



**Policy Type:** Administrative

**Category:** Fiscal and Budget

**Policy Name:** Coronavirus State and Local Fiscal Recovery Funds Program

**Policy Owner:** Controller-Treasurer Department

### **Policy Purpose**

The purpose of this policy is to outline the reporting requirements for funds received from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program.

### **Policy Summary**

#### Background

On March 11, 2021, the [American Rescue Plan Act of 2021 \(H.R. 1319\)](#) was signed into law and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Funds, which together make up the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. The SLFRF program provides local fiscal aid to support urgent COVID-19 response efforts, cover increased expenditures, replenish lost revenue, and mitigate economic harm from the COVID-19 pandemic.

The [American Rescue Plan Act of 2021 \(H.R. 1319\)](#) also established the Emergency Rental Assistance program. The County's Office of Supportive Housing has developed a [Homelessness Prevention System COVID-19 Program policies and procedures manual](#). The program is a special, time-limited COVID-19-related assistance program that assists Extremely Low-Income Santa Clara County residents who have been impacted by the



COVID-19 pandemic and are unable to pay their full rent and/or need financial assistance in order to remain stably housed.

Statutory Eligible Uses

Per the [SLFRF Compliance and Reporting Guidance](#), recipients of SLFRF awards have substantial discretion to use the award funds as long as their use fits into one of the following 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 such eligible workers of the recipient, or by providing grants to eligible employers that have eligible workers who performed essential work;
- 3) For the provision of government services, to the extent of the reduction in revenue of such 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; and
- 4) To make necessary investments in water, sewer, or broadband infrastructure.

The County must ensure all SLFRF award funds are used in compliance with the U.S. Department of Treasury's [Interim Final Rule](#), which was adopted to implement the eligible use categories above and restrictions on the use of funds under the SLFRF program. Refer to Appendix 1 for example uses of funds and Appendix 2 for expenditure categories.

Upon issuance of a Final Ruling by the U.S. Department of Treasury, this policy will be updated to reflect the changes provided in such Final Ruling.



### Eligible Costs Timeframe

Per the [SLFRF Compliance and Reporting Guidance](#), recipients of SLFRF awards must use funds to cover eligible costs incurred during the period that begins on March 3, 2021 and ends on December 31, 2024. Award funds for obligations incurred by December 31, 2024 must be expended by December 31, 2026. Any award funds not obligated or expended by such timelines must be returned to the U.S. Department of Treasury.

### Ineligible Uses

The U.S. Department of Treasury's [Interim Final Rule](#) provides information on restrictions on the use of SLFRF funds. Ineligible uses of SLFRF funds are as follows:

- 1) Recipients that are States or territories may **not** use SLFRF funds to offset a reduction in net tax revenue caused by the recipient's change in law, regulation, or administrative interpretation;
- 2) Recipients may **not** deposit SLFRF funds into a pension fund;
- 3) Recipients may **not** use SLFRF funds as non-Federal match where prohibited;
- 4) Recipients may **not** use SLFRF funds directly to service debt;
- 5) Recipients may **not** use SLFRF funds to satisfy a judgement or settlement;
- 6) Recipients may **not** use SLFRF funds to contribute to a "rainy day" fund; and



- 7) General infrastructure spending is **not** covered as an eligible use outside of water, sewer, and broadband investments or above the amount allocated under the revenue loss provision.

### Uniform Administrative Requirements

The SLFRF awards are generally subject to the requirements set forth in [Part 200 of Title 2 of the Code of Federal Regulations \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#), often referred to by the short-hand terms of “2 CFR 200” or the “Uniform Guidance.” As such, the County must comply with the applicable requirements of [2 CFR 200](#).

### Subrecipient Monitoring

Per the [SLFRF Compliance and Reporting Guidance](#), the County is accountable to the U.S. Department of Treasury for oversight of its subrecipients and it must ensure compliance with [2 CFR 200](#).

