coronavirus State and Local Fiscal Recovery Fund ("CSLFRF"); approving the proposed funding allocations of CSLFRF funds by category and subcategory as specified in the Report, provided that any specific allocations and expenditures within each such category or subcategory shall be subject to final Board approval; authorizing the County Mayor to take all actions necessary to implement the Report that are consistent with the terms of this resolution, provided that any organizations selected to administer any programs or services provided for in the Report shall be brought back to this Board for approval; and directing the County Mayor to provide quarterly status reports

The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Commissioner Keon Hardemon.

Geri Bonzon-Keenan
County Attorney

GBK/jp

MEMORANDUM
(Revised)

TO: Honorable Chairman Jose "Pepe" Diaz and Members, Board of County Commissioners

DATE: July 20, 2021

FROM: Geri Bonzon-Keenan
County Attorney

SUBJECT: Agenda Item No. 14(A)(23)

Please note any items checked.

_______	**"3-Day Rule" for committees applicable if raised**
_______	**6 weeks required between first reading and public hearing**
_______	**4 weeks notification to municipal officials required prior to public hearing**
_______	**Decreases revenues or increases expenditures without balancing budget**
_______	**Budget required**
_______	**Statement of fiscal impact required**
_______	**Statement of social equity required**
_______	**Ordinance creating a new board requires detailed County Mayor's report for public hearing**
✓	**No committee review**
_______	**Applicable legislation requires more than a majority vote (i.e., 2/3's present ____, 2/3 membership ____, 3/5's ____, unanimous ____, CDMP 7 vote requirement per 2-116.1(3)(h) or (4)(c) ____, CDMP 2/3 vote requirement per 2-116.1(3)(h) or (4)(c) ____, or CDMP 9 vote requirement per 2-116.1(4)(c)(2) ____) to approve**
_______	**Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved ______________________ Mayor

Veto __________

Override __________

Agenda Item No. 14(A)(23)
7-20-21

RESOLUTION NO. ______________________

RESOLUTION ACCEPTING THE COUNTY MAYOR'S JULY 1, 2021 REPORT AND RECOMMENDATIONS ("REPORT") REGARDING THE $527,733,745.00 GRANT AWARD FROM THE UNITED STATES DEPARTMENT OF TREASURY MADE AVAILABLE THROUGH THE AMERICAN RESCUE PLAN ACT, CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND ("CSLFRF"); APPROVING THE PROPOSED FUNDING ALLOCATIONS OF CSLFRF FUNDS BY CATEGORY AND SUBCATEGORY AS SPECIFIED IN THE REPORT, PROVIDED THAT ANY SPECIFIC ALLOCATIONS AND EXPENDITURES WITHIN EACH SUCH CATEGORY OR SUBCATEGORY SHALL BE SUBJECT TO FINAL BOARD APPROVAL; AUTHORIZING THE COUNTY MAYOR OR MAYOR'S DESIGNEE TO TAKE ALL ACTIONS NECESSARY TO IMPLEMENT THE REPORT THAT ARE CONSISTENT WITH THE TERMS OF THIS RESOLUTION, PROVIDED THAT ANY ORGANIZATIONS SELECTED TO ADMINISTER ANY PROGRAMS OR SERVICES PROVIDED FOR IN THE REPORT SHALL BE BROUGHT BACK TO THIS BOARD FOR APPROVAL; AND DIRECTING THE COUNTY MAYOR OR MAYOR'S DESIGNEE TO PROVIDE QUARTERLY STATUS REPORTS

WHEREAS, the American Rescue Plan Act ("ARP"), Pub. L. No. 117-2 (H.R. 1319), was adopted by the United States Congress and signed into law by President Biden on March 11, 2021; and

WHEREAS, the ARP is a $1.9 trillion federal stimulus package in response to the Coronavirus Disease 2019 (COVID-19) pandemic and includes $362 billion in direct awards from the U.S. Treasury Department ("Treasury") to state and local governments through the Coronavirus State and Local Fiscal Recovery Fund ("CSLFRF"); and

WHEREAS, Miami-Dade County's share of the CSLFRF is $527,733,745.00, of which the County received approximately $263.8 million from the Treasury on May 19, 2021 and will receive the remaining balance within 12 months of this date; and

WHEREAS, CSLFRF funds must be fully obligated by December 31, 2024 and fully expended by December 31, 2026; and

WHEREAS, the ARP identifies four broad eligible uses for CSLFRF funds:

(1) to respond to the COVID-19 public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

(2) to provide premium pay to eligible workers performing essential work during the COVID–19 public health emergency 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 due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; or

(4) to make necessary investments in water, sewer, or broadband infrastructure; and

WHEREAS, on May 10, 2021, the Treasury released an Interim Final Rule providing further guidelines on the allowable uses of CSLFRF funds as identified under the ARP; and

WHEREAS, on July 1, 2021, the County Mayor released a Report and Recommendations (the "Report") outlining a proposed framework for the allocation of CSLFRF funds, a copy of which is attached hereto and incorporated herein by reference; and

WHEREAS, the Report proposes four categories of uses, including certain subcategories, and corresponding dollar amounts for funding allocation from the CSLFRF, including generally: (1) the provision of government services to the extent of the reduction in revenue – $321+ million; (2) infrastructure – $121 million; (3) commission district designated projects – $26 million ($2 million per commission district); and (4) economic and social impact projects, including support for families, businesses, and workforce – $59 million; and

WHEREAS, this Board wishes to accept the Report and approve the proposed funding allocations by category and subcategory described in the Report, subject to budget amendments and future budget and appropriation, and provided that specific allocations and expenditures within each such category or subcategory, as well as any organizations selected to administer any of the programs under the Report, shall be subject to final Board approval,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that:

Section 1. The foregoing recitals are incorporated herein by reference and approved.

