

IL ARPA NEU- Frequently Asked Questions

Updated as of 12/5/2022

Category	Question	Answer
Reporting Questions		
Reporting Questions	As an NEU, is it suggested I report using the Standard Allowance category?	Treasury presumes that up to \$10 million in revenue has been lost due to the public health emergency and recipients are permitted to use that amount (not to exceed the award amount) to fund “government services.” The standard allowance provides an estimate of revenue loss that is based on an extensive analysis of average revenue loss across states and localities, and offers a simple, convenient way to determine revenue loss, particularly for SLFRF’s smallest recipients. For more information please visit the Final Rule overview: https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf
Reporting Questions	What is the Standard Allowance category?	Treasury presumes that up to \$10 million in revenue has been lost due to the public health emergency and recipients are permitted to use that amount (not to exceed the award amount) to fund “government services.” The standard allowance provides an estimate of revenue loss that is based on an extensive analysis of average revenue loss across states and localities, and offers a simple, convenient way to determine revenue loss, particularly for SLFRF’s smallest recipients. For more information please visit the Final Rule overview: https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf
Reporting Questions	How do I log into the U.S. Treasury Portal?	U.S. Treasury Portal at: https://portal.treasury.gov/compliance/s/
Reporting Questions	Is there a User guide for the U.S. Treasury Reporting?	User Guide Link: https://home.treasury.gov/system/files/136/July-2022-PE-Report-User-Guide.pdf
Reporting Questions	Who do I contact if I am having technical issues?	If you are not able to log into your account, please email the U.S. Treasury IT team at : covidreliefITsupport@treasury.gov
Reporting Questions	When is the next report for my NEU due?	The initial Project and Expenditure Report covered the period from March 3, 2021 to March 31, 2022 and was required to be submitted to Treasury by April 30, 2022. The subsequent annual reports will cover one calendar year and must be submitted to Treasury by April 30 each year.
Reporting Questions	Do I need an ID.me account to have a reporting login?	If you are a Non-Entitlement Unit of Local Government (NEU), you should register using the Login.gov process linked above. (https://portal.treasury.gov/compliance/s/)
General Questions		
General Questions	Can the ARPA funds be used as reimbursable funding? If a City is receiving \$500,000 and has a \$500,000 water project can they construct the project and then reimburse themselves when the 2nd payment is received next year?	Recipients may use SLFRF funds to cover eligible costs incurred from 3/3/2021 - 12/21/2024, if the funds are obligated by 12/31/2024 and expended by 12/31/2026. Recipients are required to provide programmatic data for projects listed under the Water, Sewer, and Broadband Expenditure Categories.
General Questions	With the latest census data, will our NEU allocation amount change? (our population was more than the projected population used for the allocation)	No.

IL ARPA NEU- Frequently Asked Questions

Updated as of 12/5/2022

Category	Question	Answer
General Questions	What does non-entitlement unit of local government mean? □	Non-entitlement units of local government (NEUs), defined in section 603(g)(5) of the Social Security Act, as added by section 9901 of the American Rescue Plan Act of 2021, are municipalities (cities, towns, and villages) typically serving populations of less than 50,000.
General Questions	What is the NEU allotment calculation? □ □	The calculation that determined funds to be allocated to NEUs can be found here.
General Questions	Are other units of local government eligible for these funds? □	This funding is to be disbursed directly to Non-Entitlement Units of Local Government. The NEU may decide to sub-contract or sub-grant to other units of local government.
General Questions	What other grants or funding can be used in conjunction with ARPA NEU allocation? We have initiated funding application through the IEPA Revolving Loan Fund through our local engineer.	SLFRF funds may only be used for non-Federal match in other programs where costs are eligible under both SLFRF and the other program and use of such funds is not prohibited by the other program.
General Questions	How should evidence be considered when disbursing funds through contracts or grants?	When sub-granting SLFR funds to third parties, recipients are encouraged to include provisions related to evidence in relevant project areas. Specifically, recipients may include provisions that ask third party recipients (or prospective recipients) of SLFR funds about the level of evidence for the programs or services that they are providing. This could consist of a requirement or preference in grant or contract solicitations that ask third party sub-grantees about whether their programs or services are evidence-based according to the definition in Appendix 2 of the Reporting Guidance. Requiring third party recipients to report on whether their programs or services are evidence-based will facilitate reporting to Treasury
Budget Questions		
Budget Questions	Will funds be distributed electronically or by check?	Funds will be distributed based on how your entity has registered with the IL Office of the Comptroller.
Budget Questions	What type of bank account should I provide to receive funds?	The State intends to disburse funds using banking information already on file with the IL Office of the Comptroller.
Budget Questions	Does the budget include the budget of component?	For purposes of applying the 75 percent-of-budget cap on NEU allotments, NEUs with formal operating budgets must submit their most recent annual total operating budget, including general funds and all other funds, as of January 27, 2020.
Budget Questions	Do we have to include all funds such as TIF and MFT?	For purposes of applying the 75 percent-of-budget cap on NEU allotments, NEUs with formal operating budgets must submit their most recent annual total operating budget, including general funds and all other funds, as of January 27, 2020.
Budget Questions	Can interest earned on ARPA funds be kept by the Municipality or are they to be repaid to DCEO?	As discussed in Treasury FAQ 10.3 (available at https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf), recipients are not required to remit interest earned on allotments.