The County must ensure subrecipients comply with the SLFRF statute, SLFRF Award Terms and Conditions, the U.S. Department of Treasury’s Interim Final Rule, and reporting requirements, as applicable. The County’s [Subrecipient Monitoring](#) policy provides guidelines for monitoring subrecipients of federal awards.

### Reporting Guidance

The SLFRF program has three types of reporting requirements, which are as follows:

- 1) Interim Report, which provides an initial overview of status and uses of funding.



- 2) Project and Expenditure Report, which includes projects funded, expenditures, contracts, subawards over \$50,000, and other information.
- 3) Recovery and Plan Performance Report, which provides information on the projects the County undertakes with program funds and how it ensures program outcomes are achieved. The Recovery Plan must be posted on the County's website and it must be provided to the U.S. Department of Treasury.

### Quarterly Reporting

Per the [SLFRF Compliance and Reporting Guidance](#), the County is required to submit quarterly Project and Expenditure Reports to the U.S. Department of Treasury. Quarterly reports are not due concurrently with applicable annual reports. The table below summarizes the quarterly report timelines:

<b>Report</b>	<b>Year</b>	<b>Quarter</b>	<b>Period Covered</b>	<b>Due Date</b>
1	2021	2, 3, 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



Report	Year	Quarter	Period Covered	Due Date
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	January 31, 2027

Annual Reporting

Per the [SLFRF Compliance and Reporting Guidance](#), the County is required to submit a Recovery Plan Performance Report to the U.S. Department of Treasury on an annual basis. The Recovery Plan Performance Report must be posted on the County’s public-facing website on the same date it is submitted to the U.S. Department of Treasury. The table below summarizes the annual report timelines:

Annual Report	Period Covered	Due Date
1	March 3 – July 31, 2021	August 31, 2021
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	March 31, 2027

**Definitions**

For the purposes of this policy, the following definitions apply:

- 1) **“Subrecipients”** means entities that receive a subaward from the County to carry out the purposes (program or project) of the



Coronavirus State and Local Fiscal Recovery Funds (SLFRF) award on behalf of the County.

## Frequently Asked Questions

- Coronavirus State and Local Fiscal Recovery Fund Frequently Asked Questions – <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>

## Related Policies

- Annual Audit Requirements for Federal Awards – Single Audit – <https://connect.sccgov.org/sites/policies/policyPages/Pages/Annual-Audit-Requirements-for-Federal-Awards-Single-Audit.aspx>
- Subrecipient Monitoring - <https://connect.sccgov.org/sites/policies/policyPages/Pages/Subrecipient-Monitoring.aspx>

## Related Forms and Information

- Code of Federal Regulations: The Executive Office of the President, Office of Management and Budget's (OMB) guideline 2 CFR Part 200 (referred to as the "Uniform Guidance") Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - <https://www.ecfr.gov/cgi-bin/text-idx?SID=6798d79c67d230c2c3739f00095936d9&mc=true&node=pt2.1.200&rgn=div5>
- Compliance and Reporting Guidance State and Local Fiscal Recovery Funds – <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>



- Coronavirus State and Local Fiscal Recovery Fund Fact Sheet – <https://home.treasury.gov/system/files/136/SLFRP-Fact-Sheet-FINAL1-508A.pdf>
- Coronavirus State and Local Fiscal Recovery Funds: GFOA Guiding Principles – <https://www.gfoa.org/materials/cslfrf-principles-gfr0821>
- Coronavirus State and Local Fiscal Recovery Fund Guidance for State, Territorial, Local and Tribal Governments – <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>
- County of Santa Clara – American Rescue Plan, Recovery Plan Performance Reports – <https://controller.sccgov.org/american-rescue-plan>
- Santa Clara County Homelessness Prevention System – COVID-19 Response, Policies and Procedures Manual – <https://controller.sccgov.org/sites/g/files/exjcpb511/files/report/HPS-CV-Policies-and-Procedures-Manual.pdf>
- U.S. Department of Treasury, Coronavirus State and Local Fiscal Recovery of Funds, Interim final rule – <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>
- U.S. Department of Treasury, Coronavirus State and Local Fiscal Recovery of Funds, Quick Reference Guide – <https://home.treasury.gov/system/files/136/SLFRP-Quick-Reference-Guide-FINAL-508a.pdf>