Section 2. This Board accepts the County Mayor's July 1, 2021 Report and Recommendations, a copy of which is attached hereto as Exhibit A (the "Report"), regarding the $527,733,745.00 grant award from the U.S. Treasury Department (the "Treasury") made available through the American Rescue Plan Act, Coronavirus State and Local Fiscal Recovery Fund ("CSLFRF").

Section 3. This Board approves the proposed funding allocations of CSLFRF funds by category and subcategory as specified in the Report, subject to budget amendments and future budget and appropriation, and provided that any specific allocations and expenditures of CSLFRF funds within each category or subcategory, except for the commission district designated projects, shall be subject to final Board approval.

Section 4. This Board authorizes the County Mayor or Mayor's designee to take all actions necessary to implement the Report that are consistent with the provisions of this resolution. Any organizations selected to administer any of the programs or services provided for in the Report shall be brought back to this Board for approval.

Section 5. This Board directs the County Mayor or Mayor's designee to provide quarterly reports to this Board on the status of the allocations, programs and services described in the Report. Such reports shall be placed on an agenda of the Board pursuant to Ordinance No. 14-65.

The Prime Sponsor of the foregoing resolution is Commissioner Keon Hardemon. It was offered by Commissioner , who moved its adoption. The motion was seconded by Commissioner and upon being put to a vote, the vote was as follows:

Jose "Pepe" Diaz, Chairman
Oliver G. Gilbert, III, Vice-Chairman

Sen. René García	Keon Hardemon
Sally A. Heyman	Danielle Cohen Higgins
Eileen Higgins	Joe A. Martinez
Kionne L. McGhee	Jean Monestime
Raquel A. Regalado	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared this resolution duly passed and adopted this 20th day of July, 2021. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override by this Board, or (2) approval by the County Mayor of this resolution and the filing of this approval with the Clerk of the Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By:________________________
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.   MJM

Michael J. Mastrucci

EXHIBIT A

Memorandum

MIAMI-DADE COUNTY

Date: July 1, 2021

To: Honorable Chairman Jose "Pepe" Diaz
and Members, Board of County Commissioners

From: Daniella Levine Cava
Mayor

Daniella Levine Cava

Subject: American Rescue Plan Act (ARPA) for Miami-Dade County

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Over the past several weeks, I have had the opportunity to discuss with most of you the American Rescue Plan Act (ARPA) (H.R. 1319) that was accepted by Congress and signed by the President on March 11, 2021. The Act provides $1.9 trillion in response to the COVID-19 pandemic which includes fiscal recovery funds for local governments. There are six municipalities in Miami-Dade County that will receive funding directly from the Federal Government (Hialeah, Homestead, Miami, Miami Beach, Miami Gardens and North Miami); all other municipal funding will be provided by the State for a total of approximately $510 million for all municipalities. Miami-Dade County was allocated $527.7 million from the Department of Treasury's American Rescue Plan, Coronavirus State and Local Fiscal Recovery Funds (CSLFRF).

As we work to rebound and rebuild our local economy, we face unprecedented challenges but also great opportunity. We can invest in economic development that will help reduce income inequality, support economic opportunity and mobility, and build a more resilient community in the long term. By strategically investing ARPA funds, we can help the families hardest-impacted by the pandemic recover and rebuild; support community-based solutions to reduce violence and promote safer neighborhoods; create workforce training opportunities to accelerate re-employment and transition workers to higher-paying jobs in rapidly growing industries; and support infrastructure projects to ensure our long-term environmental health and wellbeing, while also creating thousands of good-paying jobs to lift more families out of poverty. Together, these initiatives will create the foundation for an economic recovery that addresses underlying disparities which the pandemic intensified, and build long-term prosperity for more Miami-Dade families.

CSLFRF funds were allocated based on population using 2019 data from the U.S. Census Bureau. Urban Counties, such as Miami-Dade, could not receive less from CSLFRF than it would have received if the funding was distributed according to section 106(b) of the Housing and Community Development Act of 1974 (the Community Development Block Grant, or CDBG, formula). Urban Counties received an upward adjustment to their allocation as a result of this provision. Miami-Dade County received a partial payment of $263.8 million from the Treasury on May 19, 2021 and the balance of the funds will be released within twelve months of the first disbursement. On May 10, 2021, the Treasury Released the Interim Final Rule providing general guidelines on the allowable uses of CSLFRF funds. CSLFRF funds must be fully obligated by December 31, 2024 and fully expended by December 31, 2026. As was anticipated, the guidelines emphasize that funds are intended to address negative impacts of the pandemic on disproportionately affected communities and populations as well as to respond to the negative economic impacts created or exacerbated by the pandemic. Unlike the Coronavirus Relief Funds (CRF), the CSLFRF requires the County to competitively select any organizations that will administer programs using Federal guidelines for grants. Once these organization are selected, they will be presented to the Board for approval.