IL ARPA NEU- Frequently Asked Questions

Updated as of 12/5/2022

Category	Question	Answer
Budget Questions	Are debt service payment to be included in the total budget?	For purposes of applying the 75 percent-of-budget cap on NEU allotments, NEUs with formal operating budgets must submit their most recent annual total operating budget, including general funds and all other funds, as of January 27, 2020. Note that expenses related to paying interest or principal on outstanding debt are an ineligible use of SLFRF.
Budget Questions	Should the budget include all fund types (City wide) or is it limited to only specific funds)	Total budget is defined as the total annual budget, including both operating and capital expenditure budgets, in effect as of 1/27/2020. For more information on budget, visit the US Treasury's guidance on budget cap calculations: https://home.treasury.gov/system/files/136/NEU-Update-75-Percent-Budget-Cap.pdf
Budget Questions	We pass an operating budget and also pass an Appropriation ordinance. Which total budget amount should I use?	Total budget is defined as the total annual budget, including both operating and capital expenditure budgets, in effect as of 1/27/2020. For more information on budget, visit the US Treasury's guidance on budget cap calculations: https://home.treasury.gov/system/files/136/NEU-Update-75-Percent-Budget-Cap.pdf
Budget Questions	Does the Expenditure total include enterprise funds or only governmental?	For purposes of applying the 75 percent-of-budget cap on NEU allotments, NEUs with formal operating budgets must submit their most recent annual total operating budget, including general funds and all other funds, as of January 27, 2020. NEUs without formal budgets who intend to instead submit total annual expenditures should include expenditures from all funds, general governmental or otherwise.
Budget Questions	Is lost revenue supposed to be calculated on a calendar year basis? If so, how should I be calculating this when we are on a fiscal year ending April 30th?	The calculation for lost revenue begins with the recipient's revenue in the last full fiscal year prior to the COVID-19 public health emergency and includes the 12-month period ending December 31, 2020.
Disbursement Questions		
Disbursement Questions	Where can I find my NEUs allocation?	All allocations can be found on the Illinois Department of Commerce & Economic website. (https://dceo.illinois.gov/content/dam/soi/en/web/dceo/cureneu/documents/neu-payments_master.pdf)
Disbursement Questions	Should we set up a special revenue account to receive these funds, or is it sufficient to deposit the money in our general revenue account as long as we are keeping detailed records of expenditures?	It is not required to set up a special revenue account specific to SLFRF funds. Funds may be deposited in a general revenue account so long as they are tracked separately. A recommendation is to set up a SLFRF-specific code (such as a fund code or other unique identifier) within your financial accounting system, to make tracking both the revenue and expenditures.
Disbursement Questions	Will disbursements be limited to documentation provided to confirm expenses?	No. Treasury guidance explicitly prohibits states from providing NEU allotments on a reimbursement basis. Eligible NEUs that complete the application will receive their allotted funds in full across two installments. Treasury guidance indicates the State will receive the total amount allocated for NEUs in two installments, each of which will be divided among applying eligible NEUs according to the allocation formula. NEUs are considered direct recipients of ARPA funds and are individually responsible for tracking and reporting expenditures.
Eligible Expenditure Questions		
General		

