



This document is intended to function as a summary for convenience. It is not intended to replace or supplant terms of a Grant Agreement, federal guidance, rules, regulations, or state law. While the Grants Management Office (GMO) can provide guidance, those receiving SLFRF funds should seek final direction from their respective legal counsel and/or executive leadership on the compliant uses of the federal funds they are tasked to oversee.

Topic: Eligible Uses of SLFRF Funds

Guidance:

Question: What are the eligible uses for SLFRF Funds?

Answer: The US Treasury has given broad guidance on primary categories for eligible uses of SLFRF funds. In August 2023, the Treasury issued an interim final rule (IFR) implementing amendments to the SLFRF program. Although this guidance may be revised at a future date, currently this guidance does not incorporate those amendments. For more information, please refer to the 2023 Interim Final Rule and the Overview of the 2023 Interim Final Rule at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.

Eligible use categories include:

➤ Responding to the Public Health Emergency / Negative Economic Impacts*

- a. Public health
 - i. COVID-19 mitigation and prevention;
 - ii. Medical expenses;
 - iii. Behavioral health care, mental treatment, substance use abuse, other behavioral health; services;
 - iv. Preventing and responding to violence
- b. Assistance to households
 - i. Impacted Households and Communities
 - ii. Disproportionately Impacted Households and Communities
- c. Assistance to small businesses
 - i. Impacted Small Businesses
 - ii. Disproportionately Impacted Small Businesses
- d. Assistance to nonprofits
 - i. Impacted Non-Profits
 - ii. Disproportionately Impacted Non-Profits
- e. Aid to impacted industries
 - i. Designating an impacted Industry
 - ii. Providing eligible aid to impacted industry
- f. Public sector capacity
 - i. Public Safety, Public Health, and Human Service staff
 - ii. Government Employment and Rehiring Public Sector Staff

- iii. Supporting and Retaining public sector workers
- iv. Covering admin costs associated with administering the hiring, support, and retention programs above
- v. Effective Service Delivery

*For a more detailed list on responding to the public health emergency/negative economic impacts please refer to the January 2022 *Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule*, pages 13-29.

➤ Premium Pay to Eligible Workers Performing Essential Work During the Pandemic**

➤ Recipients should consult both the 2022 Final Rule and the January 2022 Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule, pages 35-36 when considering premium pay. A non-exhaustive list of considerations includes:

- a. Identify an “eligible” Worker: Workers “needed to maintain continuity of operations of essential critical infrastructure sectors.”
- b. Verify that the eligible worker performs “essential work”, meaning work that:
 - i. Is not performed while teleworking from a residence; and
 - ii. Involves either:
 - Regular, in-person interactions with patients, the public, or coworkers of the individual that is performing the work; or
 - Regular physical handling of items that were handled by, or are to be handled by, patients, the public, or coworkers of the individual that is performing the work
- c. Confirm that the premium pay “responds to” workers performing essential work during the COVID-19 public health emergency
 - i. Eligible worker receiving premium pay is earning (with the premium included) at or below 150 percent of their residing state or county’s average annual wage for all occupations, as defined by the Bureau of Labor Statistics’ Occupational Employment and Wage Statistics, whichever is higher, on an annual basis; or
 - ii. Eligible worker receiving premium pay is not exempt from the Fair Labor Standards Act overtime provisions; or
 - iii. If a worker does not meet either of the above requirements, the recipient must submit written justification to Treasury detailing how the premium pay is otherwise responsive to workers performing essential work during the public health emergency. This may include a description of the essential worker’s duties, health, or financial risks faced due to COVID-19, and why the recipient determined that the premium pay was responsive. Treasury anticipates that recipients will easily be able to satisfy the justification requirement for front-line workers, like nurses and hospital staff.

**For a more detailed list on premium pay please refer to the January 2022 *Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule*, pages 35-36.

➤ Water & Sewer Infrastructure***

- a. Projects eligible under EPA’s clean water state revolving fund (CWSRF)
- b. Projects eligible under EPA’s drinking water state revolving fund (DWSRF)
- c. Additional Eligible Projects (If Necessary)
 - i. Stormwater infrastructure
 - ii. Residential wells
 - iii. Lead remediation
 - iv. Certain rehabs of dams and reservoirs-Beyond the CWSRF and DWSRF
- d. A “necessary” investment in infrastructure must be:
 - i. responsive to an identified need to achieve or maintain an adequate minimum level of service, which may include a reasonable projection of increased need, whether due to population growth or otherwise,
 - ii. a cost-effective means for meeting that need, taking into account available alternatives, and
 - iii. for investments in infrastructure that supply drinking water in order to meet projected population growth, projected to be sustainable over its estimated useful life.

***For a more detailed list on water & sewer infrastructure please refer to the January 2022 *Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule*, pages 37-38.

➤ **Broadband Infrastructure******

- a. Broadband Infrastructure Investments (Requirements):
 - i. Identify an eligible area for investment
 - Lack of access to a reliable high-speed broadband connection
 - Lack of affordable broadband
 - Lack of reliable service
 - ii. Design project to meet high-speed technical standards
 - Recipients are required to design projects to, upon completion, reliably meet or exceed symmetrical 100 Mbps download and upload speeds
 - In cases not practical for those speeds due to excessive cost of the project, geography or topography of the area, eligible projects may be designed to reliably meet or exceed 100/20 Mbps and be scalable to a minimum of symmetrical 100 Mbps download and upload speeds
 - iii. Require enrollment in a low-income subsidy program
 - Participate in the FCC’s Affordable Connectivity Program (ACP)
 - Provide access to a broad-based affordability program to low-income consumers that provides benefits commensurate to ACP
- b. Cybersecurity Investments

- i. 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.

****For a more detailed list on broadband infrastructure please refer to the January 2022 *Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule*, pages 39-40.

Resources:

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

<https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf>

<https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>

<https://home.treasury.gov/system/files/136/Overview-of-the-2023-Interim-Final-Rule.pdf>

<https://home.treasury.gov/system/files/136/2023-Interim-Final-Rule.pdf>

Revision History:

This guidance may be periodically reviewed and revised.

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