Within these guidelines, we can infuse funds into government services, infrastructure, housing, workforce training, programs providing social support to those impacted by the pandemic, and grants to help businesses reopen – all critical needs to help jumpstart economic recovery and ensure we re-emerge a thriving, more equitable community.

In carefully analyzing the federal guidelines and considering the many critical needs of our Miami-Dade community, we propose the following four categories of uses for funding allocation from the CSLFRF:

Category 1: The Provision of Government Services to the Extent of the Reduction in Revenue – $321 Million+:

This category will take precedence over other categories described below. If the County experiences lagging negative economic effects during the grant period, before December 31st 2024, unobligated funds allocated to other initiatives will be redirected to this category to ensure that there are no government service adjustments that would negatively impact the level of service provided to the residents and businesses of Miami-Dade County.

The Interim Final Rule establishes a counterfactual growth formula that uses entity-wide general revenues, a growth rate of 4.1% or the average growth rate in the past three fiscal years prior to the pandemic, whichever is higher, and a factor accounting for the number of months from the last full fiscal year prior to the pandemic through the four time periods of 12/31/2020, 12/31/2021, 12/31/2022, and 12/31/2023 designated by the Treasury for comparison. This counterfactual formula estimates the amount of revenues that states and local governments may have received if the pandemic had not happened. This estimate is then compared to actual revenues achieved at the end of calendar years 2020, 2021, 2022, and 2023 to set a cap on the amount of funds states and local governments can draw from the CSLFRF to replenish revenues. Counties may invest these revenue replacement funds to provide government services. The guidelines anticipate that economic effects of the pandemic may lag and as a result, the guidelines allow recipients to do an annual analysis using the counterfactual formula to ensure that governments are able to *balance budget shortfalls and continue the provision of services to its citizens*.

The Office of Management and Budget conducted its revenue replacement analysis, as defined in the Interim Final Rules, and calculated a revenue loss/ceiling for replacement of approximately $1 billion in 2020 due in part to the fact that the County's average growth rate in the past three fiscal years was much higher than the minimum of 4.1%. The County has projected budget shortfalls through the end of Fiscal Year 2020-2021 to be an estimated $66.1 million countywide, excluding the Airport, Transportation and Water & Sewer utility expenses as they were awarded separate federal funding and/or excluded in the application of Revenue Replacement. In preparing the Proposed Fiscal Year 2021-2022 budget, a revenue expenditure gap exceeding $208 million is anticipated and in Fiscal Year 2022-2023 a revenue expenditure gap of $46.5 million is also anticipated. Therefore, approximately $321 million of the CSLFRF will be programmed to prevent adjustments to County services. As the guidelines emphasize, the economy's performance in subsequent years is unknown and it is recommended that the County maintain the flexibility to reduce other categories, if needed, to remain economically stable. <u>It is important to note that funds may not be placed in reserves, or used to pay settlements or other judgments, nor may funds be used to pay debts or fees related to issuing debt, and may not be used in a year where there is a reduction of taxes.</u>

This category is of utmost importance to the County to prevent disruptions of services that may create further economic issues in our local economy. By ensuring the County's stability first, we will be well positioned to assist the community with its overall recovery.

Category 2: Infrastructure – $121 Million:

Clean water and sewer projects to enhance infrastructure will be pursued to mitigate public health concerns, prevent pollution, and support community resilience. As funding permits, balancing other priorities described herein, the following investments will be made based on level of vulnerability to system failure:

- **Utility Program for Residents Living in Qualified Census Tracts[1] (QCTs): $50 Million:** A program will be established to assist residents living in the areas hardest hit by the pandemic to support connection fees to sewer lines at their private residences. The CSLFRF provides local governments the unique opportunity to pursue water and sewer projects *of the highest priority for their own communities, which may include projects on privately-owned infrastructure such as septic to sewer connections.* In addition, as eligible, residents will be able to access monthly support for sewer fees, if they can show they are still experiencing economic hardships resulting from the pandemic for a designated time period not to exceed one year. Additional guidelines and eligibility criteria will be established to maximize the funds and limit them to residents with the greatest needs.
- **Enhance Funding for State ARP-Funded Water and Sewer and Resiliency Projects: $71 Million**
  On June 2, 2021, Governor Ron DeSantis approved statewide funding of approximately $1.2 billion for projects of this nature. The County will invest additional funds from CSLFRF to programs of the highest priority in protecting our residents' health and to preserve our waterways.

