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## Grants Management Office

*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: Written Justification for Capital Expenditures

#### Guidance:

**Issue:** When is a Written Justification for Capital Expenditures required?

**Answer:** Recipients must complete and meet the substantive requirements of a Written Justification for a project where the total expected capital expenditure is \$1,000,000.00 or greater. Generally, a Written Justification for a total capital expenditure of *less than* \$10,000,000 for an enumerated eligible use is not required to be submitted as part of regular reporting to the Treasury; however, if the use is beyond those enumerated by the Treasury, then a written justification is required and must be submitted as part of regular reporting to the Treasury. A Written Justification template is available through the Grants Management Office.

#### Written Justification:

As provided for in the 2022 Final Rule Overview, the U.S. Department of the Treasury's Final Rule provides enumerated types of capital expenditures that have been identified as responding to the pandemic's impacts; these are listed in the applicable sub-category of eligible uses (e.g., public health, assistance to households, etc.). Recipients may also identify other responsive capital expenditures.

Moreover, recipients must complete and meet the substantive requirements of a Written Justification for projects with total expected capital expenditures of \$1,000,000.00 or greater. For large-scale capital expenditures, which have high costs and may require an extended length of time to complete, as well as most capital expenditures for non-enumerated uses of funds, Treasury requires recipients to submit their written justification as part of regular reporting. The following table is featured in the both the 2022 Final Rule and in the 2022 Final Rule Overview:

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

Both the 2022 Fina Rule and the 2022 Final Rule Overview provide that a written justification includes:

- Description of the harm or need to be addressed.** Recipients should provide a description of the specific harm or need to be addressed and why the harm was exacerbated or caused by the public health emergency. Recipients may provide quantitative information on the extent and the type of harm, such as the number of individuals or entities affected.
- Explanation of why a capital expenditure is appropriate.** For example, recipients should include an explanation of why existing equipment and facilities, or policy changes or additional funding to pertinent programs or services, would be inadequate.
- Comparison of proposed capital project against at least two alternative capital expenditures and demonstration of why the proposed capital expenditure is superior.** Recipients should consider the effectiveness of the capital expenditure in addressing the harm identified and the expected total cost (including pre-development costs) against at least two alternative capital expenditures.

The Grants Management Office has a “Capital Expenditure Written Justification” template available that includes fields for recipients to complete. Recipients with projects that include capital expenditures of \$1,000,000 or greater, but less than \$10,000,000, must complete the Written Justification template and maintain it as a record. A project of greater than or equal to a \$1,000,000, but less than \$10,000,000, and the use is beyond those enumerated by the Treasury as eligible then a Written Justification is required, and recipients must submit as part of the reporting to the Treasury.

### Additional Resources for Recipients/Subrecipients:

Below is a non-exhaustive list of additional resources relevant to the Capital Expenditure Written Justification:

- [U.S. Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds website](#)
- [U.S. Department of the Treasury - SLFRF Self-Services Resources: 7.- Policy Eligible Use of Funds](#)
- [The 2022 Final Rule](#)
- [The 2022 Final Rule Overview](#)
- [The 2022 Final Rule FAQ](#)

- [The 2023 Interim Final Rule](#)
- [The 2023 Interim Final Rule Overview](#)
- [SLFRF Final Rule FAQ](#)
- The most current version of the [Compliance and Reporting Guidance](#) found [here](#).

### Revision History:

This guidance may be periodically reviewed and revised.

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