



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.

On January 6, 2022, the U.S. Department of Treasury adopted a [Final Rule](#) implementing the SLFRF. The [Final Rule](#) will take effect on April 1, 2022. Until that time, the [Interim Final Rule](#) remains in effect.

Eligible Uses

Per the U.S. Department of Treasury [Final Rule](#), there are four eligible use categories:

- 1) Responding to the public health and negative impacts of the pandemic: in addition to programs and services, the final rule clarified that recipients may use funds for capital expenditures that support an eligible COVID-19 public health or economic response.
- 2) Providing premium pay to essential workers: the final rule broadens the share of essential workers who can receive premium pay without a written justification while maintaining a focus on lower-income and frontline essential workers.
- 3) Providing government services to the extent of revenue loss due to the pandemic: the final rule offers a standard allowance for revenue loss of \$10 million, allowing recipients to select between a standard amount of revenue loss or complete a full revenue loss calculation.
- 4) Making necessary investments in water, sewer, and broadband infrastructure: the final rule significantly broadens eligible broadband infrastructure investments to address challenges with broadband access, affordability, and reliability, and adds additional eligible water



and sewer infrastructure investments, including a broad range of lead remediation and stormwater management projects.

The County must ensure all SLFRF award funds are used in compliance with the U.S. Department of Treasury's [Final Rule](#), which will take effect on April 1, 2022. Prior to April 1, 2022, the [Interim Final Rule](#) remains in effect. Accordingly, recipients may obligate and expend funds in a manner consistent with the [Interim Final Rule](#) prior to March 31, 2022. Appendix 1 of the [SLFRF Compliance and Reporting Guidance](#) contains a list of expenditure categories allowable and obligated under the Interim Final Rule, and Final Rule provisions.

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 [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 directly to service debt or replenish financial services.
- 4) Recipients may **not** use SLFRF funds to contribute to a "rainy day" fund.
- 5) Recipients may **not** use SLFRF funds to satisfy a judgement or settlement.
- 6) Recipients may **not** use SLFRF funds to undermine COVID-19 mitigation practices in line with CDC guidance and recommendations.
- 7) Recipients may **not** use SLFRF funds in violation of the Award Terms and Conditions or conflict of interest requirements under the [Uniform Guidance](#).
- 8) Recipients may **not** use SLFRF funds as non-Federal match where prohibited.
- 9) 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:

Report	Year	Quarter	Period Covered	Due Date
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
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	April 30, 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	Award Date – July 31, 2021	August 31, 2021 or 60 days after receiving funding
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	April 30, 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&rqn=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, Final Rule – <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>
- U.S. Department of Treasury, Coronavirus State and Local Fiscal Recovery of Funds, Overview of the Final Rule - <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.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
02/08/2022	New Policy
06/21/2022	Policy Updated



Appendix 1 – Expenditure Categories

Expenditure Category	EC ²⁸	Previous EC ²⁹
1: Public Health		
COVID-19 Mitigation & Prevention		
COVID-19 Vaccination [^]	1.1	1.1
COVID-19 Testing [^]	1.2	1.2
COVID-19 Contact Tracing [^]	1.3	1.3
Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, Child care facilities, etc.) ^{^*}	1.4	1.4
Personal Protective Equipment [^]	1.5	1.5
Medical Expenses (including Alternative Care Facilities) [^]	1.6	1.6
Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine) [^]	1.7	1.8
COVID-19 Assistance to Small Businesses [^]	1.8	-
COVID 19 Assistance to Non-Profits [^]	1.9	-
COVID-19 Aid to Impacted Industries [^]	1.10	-
Community Violence Interventions		
Community Violence Interventions ^{^*}	1.11	3.16
Behavioral Health		
Mental Health Services ^{^*}	1.12	1.10
Substance Use Services ^{^*}	1.13	1.11
Other		
Other Public Health Services [^]	1.14	1.12
Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency	-	1.7
2: Negative Economic Impacts		
Assistance to Households		
Household Assistance: Food Programs ^{^*}	2.1	2.1

²⁸ Under the final rule to be used starting with April 2022 reports

²⁹ Under the interim final rule to be used in Interim Report and January 2022 Project and Expenditure Report