Beyond improving our environment and protecting the health and wellbeing of our residents, there are multiple economic benefits associated with implementing water and sewer projects. The U.S. Conference of Mayor's Water Conference cites estimates from the U.S. Department of Commerce's Bureau of Economic Analysis that show for each additional dollar of revenue invested in the water and sewer industry, the increase in revenue that occurs in all industries is $2.62 in that year. Also, adding one job in water and sewer creates 3.68 jobs in the national economy to support that job[2].

Category 3: District Designated Projects – $26 Million:

Two million dollars per commission district will be assigned for projects that coincide with the allowable uses and regulations of the Interim Final Rule. A summary is included with this memo highlighting the uses the Department of Treasury considers eligible for CSLFRF funding.

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[1] According to the U.S. Department of Housing and Urban Development, Low-Income Housing Tax Credit Qualified Census Tracts (QCTs) must have 50 percent of households with incomes below 60 percent of the Area Median Gross Income (AMGI) or have a poverty rate of 25 percent or more. Miami-Dade County's QCTs may be found at: https://www.huduser.gov/portal/qct/1metrotable.html?cbsa=33100&DDAYEAR=2021.

[2] The U.S. Conference of Mayors. Local Government Investment in Municipal Water and Sewer Infrastructure: Adding Value to the National Economy. Richard A. Krop, Ph.D., Charles Hernick, and Christopher Frantz. The Cadmus Group, Inc. August 14, 2008.

Category 4: Economic and Social Impact Projects – $59 Million:

The overarching aim of the CSLFRF is to aid individuals and communities that were disproportionately affected by the pandemic including low-income populations, many of which performed essential jobs and were exposed to COVID-19 as a result. Funds spent under this category must assist populations that experienced an economic harm as a result of the pandemic, with presumed eligibility for persons living in Qualified Census Tracts (QCTs).

The lack of affordable and workforce housing was an issue prior to the pandemic and has now been exacerbated as a result of rising unemployment. The coming months may reveal the devastating effects more clearly as the $300 bonus unemployment payments and the eviction moratorium are set to end, if not extended, by June 26th and June 30th respectively. Under this category, proposed subcategories and programs include:

Family Support:

- **$15 Million to increase supply and preservation of affordable and workforce housing units.**
- **$15 Million for Community Based Services to reduce violence, prevent crime, and reduce recidivism.**
- **$5 Million to assist struggling individuals and families achieve energy security through subsidies for energy efficient technologies, essential home repairs, and weatherization.**
- **$3 Million to assist families in need catch up with water bills that are in arrears.**
- **$3 Million to assist homeowners facing mortgage foreclosure as a result of the pandemic.**
- **$2 Million for Broadband Hubs in unserved and underserved neighborhoods at libraries, parks, and other community settings to assist individuals access technology for essential uses.**
- **$2 Million for Behavioral Health programs to help address needs brought on or intensified by the pandemic.**

Business Support:

- **$7 Million for Innovation Grants to Businesses that can show negative financial impacts from the pandemic to allow them to safely resume operations and to help them develop strategies to better withstand economic disturbances in the future.**

Workforce Support:

- **$5 Million for Technology Workforce Training to accelerate re-employment and transition workers to higher paying jobs. This investment will be matched by a private source to have double the impact in our community.**
- **$2 Million investment in certification training and apprenticeship programs for growing green-industry and new economy jobs.**

Some of these programs may align better with the goals of the American Jobs Plan and American Families Plan. While not yet approved by Congress, the proposed American Jobs Plan may invest an additional $2 trillion in U.S. infrastructure. It is the second part of President Joe Biden's three-part "Build Back Better" agenda, with the first being the ARP and the third being the American Families Plan. If these plans are approved and the County receives funding, the County may shift some of these programs to the American Jobs and American Families Plans in accordance with their guidelines and will propose new uses for CSLFRF funds.

Compliance and Reporting:

Finally, there is every indication that the CSLFRF will be closely scrutinized. The requirements for the CSLFRF are more stringent than those established for the Coronavirus Relief Fund (CRF). Also, in addition to the Interim Final Rule, the County is also required to follow all requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which among them requires competitive procurement for funds awarded to subrecipients.[3] The CSLFRF will also be subject to additional audit requirements and the Treasury will require any funds spent on uses that are ineligible to be repaid. The Secretary of the Treasury was allocated a higher amount for administrative cost indicating that these funds will be monitored more closely than the CRF. A DRAFT plan for Miami-Dade County is required to be submitted to the U.S. Treasury by August 31, 2021 for their review. Any subsequent updates to the plan and revenue replacement calculations will be required to be submitted by July 31st in subsequent years.

The ARPA also appropriates funds to various agencies for competitive grant opportunities. As those grants are awarded to the County, any programs contemplated in this plan that receive additional funding will be analyzed and if an adjustment is required all updates to this plan will be brought back to the Board for approval.