IL ARPA NEU- Frequently Asked Questions

Updated as of 12/5/2022

Category	Question	Answer
Eligible Expenditures	What is the Standard Allowance category?	Treasury presumes that up to \$10 million in revenue has been lost due to the public health emergency and recipients are permitted to use that amount (not to exceed the award amount) to fund “government services.” The standard allowance provides an estimate of revenue loss that is based on an extensive analysis of average revenue loss across states and localities, and offers a simple, convenient way to determine revenue loss, particularly for SLFRF’s smallest recipients. For more information please visit the Final Rule overview: https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf
Eligible Expenditures	As an NEU, is it suggested I report using the Standard Allowance category?	Yes, Recipients can use SLFRF funds on government services up to the revenue loss amount, whether that be the standard allowance amount or the amount calculated using the above approach. Government services generally include any service traditionally provided by a government. Government services is the most flexible eligible use category under the SLFRF program, and funds are subject to streamlined reporting and compliance requirements.
Eligible Expenditures	What are the eligible expenditure categories and sub-categories?	Under federal regulation and guidance, NEUs may expend allocations: 1) to respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; 2) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers; 3) for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and 4) to make necessary investments in water, sewer, or broadband infrastructure. For additional specific guidance on eligible uses, please refer to the Treasury Final Rule at https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf
Eligible Expenditures	What are ineligible uses of these funds?	1) Deposits into any pension fund are not permitted uses. 2) Funding certain debt service; legal settlements or judgments unless it requires the provision of services or aid that directly responded to the COVID-19 public health emergency; and deposits to rainy day funds or financial reserves are not permitted uses. 3) 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 unless the project responds to a specific pandemic public health need or a specific negative economic impact. 4) CLFR funds are subject to pre-existing limitations provided in other federal statutes and regulations and may not be used as non-federal match for other federal programs whose statute or regulations bar the use of federal funds to meet matching requirements.
Eligible Expenditures	What are the coverage dates for ARPA funding?	SLFRF maybe used to cover eligible costs incurred during the period that begins on March 3, 2021 and ends on December 31, 2024, as long as the award funds for the obligations incurred by 12/31/2024 are expended by 12/31/2026.

IL ARPA NEU- Frequently Asked Questions

Updated as of 12/5/2022

Category	Question	Answer
Eligible Expenditures	Are security cameras an eligible use of ARPA funds?	Possibly, depending on the where the security cameras are installed and the justification for their use. Recipients may use SLFRF award funds to provide assistance to households, business, and individuals for projects within eligible expenditure categories. However, care should be taken to justify that the cost of the security cameras meet an eligible category of use.
Eligible Expenditures	Can funds be used to provide administrative office social distancing mechanisms?	<p>This could qualify as an Eligible Public Health Use:</p> <ul style="list-style-type: none"> • COVID-19 Mitigation and Prevention allows for “capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID–19 mitigation tactics” <p>(Treasury Final Rule - https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf)</p>
2. Negative Economic Impacts (EC 2)		
Eligible Expenditures	How can NEUs use these funds to support businesses and industries that were negatively impacted by the COVID-19 pandemic?	Aid provided under this eligible use should prioritize industries most impacted by the pandemic including the tourism, travel, and hospitality industries. NEUs are required to publicly report assistance provided to private-sector businesses and should maintain records to support their assessment of how businesses receiving assistance were affected by the negative economic impacts of the pandemic, and how the aid provided responds to these impacts. See here for more information: (Treasury Final Rule - https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf)
3. Services to Disproportionately Impacted Communities (EC3)		
Eligible Expenditures	Would investments in improving outdoor spaces (e.g. parks) be an eligible use of funds as a response to the public health emergency and/or its negative economic impacts?	<p>Services provided to Qualified Census Tracts (QCTs) such as investments in parks, public plazas, and other public outdoor recreation spaces that may be responsive to the needs of disproportionately impacted communities by promoting healthier living environments and outdoor recreation and socialization to mitigate the spread of COVID-19. Recipients may provide assistance to small businesses in all communities. Assistance to small businesses could include support to enhance outdoor spaces for COVID-19 mitigation (e.g., restaurant patios) or to improve the built environment of the neighborhood (e.g., façade improvements).</p> <p>Many governments saw significantly increased use of parks during the pandemic that resulted in damage or increased maintenance needs. The Final Rule recognizes that “decrease[s to] a state or local government’s ability to effectively administer services” can constitute a negative economic impact of the pandemic</p> <p>For more information, see FAQ 2.18.</p>
Eligible Expenditures	Are there any business classifications that are prohibited from utilization of any ARPA funds?	ARPA Final Rule does not provide specific information on restricted classifications, but refers to a small business concern as defined in section 3 of the Small Business Act (15 U.S.C. 632).

