Overview

Four Key Eligible Use Categories

1. Public Sector Revenues
2. Public Health & Economic Response
3. Premium Pay for Essential Workers
4. Water, Sewer & Broadband Infrastructure

Final Rule

• Final Rule takes effect on **April 1, 2022**
  › If a use of funds complies with the final rule, Treasury will not take action to enforce the interim final rule, regardless of when the funds were used
    » Recipients can take advantage of expanded flexibilities in the final rule now
  › Until April 1, the interim final rule remains in effect; funds used consistently with the IFR while it is in effect are in compliance with the SLFRF program
Key New Features

Public Sector Revenues

$10 million revenue loss standard allowance

Premium Pay for Essential Workers

Broadens essential workers who can receive premium pay without written justification

Public Health & Economic Response

Broadens eligible uses for impacted and disproportionately impacted communities
Clarifies that reasonable proportional capital expenditures are allowable

Water, Sewer & Broadband

Expands water and sewer projects that are eligible to include dams and culverts
Broadens eligible broadband investments to address access, affordability, reliability
Final Rule

Replace Public Sector Revenues

- Creates "standard allowance" of up to $10 million to spend on government services through the life of the program
  - Does not increase or decrease award amount
- If recipients do not select "standard allowance", they must calculate revenue loss according to Treasury’s formula
  - Final Rule allows calculation to be conducted on calendar or fiscal year basis
  - Final Rule increases minimum growth adjustment to 5.2%
- Funds used to replace public sector revenues still must comply with all federal procurement, contracting, documentation, and audit requirements
  - The Office of the Inspector General (OIG) has compiled rules and resources related to funding from the American Rescue Plan Act
  - [https://www.mass.gov/guides/american-rescue-plan-act-arpa-resources](https://www.mass.gov/guides/american-rescue-plan-act-arpa-resources)
Respond to COVID-19’s Public Health and Economic Impacts

- Organizes eligible **public health response costs** into four categories:
  - COVID-19 mitigation and containments; Medical Expenses; Behavioral Healthcare; Preventing & Responding to Violence

- Organizes **eligible uses to respond to negative impact** by beneficiary:
  - Assistance to households; Assistance to small businesses; Assistance to non-profits; Aid to travel, tourism, hospitality, and other impacted businesses

- Expands presumption of “impacted” and “disproportionately impacted” by the pandemic and broadens eligible uses

- Establishes format for making **eligibility determinations**:
  - Identify public health or economic impact to an individual or a class
  - Design a related and reasonably proportional response
Respond to COVID-19’s Public Health and Economic Impacts

• Recipients can use funds to invest in capital expenditures as part of public health or economic response
  › Must meet “related and reasonably proportional” requirement
  › **Written Justification** required for capital expenditures at or above $1 million
    » Requires recipients to explain why the expenditure is appropriate and why it is superior to other alternatives
Provide Premium Pay to Essential Workers

- Eligible workers are those in **critical infrastructure sectors**
- Essential work involves regular **in-person interactions** or **physical handling of items handled by others**
- Premium pay must serve workers who:
  › Earn at or below 150% of their state or county’s average, or
  › Are not exempt from Fair Labor Standards Act overtime rules
- If workers do not meet these requirements, recipient must provide written justification of how it meets needs
- Pay can be flexibly awarded up to **$13 per hour** in installments or lump sums to hourly, part time, or salaried/non-hourly workers, and may not exceed $25,000 for any single worker during the program
Build Water, Sewer, or Broadband Infrastructure

• Water & Sewer:
  › Projects eligible under EPA’s State Revolving Funds are eligible
  › Final Rule expands eligibility to include lead remediation, stormwater infrastructure (incl. culverts), residential wells, and certain dam and reservoir rehabilitation

• Broadband:
  › Recipients encouraged to invest in locations without reliable wireline service of at least 100/20 Mbps speed, but are broadly able to invest in locations where recipient has identified need for additional investment
  › Requires enrollment in low-income subsidy program
  › Allows for modernization of cybersecurity
Restrictions on Uses

• Restricted uses for municipalities remains the same as in the Interim Final Rule
  › No pension fund deposits
  › No debt service
  › Cannot replenish reserves
  › Cannot use funding for legal settlements

• One new point of clarification:
  › Use of funds may not undermine COVID-19 mitigation practices in line with CDC guidance and recommendations
Final Rule

Reporting

• Metropolitan Cities and Counties must submit quarterly reports
  › Most recent deadline was January 31st (first report)
  › Metropolitan Cities and Counties must also submit annual “Recovery Plan Performance Reports”
    » Narrative regarding large projects and goals for equitable outcomes

• Nonentitlement units of government (NEUs) must submit annual reports
  › First report due on April 30th

• Treasury’s Compliance and Reporting Guidance can be found on their webpage: https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf
COVID-Related Federal Aid

A&F Federal Funds Office (FFO)

Heath Fahle: Special Director of Federal Funds
Dana Ellis: Assistant Director Federal Funds, Commonwealth
Brendan Sweeney: Assistant Director Federal Funds, Municipalities
Kate Mayer: Assistant Director Federal Funds, Analytics, Engagement & Transparency
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