The CSLFRF funds represent a transformational opportunity to invest in Miami-Dade County and make lasting impacts for the long-term – restoring the wellbeing of families who suffered the most throughout the pandemic, and investing in all of our residents, our economic development, and our environmental health to build back an even stronger economy and a more resilient community. I share this plan with great enthusiasm as we look ahead to fast forward our recovery from the pandemic and begin building a stronger future for our residents for years to come.

c: Geri Bonzon Keenan, County Attorney
Gerald K. Sanchez, First County Attorney
Jess M. McCarty, Executive Assistant County Attorney
Office of the Mayor Senior Staff
David Clodfelter, Director, Office of Budget and Finance
Jennifer Moon, Chief, Office of Policy and Budgetary Affairs
Yinka Majekodunmi, CPA, Commission Auditor
Melissa Adames, Director, Clerk of the Board Division
Eugene Love, Agenda Coordinator

[3] Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

The American Rescue Plan Act (ARPA)
Coronavirus State and Local Fiscal Recovery Funds (FRF)
Interim Final Rule Summary

CATEGORY: PROVISION OF GOVERNMENT SERVICES TO THE EXTENT OF THE REDUCTION IN REVENUE	
Guideline for Allowable Use	**Unallowable Uses**

• Allows recipients facing budget shortfalls to use payments from the Fiscal Recovery Funds to avoid cuts to government services.
• The amount of revenue replacement is calculated through a formula, which uses FY 2018-19 entity-wide general revenues as a base for comparison against a counterfactual revenue formula that estimates what revenues might have been had the pandemic not occurred. The formula takes into account the revenue growth rate for the three fiscal years prior to the pandemic, and an *n* factor that measures the number of months from the end of the base fiscal year to four points in time; 12/31/2020, 12/31/2021, 12/31/2022, 12/31/2023. *Note that revenue replacement can occur through 2023 because the pandemic's economic effects can lag.* Actual revenues in the 12 months prior to the end of these calendar years are compared to revenues estimated by the counterfactual formula. The difference between these values is the amount of revenue replacement that can be drawn from the FRF.
• Amounts actualized for revenue replacement must be used for the provision of government services or aid to citizens and expenses must span the period of performance of the FRF, which is from March 3, 2021 to December 31, 2024. Although recipients are given broad latitude on how these funds could be invested, the types of government services specifically described are: maintenance or pay-go funded building of infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services. Use of funds are not, however, limited to these services.
	• Using funds for activities that are not related to the provision of government services are not considered allowable. Unallowable uses specifically described in the interim final rule are:
	  ○ Expenses associated with obligations under instruments evidencing financial indebtedness for borrowed money;
	  ○ Interest or principal on any outstanding debt instrument, including, short-term revenue or tax anticipation notes;
	  ○ Fees or issuance costs associated with the issuance of new debt;
	  ○ Satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring in a judicial, administrative, or regulatory proceeding; and
	  ○ Replenishing financial reserves (e.g., rainy day or other reserve funds).

CATEGORY: ADDRESSING PUBLIC HEALTH AND ECONOMIC IMPACTS	
Guideline for Allowable Use	**Unallowable Uses**
• Assessing whether a program or service "responds to" the pandemic requires the recipient to, first, identify a need or negative impact of the pandemic, including economic impacts that were exacerbated by the pandemic, and, second, identify how the program, service, or other intervention addresses the identified need or impact.	• Aid to ineligible beneficiaries (i.e. persons, businesses, communities that cannot demonstrate a negative impact as a result of the pandemic as evidenced through

• There is flexibility to recipients to identify the most pressing local needs, but *the Treasury encourages recipients to assist those households, businesses, and non-profits in communities most disproportionately impacted by the pandemic.* Documentation requirements establishing eligibility for individuals, businesses, service areas, and programs is lessened if programs are implemented in Qualified Census Tracts (QCTs).	documentation, data, location within a QCT, or other method) is not an allowable use of funds.
1. Responding to COVID-19's Health-related Impacts	
Guideline for Allowable Use	**Eligibility Considerations/ Unallowable Uses**
• Provision of care for those impacted by COVID-19, including programs or services that address disparities in public health that have been exacerbated by the pandemic. a. *COVID-19 mitigation and prevention efforts*: vaccination programs; medical care; testing; contact tracing; support for isolation or quarantine; supports for vulnerable populations to access medical or public health services; public health surveillance (e.g., monitoring case trends, genomic sequencing for variants); enforcement of public health orders; public communication efforts; enhancement to health care capacity, including through alternative care facilities; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (e.g., nursing homes, incarceration settings, homeless shelters, group living facilities) and other key settings like schools; ventilation improvements in congregate settings, health care settings, or other key locations; enhancement of public health data systems; and other public health responses. Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics. Expenses allowable under the CRF for COVID-19 mitigation and prevention are also allowable under the FRF. b. *Medical expenses*: genomic surveillance and care for near and long-term effects of COVID-19. c. *Behavioral healthcare*: mental health treatment, substance misuse treatment, other behavioral health services, hotlines or warmlines, crisis intervention, overdose prevention, infectious disease prevention, and services or outreach to	• Care and provision of services is limited to those impacted by the virus and populations experiencing health disparities that may have been exacerbated by the pandemic. These populations include low-income and socially vulnerable communities and minorities. • When funding is used to benefit disproportionately impacted communities that are not within QCTs, recipients should be able to support their determination that the pandemic resulted in disproportionate public health or economic outcomes to the specific populations, households, or geographic areas to be served.