IL ARPA NEU- Frequently Asked Questions

Updated as of 12/5/2022

Category	Question	Answer
Eligible Expenditures	Can a county or municipality purchase laptops/remote learning tools to give to schools to allow children who do not have access to use them?	<p>This expense could address Exacerbation of Pre-existing Disparities:</p> <ul style="list-style-type: none"> • Addressing Educational Disparities: "...school closures and the transition to remote education raised particular challenges for lower-income students, potentially exacerbating educational disparities, while increases in economic hardship among families could have long-lasting impacts on children's educational and economic prospects. Services under this prong would enhance educational supports to help mitigate impacts of the pandemic" <p>(Treasury Final Rule - https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf)</p>
4. Premium Pay (EC 4)		
Eligible Expenditures	How is premium pay defined?	ARPA "defines premium pay to mean an amount up to \$13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed \$25,000 per eligible worker"
Eligible Expenditures	What are the specific limits and requirements surrounding premium pay?	<p>Several requirements are included in the Final Rule regarding using funds for premium pay. Some main points include:</p> <ol style="list-style-type: none"> 1) "any premium pay or grants provided should prioritize compensation of those lower income eligible workers that perform essential work." 2) "If premium pay would increase a worker's total pay above 150 percent of their residing state's average annual wage for all occupations, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, or their residing county's average annual wage, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, whichever is higher, on an annual basis, the NEU must provide Treasury and make publicly available, whether for themselves or on behalf of a grantee, a written justification of how the premium pay or grant is responsive to workers performing essential worker during the public health emergency" 3) "Premium pay must be additive to a worker's regular rate of wages and other remuneration and may not be used to reduce or substitute for a worker's normal earnings." 4) "Premium pay may be provided retrospectively for work performed at any time since the start of the COVID- 19 pandemic, where those workers have yet to be compensated adequately for work previously performed." <p>For more information consult: (Treasury Final Rule - https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf)</p>
Eligible Expenditures	Are funds that are used for premium pay to public safety employees tax exempt for payroll and income tax purposes to the receiving employees?	No, premium pay would not be tax exempt.
5. Water, Sewer, and Broadband Infrastructure (EC 5)		

IL ARPA NEU- Frequently Asked Questions

Updated as of 12/5/2022

Category	Question	Answer
Eligible Expenditures	Is maintenance to sewer infrastructure, such as dredging sewer lagoon, mapping water lines, considered an eligible expense?	Please see: pg. 4415 Treasury Final Rule - https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf
Eligible Expenditures	Are there any programs or services to help with a broadband infrastructure project?	Yes. The Accelerate Illinois Broadband Infrastructure Planning Program Notice of Collaboration Opportunity (NOCO) is now available and the Illinois Office of Broadband is accepting applications from local governments through December 30, 2021. As previewed earlier this month, the new planning and capacity building program is designed to help Illinois communities leverage historic broadband infrastructure funding for community-driven broadband expansion and public-private partnership. For more information please review the following link: https://www2.illinois.gov/dceo/ConnectIllinois/Documents/Accelerate%20Illinois%20NOCO.pdf
Eligible Expenditures	What is the definition of "certain infrastructure projects". Would it include road repairs for safety? Would it include permanent park upgrades?	Eligible infrastructure expenses are limited to necessary investments in water, sewer, or broadband, unless such expenses constitute the provision of government services to the extent of the reduction in revenue due to COVID-19. For additional specific guidance on eligible uses, please refer to the Treasury Final Rule at https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf
Eligible Expenditures	What are eligible water/sewer projects?	Eligible water and sewer projects generally align to projects that would be eligible under the EPA's Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF). Under the DWSRF, categories of eligible projects include: treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development. Under the CWSRF, categories of eligible projects include: construction of publicly-owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act.
6. Revenue Replacement (EC 6)		