Expenditure Category	EC ²⁸	Previous EC ²⁹
Household Assistance: Rent, Mortgage, and Utility Aid*^	2.2	2.2
Household Assistance: Cash Transfers*^	2.3	2.3
Household Assistance: Internet Access Programs*^	2.4	2.4
Household Assistance: Paid Sick and Medical Leave^	2.5	-
Household Assistance: Health Insurance*^	2.6	-
Household Assistance: Services for Un/Unbanked*^	2.7	-
Household Assistance: Survivor's Benefits^	2.8	-
Unemployment Benefits or Cash Assistance to Unemployed Workers*^	2.9	2.6
Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives)*^	2.10	2.7
Healthy Childhood Environments: Child Care*^	2.11	3.6
Healthy Childhood Environments: Home Visiting*^	2.12	3.7
Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System*^	2.13	3.8
Healthy Childhood Environments: Early Learning*^	2.14	3.1
Long-term Housing Security: Affordable Housing*^	2.15	3.10
Long-term Housing Security: Services for Unhoused Persons*^	2.16	3.11
Housing Support: Housing Vouchers and Relocation Assistance for Disproportionately Impacted Communities*^	2.17	-
Housing Support: Other Housing Assistance*^	2.18	3.12
Social Determinants of Health: Community Health Workers or Benefits Navigators*^	2.19	3.14
Social Determinants of Health: Lead Remediation*^	2.20	3.15
Medical Facilities for Disproportionately Impacted Communities^	2.21	-
Strong Healthy Communities: Neighborhood Features that Promote Health and Safety^	2.22	-
Strong Healthy Communities: Demolition and Rehabilitation of Properties^	2.23	-
Addressing Educational Disparities: Aid to High-Poverty Districts^	2.24	3.2
Addressing Educational Disparities: Academic, Social, and Emotional Services*^	2.25	3.3
Addressing Educational Disparities: Mental Health Services*^	2.26	3.4
Addressing Impacts of Lost Instructional Time^	2.27	-
Contributions to UI Trust Funds^	2.28	2.8
Assistance to Small Businesses		
Loans or Grants to Mitigate Financial Hardship^	2.29	2.9
Technical Assistance, Counseling, or Business Planning*^	2.30	
Rehabilitation of Commercial Properties or Other Improvements^	2.31	-
Business Incubators and Start-Up or Expansion Assistance*^	2.32	
Enhanced Support to Microbusinesses*^	2.33	
Assistance to Non-Profits		
Assistance to Impacted Nonprofit Organizations (Impacted or Disproportionately Impacted)^	2.34	2.10
Aid to Impacted Industries		
Aid to Tourism, Travel, or Hospitality^	2.35	2.11
Aid to Other Impacted Industries^	2.36	2.12
Other		
Economic Impact Assistance: Other*^	2.37	2.13
Household Assistance: Eviction Prevention*^	-	2.5
Education Assistance: Other*^	-	3.5



Expenditure Category	EC ²⁸	Previous EC ²⁹
Healthy Childhood Environments: Other*^	-	3.9
Social Determinants of Health: Other*^	-	3.13
3: Public Health-Negative Economic Impact: Public Sector Capacity		
General Provisions		
Public Sector Workforce: Payroll and Benefits for Public Health, Public Safety, or Human Services Workers	3.1	1.9
Public Sector Workforce: Rehiring Public Sector Staff	3.2	2.14
Public Sector Workforce: Other	3.3	-
Public Sector Capacity: Effective Service Delivery	3.4	7.2
Public Sector Capacity: Administrative Needs	3.5	-
4: Premium Pay		
Public Sector Employees	4.1	4.1
Private Sector: Grants to Other Employers	4.2	4.2
5: Infrastructure		
Water and Sewer		
Clean Water: Centralized Wastewater Treatment	5.1	5.1
Clean Water: Centralized Wastewater Collection and Conveyance	5.2	5.2
Clean Water: Decentralized Wastewater	5.3	5.3
Clean Water: Combined Sewer Overflows	5.4	5.4
Clean Water: Other Sewer Infrastructure	5.5	5.5
Clean Water: Stormwater	5.6	5.6
Clean Water: Energy Conservation	5.7	5.7
Clean Water: Water Conservation	5.8	5.8
Clean Water: Nonpoint Source	5.9	5.9
Drinking water: Treatment	5.10	5.10
Drinking water: Transmission & Distribution	5.11	5.11
Drinking water: Lead Remediation, including in Schools and Daycares	5.12	5.12
Drinking water: Source	5.13	5.13
Drinking water: Storage	5.14	5.14
Drinking water: Other water infrastructure	5.15	5.15
Water and Sewer: Private Wells	5.16	-
Water and Sewer: IIJA Bureau of Reclamation Match	5.17	-
Water and Sewer: Other	5.18	-
Broadband		
Broadband: "Last Mile" projects	5.19	5.16
Broadband: IIJA Match	5.20	-
Broadband: Other projects	5.21	5.17
6: Revenue Replacement		
Provision of Government Services	6.1	6.1
Non-federal Match for Other Federal Programs	6.2	-
7: Administrative		
Administrative Expenses	7.1	7.1
Transfers to Other Units of Government	7.2	7.3
Transfers to Non-entitlement Units (States and territories only)	-	7.4