promote access to physical or behavioral health primary care and preventative medicine. d. *Public health and safety*: payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, *to the extent that their services are devoted to mitigating or responding to the COVID–19 public health emergency.* For administrative convenience, the recipient may consider public health and safety employees to be entirely devoted to mitigating or responding to the COVID-19 public health emergency, and therefore fully covered, if the employee, or his or her operating unit or division, is primarily dedicated to responding to the COVID-19 public health emergency. *e. Improving the Design and Execution of Health and Public Health Programs:* planning and analysis in order to improve programs addressing the COVID-19 pandemic, including through use of targeted consumer outreach, improvements to data or technology infrastructure, impact evaluations, and data analysis. f. *Addressing Disparities in Public Health Outcomes:* programs should focus on disproportionately-impact communities, with eligibility assumed for communities located in Qualified Census Tracts "QCTs." Funds may be used to facilitate access to resources that improve health outcomes, including services that connect residents with health care resources and public assistance programs and build healthier environments, such as: i. Funding community health workers to help community members access health services and services to address the social determinants of health; ii. Funding public benefits navigators to assist community members with navigating and applying for available Federal, State, and local public benefits or services; iii. Housing services to support healthy living environments and neighborhoods conducive to mental and physical wellness; iv. Remediation of lead paint or other lead hazards to reduce risk of elevated blood lead levels among children; and v. Evidence-based community violence intervention programs to prevent violence and mitigate the increase in violence during the pandemic.	

2. Responding to Negative Economic Impacts	
Guideline for Allowable Use	**Eligibility Considerations/ Unallowable Uses**
• Eligible uses that respond to the negative economic impacts of the pandemic must be designed to address an economic harm *resulting from or exacerbated by* the public health emergency. In considering whether a program or service would be eligible under this category, the recipient should assess whether, and the extent to which, there has been an economic harm, such as loss of earnings or revenue, that resulted from the pandemic. In addition, the eligible use must "respond to" the identified negative economic impact. The following *non-exclusive* list of identified uses is provided: a. *Assistance to Unemployed Workers.* This includes services like job training to accelerate rehiring of unemployed workers; these services may extend to workers unemployed due to the pandemic or the resulting recession, or who were already unemployed when the pandemic began and remain unemployed due to the negative economic impacts of the pandemic. b. *State Unemployment Insurance Trust Funds*. Recipients may make deposits into the state account of the Unemployment Trust Fund established under section 904 of the Social Security Act (42 U.S.C. 1104) up to the level needed to restore the pre-pandemic balances of such account as of January 27, 2020 or to pay back advances received under Title XII of the Social Security Act (42 U.S.C. 1321) for the payment of benefits between January 27, 2020 and [DATE TO BE DETERMINED], given the close nexus between Unemployment Trust Fund costs, solvency of Unemployment Trust Fund systems, and pandemic economic impacts. c. *Assistance to Households*. This includes food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance (discussed below); emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training. A recipient could also provide survivor's benefits to surviving family members of COVID-19 victims, or cash assistance to widows, widowers, and dependents of eligible COVID-19 victims. In assessing whether a household or population experienced economic harm as a result of the pandemic, *a recipient may presume that a household or population*	• Assistance or aid to individuals or businesses that did not experience a negative economic impact from the public health emergency would not be an eligible use. • When considering the appropriate amounts of cash transfers made in response to the pandemic, recipients may consider and take guidance from the per person amounts previously provided by the Federal government in response to the COVID-19 crisis. Cash transfers that are grossly in excess of such amounts would be outside the scope of eligible uses. • *Businesses must show negative economic effects due to the pandemic.* Criteria should be created to establish eligibility for support. Such criteria may include businesses facing financial insecurity, substantial declines in gross receipts (e.g., comparable to measures used to assess eligibility for the Paycheck Protection Program), or other economic harm *due to the pandemic*, as well as businesses with less capacity to weather financial hardship such as the smallest businesses, those with less access to credit, or those serving disadvantaged communities. Recipients should consider local economic conditions and business data when establishing such criteria. • When considering providing aid to industries other than tourism, travel, and hospitality,