### Revision History

Date	Changes Made
MM/DD/YYYY	New Policy

DRAFT



## Appendix 1 – Example Uses of Funds



U.S. DEPARTMENT OF THE TREASURY

### Example Uses of Funds

#### Support Public Health Response

- **Services to contain and mitigate the spread of COVID-19**, including vaccination, medical expenses, testing, contact tracing, quarantine costs, capacity enhancements, and many related activities
- **Behavioral healthcare services**, including mental health or substance misuse treatment, crisis intervention, and related services
- **Payroll and covered benefits** for public health, healthcare, human services, and public safety staff to the extent that they work on the COVID-19 response

#### Replace Public Sector Revenue Loss

- **Ensure continuity of vital government services** by filling budget shortfalls
- **Revenue loss is calculated** relative to the expected trend, beginning with the last full fiscal year pre-pandemic and adjusted annually for growth
- **Recipients may re-calculate revenue loss** at multiple points during the program, supporting those entities that experience revenue loss with a lag

#### Water & Sewer Infrastructure

- **Includes improvements to infrastructure**, such as building or upgrading facilities and transmission, distribution, and storage systems
- **Eligible uses aligned to Environmental Protection Agency project categories** for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund

#### Equity-Focused Services

- **Additional flexibility for the hardest-hit communities and families** to address health disparities, invest in housing, address educational disparities, and promote healthy childhood environments
- **Broadly applicable** to Qualified Census Tracts, other disproportionately impacted areas, and when provided by Tribal governments

#### Address Negative Economic Impacts

- **Deliver assistance to workers and families**, including support for unemployed workers, aid to households, and survivor's benefits for families of COVID-19 victims
- **Support small businesses** with loans, grants, in-kind assistance, and counseling programs
- **Speed the recovery of impacted industries**, including the tourism, travel, and hospitality sectors
- **Rebuild public sector capacity** by rehiring staff, replenishing state unemployment insurance funds, and implementing economic relief programs

#### Premium Pay for Essential Workers

- **Provide premium pay to essential workers**, both directly and through grants to third-party employers
- **Prioritize low- and moderate-income workers**, who face the greatest mismatch between employment-related health risks and compensation
- **Key sectors include** healthcare, grocery and food services, education, childcare, sanitation, and transit
- **Must be fully additive** to a worker's wages

#### Broadband Infrastructure

- **Focus on households and businesses** without access to broadband and those with connections that do not provide minimally acceptable speeds
- **Fund projects that deliver reliable service** with minimum 100 Mbps download / 100 Mbps upload speeds unless impracticable
- **Complement broadband investments** made through the Capital Projects Fund

#### Ineligible Uses

- **Changes that reduce net tax revenue** must not be offset with American Rescue Plan funds
- **Extraordinary payments into a pension fund** are a prohibited use of this funding
- **Other restrictions apply** to eligible uses

The examples listed in this document are non-exhaustive, do not describe all terms and conditions associated with the use of this funding, and do not describe all the restrictions on use that may apply. The U.S. Department of the Treasury provides this document, the State and Local contact channels, and other resources for informational purposes. Although efforts have been made to ensure the accuracy of the information provided, the information is subject to change or correction. Any Coronavirus State and Local Fiscal Recovery Funds received will be subject to the terms and conditions of the agreement entered into by Treasury and the respective jurisdiction, which shall incorporate the provisions of the Interim Final Rule and/or Final Rule that implements this program.



## Appendix 2 – Expenditure Categories

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* ^
<b>4: Premium Pay</b>	
4.1	Public Sector Employees
4.2	Private Sector: Grants to Other Employers
<b>5: Infrastructure<sup>27</sup></b>	
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
<b>6: Revenue Replacement</b>	
6.1	Provision of Government Services
<b>7: Administrative</b>	
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)

\*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 disadvantaged communities (see Project Demographic Distribution section above for details)