that experienced unemployment or increased food or housing insecurity or is low- or moderate-income experienced negative economic impacts resulting from the pandemic. d. *Expenses to Improve Efficacy of Economic Relief Programs.* Recipients may use funds to improve efficacy of programs addressing negative economic impacts, including through use of data analysis, targeted consumer outreach, improvements to data or technology infrastructure, and impact evaluations. e. *Small Businesses and Non-profits.* Recipients may aid small businesses to adopt safer operating procedures, weather periods of closure, or mitigate financial hardship resulting from the pandemic, including: i. Loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs; ii. Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs; and iii. Technical assistance, counseling, or other services to assist with business planning needs. f. *Rehiring Government Staff.* Payroll, covered benefits, and other costs associated with rehiring public sector staff, *up to the pre-pandemic staffing level* of the government is eligible. g. *Aid to Impacted Industries.* Tourism, travel, hospitality, attractions, and similar industries that were affected by required closures and other efforts to contain the pandemic may receive aid to implement COVID-19 mitigation and infection prevention measures to enable safe resumption of services, for example, improvements to ventilation, physical barriers or partitions, signage to facilitate social distancing, provision of masks or personal protective equipment, or consultation with infection prevention professionals to develop safe reopening plans. Funds may also be used a planned expansion or upgrade of tourism, travel, and hospitality facilities delayed due to the pandemic.	recipients should consider the extent of the economic impact as compared to tourism, travel, and hospitality, the industries enumerated in the statute. For example, on net, the leisure and hospitality industry has experienced an approximately 24 percent decline in revenue and approximately 17 percent decline in employment nationwide due to the COVID-19 public health emergency. Recipients should also consider whether impacts were due to the COVID-19 pandemic, as opposed to longer-term economic or industrial trends unrelated to the pandemic. Recipients also should maintain records to support their assessment of how businesses or business districts receiving assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts. • For services provided under Building Stronger Communities through Investments in Housing and Neighborhoods, Addressing Educational Disparities, and Promoting Healthy Childhood Environments, the Treasury will presume that these services in this category are eligible uses when provided in a QCT, to families and individuals living in QCTs. • Infrastructure projects that do not specifically respond to a pandemic public health need or a specific negative economic impact, such as affordable housing in a QCT, are not eligible uses.

h. *Building Stronger Communities through Investments in Housing and Neighborhoods.* Eligible services in this category include: i. Services to address homelessness such as supportive housing, and to improve access to stable, affordable housing among unhoused individuals; ii. Affordable housing development to increase supply of affordable and high-quality living units; and iii. Housing vouchers, residential counseling, or housing navigation assistance to facilitate household moves to neighborhoods with high levels of economic opportunity and mobility for low-income residents, to help residents increase their economic opportunity and reduce concentrated areas of low economic opportunity. i. *Addressing Educational Disparities. Eligible services include:* i. New, expanded, or enhanced early learning services, including pre-kindergarten, Head Start, or partnerships between pre-kindergarten programs and local education authorities, or administration of those services; ii. Helping high-poverty school districts to advance equitable funding across districts and geographies; iii. Evidence-based educational services and practices to address the academic needs of students, including tutoring, summer, afterschool, and other extended learning and enrichment programs; and iv. Evidence-based practices to address the social, emotional, and mental health needs of students. j. *Promoting Healthy Childhood Environments. Eligible uses include:* i. New or expanded high-quality childcare to provide safe and supportive care for children; ii. Home visiting programs to provide structured visits from health, parent educators, and social service professionals to pregnant women or families with young children to offer education and assistance navigating resources for economic support, health needs, or child development; and	• Costs must be incurred within the period of the FRF, March 3, 2021 to December 31, 2024.

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<tr><td>iii. Enhanced services for child welfare-involved families and foster youth to provide support and training on child development, positive parenting, coping skills, or recovery for mental health and substance use challenges.</td><td></td></tr>
<tr><th colspan="2">CATEGORY: PREMIUM PAY FOR ELIGIBLE WORKERS</th></tr>
<tr><th>Guideline for Allowable Use</th><th>Eligibility Considerations/ Unallowable Uses</th></tr>
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• Fiscal Recovery Funds payments may be used by recipients to provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency or to provide grants to third-party employers with eligible workers performing essential work. The following workers are generally considered eligible for premium pay:
  ○ Staff at nursing homes, hospitals, and home care settings;
  ○ Workers at farms, food production facilities, grocery stores, and restaurants;
  ○ Janitors and sanitation workers;
  ○ Truck drivers, transit staff, and warehouse workers;
  ○ Public health and safety staff;
  ○ Childcare workers, educators, and other school staff; and
  ○ Social service and human services staff.
• To ensure that premium pay is targeted to workers that faced or face heightened risks due to the character of their work, the Interim Final Rule defines essential work as work involving regular in-person interactions or regular physical handling of items that were also handled by others.
• Included in the definition is a list of industries recognized as essential critical infrastructure sectors, which include healthcare, public health and safety, childcare, education, sanitation, transportation, and food production and services.
• Up to $13 per hour in addition to wages or remuneration the worker otherwise receives can be provided as premium pay in an aggregate amount not to exceed $25,000 per eligible worker.
  ○ Lower income essential workers should be prioritized to receive premium pay.
</td><td>
• A worker would not be engaged in essential work and accordingly may not receive premium pay, for telework performed from a residence (i.e., if a teacher performed work from home, that teacher would not be eligible for premium pay).
• If premium pay would increase a worker's total pay above 150 percent of their residing state's average annual wage for all occupations, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, or their residing county's average annual wage, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, whichever is higher, on an annual basis, the recipient must provide the Treasury and make publicly available, a written justification of how the premium pay or grant is responsive to workers performing essential work during the pandemic.
• Premium pay is intended to compensate essential workers for heightened risk due to COVID-19, it must be entirely additive to a worker's regular rate of wages and other remuneration and may not be used to reduce or substitute for a worker's normal earnings.
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	• Additional reporting is required for grants to third-party employers, including the public disclosure of grants provided.
CATEGORY: INVESTMENTS IN INFRASTRUCTURE	
Guideline for Allowable Use	**Eligibility Considerations/ Unallowable Uses**
• Necessary investments in projects that improve access to clean drinking water, improve wastewater and stormwater infrastructure systems, and provide access to high-quality broadband service may be funded through the FRF to provide an adequate minimum level of service. ○ *Necessary investments* include projects that are required to maintain a level of service that, at least, meets applicable health-based standards, taking into account resilience to climate change, or establishes or improves broadband service to unserved or underserved populations to reach an adequate level to permit a household to work or attend school, and that are unlikely to be met with private sources of funds. • Treasury encourages recipients to ensure that water, sewer, and broadband 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 infrastructure projects but also to support the economic recovery through strong employment opportunities for workers.	• To provide public transparency on whether projects are using practices that promote on-time and on-budget delivery, Treasury will seek information from recipients on their workforce plans and practices related to water, sewer, and broadband projects undertaken with Fiscal Recovery Funds. Treasury will provide additional guidance and instructions on the reporting requirements at a later date.
1. Water and Sewer Infrastructure	
Guideline for Allowable Use	**Eligibility Considerations/ Unallowable Uses**
• The Interim Final Rule provides governments with wide latitude to identify investments in water and sewer infrastructure *that are of the highest priority for their own communities, which may include projects on privately-owned infrastructure*. The Interim Final Rule does this by aligning eligible uses of the Fiscal Recovery Funds with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency's (EPA) Clean	

Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).

- The types of projects eligible for CWSRF assistance include projects to construct, improve, and repair wastewater treatment plants, control non-point sources of pollution, improve resilience of infrastructure to severe weather events, create green infrastructure, and protect waterbodies from pollution.
- The primary use of DWSRF funds is to assist communities in making water infrastructure capital improvements, including the installation and replacement of failing treatment and distribution systems.
- In administering these programs, projects must be prioritized to ensure compliance with applicable health and environmental safety requirements; address the most serious risks to human health; and assist systems most in need on a per household basis according to State affordability criteria.

- Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury encourages recipients to consider projects to replace lead service lines.
- The FRF may also be used to support the consolidation or establishment of drinking water systems. With respect to wastewater infrastructure, recipients may use the FRF to construct publicly owned treatment infrastructure, manage and treat stormwater or subsurface drainage water, facilitate water reuse, and secure publicly owned treatment works, among other uses.
- Consistent with the CWSRF and DWSRF, the FRF may be used for cybersecurity needs to protect water or sewer infrastructure, such as developing effective cybersecurity practices and measures at drinking water systems and publicly owned treatment works.
- Treasury encourages recipients to consider green infrastructure investments and projects to improve resilience to the effects of climate change.
    - Green infrastructure projects that support stormwater system resiliency could include rain gardens that provide water storage and filtration benefits, and green streets, where vegetation, soil, and engineered systems are combined to direct and filter rainwater from impervious surfaces.

2. Broadband Infrastructure	
Guideline for Allowable Use	**Eligibility Considerations/ Unallowable Uses**
• The Interim Final Rule provides that eligible investments in broadband are those that are designed to provide services meeting adequate speeds and are provided to unserved and underserved households and businesses. • Under the Interim Final Rule, eligible projects are expected to be designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps. (see eligibility considerations) • Under the Interim Final Rule, eligible projects are expected to focus on locations that are unserved or underserved. The Interim Final Rule treats users as being unserved or underserved if they lack access to a wireline connection capable of reliably delivering at least minimum speeds of 25 Mbps download and 3 Mbps upload as households and businesses lacking this level of access are generally not viewed as being able to originate and receive high-quality voice, data, graphics, and video telecommunications. • In selecting an area to be served by a project, recipients are encouraged to avoid investing in locations that have existing agreements to build reliable wireline service with minimum speeds of 100 Mbps download and 20 Mbps upload by December 31, 2024, in order to avoid duplication of efforts and resources. • To meet the immediate needs of unserved and underserved households and businesses, recipients are encouraged to focus on projects that deliver a physical broadband connection by prioritizing projects that achieve last mile-connections. • Treasury also encourages recipients to prioritize support for broadband networks owned, operated by, or affiliated with local governments, non-profits, and co-operatives—providers with less pressure to turn profits and with a commitment to serving entire communities. • Assistance to households facing negative economic impacts due to COVID-19 is also an eligible use, including internet access or digital literacy assistance.	• Recognizing that, in some instances, 100 Mbps upload speed may be impracticable due to geographical, topographical, or financial constraints, the Interim Final Rule permits upload speeds of between at least 20 Mbps and 100 Mbps in such instances. Eligible projects that are not designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical speeds of 100 Mbps *should be designed so that they can be scalable to such speeds.* • Recipients are also encouraged to prioritize investments in fiber optic infrastructure where feasible, as such advanced technology enables the next generation of application solutions for all communities. • In considering whether a potential use is eligible under this category, *a recipient must consider whether, and the extent to which, the household has experienced a negative economic impact from the pandemic.*