IL ARPA NEU- Frequently Asked Questions

Updated as of 12/5/2022

Category	Question	Answer
Eligible Expenditures	If an entity uses a fiscal year different than 12/31 how does an entity adjust for the timing difference?	<p>The U.S. Department of Treasury expects the growth function to use data from the entity’s fiscal year end to calculate the Growth Adjustment and the Counterfactual Revenue (the anticipated revenue for a given period if the revenue was to grow at the same rate as it was prior to the Public Health Emergency). The growth function uses the months from the last fiscal year that ended prior to the Public Health Emergency to the current Calculation Date. For example, if the entity was calculating the revenue loss for the calendar year of 2020 and the entities fiscal year ends on April 30th, then the entity would use the months between April 30th, 2019, and December 31, 2020. In this case the months would calculate to 20. According to the Final Rule “A recipient must calculate the reduction in its general revenue using information as-of December 31, 2020, December 31, 2021, December 31, 2022, and December 31, 2023 (each, a calculation date).”</p> <p>To assist in the calculation of revenue loss, the Department of Commerce and Economic Opportunity has released a tool to preform the calculation. In order for the entity to use this tool they will need:</p> <ol style="list-style-type: none"> 1.Revenue generated for the last four years prior to the Public Health Emergency 2.Revenue generated on a calendar year basis for 2020 <p>The tool will calculate the revenue loss for the calendar year as long as the entity has input the correct revenues and the correct dates.</p>
Eligible Expenditures	Once a recipient has identified a reduction in revenue, are there any restrictions on how recipients use funds up to the amount of the reduction?	<p>The Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. Government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for building new infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.</p> <p>However, paying interest or principal on outstanding debt, replenishing rainy day or other reserve funds, or paying settlements or judgments would not be considered provision of a government service, since these uses of funds do not entail direct provision of services to citizens. This restriction on paying interest or principal on any outstanding debt instrument, includes, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt. In addition, the overarching restrictions on all program funds (e.g., restriction on pension deposits, restriction on using funds for non-federal match where barred by regulation or statute) would apply. Please consult the Treasury FAQ page for further guidance</p> <p>https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf</p>

IL ARPA NEU- Frequently Asked Questions

Updated as of 12/5/2022

Category	Question	Answer
Eligible Expenditures	In identifying intergovernmental revenue for the purpose of calculating General Revenue, should recipients exclude all federal funding, or just federal funding related to the COVID-19 response? How should local governments treat federal funds that are passed through states or other entities, or federal funds that are intermingled with other funds?	In calculating General Revenue, recipients should exclude all intergovernmental transfers from the federal government. This includes, but is not limited to, federal transfers made via a state to a locality pursuant to the Coronavirus Relief Fund or Fiscal Recovery Funds. To the extent federal funds are passed through states or other entities or intermingled with other funds, recipients should attempt to identify and exclude the federal portion of those funds from the calculation of General Revenue on a best-efforts basis. Please consult the Treasury FAQ page for further guidance : https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf
Eligible Expenditures	How do I know if a certain type of revenue should be counted for the purpose of computing revenue loss?	As discussed in FAQ #3.1, the Final Rule adopts a definition of “General Revenue” that is based on, but not identical, to the Census Bureau’s concept of “General Revenue from Own Sources” in the Annual Survey of State and Local Government Finances. Recipients should refer to the definition of “General Revenue” included in the Final Rule. See 31 CFR 35.3. If a recipient is unsure whether a particular revenue source is included in the Final Rule’s definition of “General Revenue,” the recipient may consider the classification and instructions used to complete the Census Bureau’s Annual Survey. For example, parking fees would be classified as a Current Charge for the purpose of the Census Bureau’s Annual Survey, and the Final Rule’s concept of “General Revenue” includes all Current Charges. Therefore, parking fees would be included in the Final Rule’s concept of “General Revenue.” The Census Bureau’s Government Finance and Employment Classification manual is available here. Please consult the Treasury FAQ page for further guidance : https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf
Eligible Expenditures	If you use all the funds received for revenue loss, will the evidence for reporting this to the Treasury be a calculation detailing your revenue loss?	U.S. Treasury published a formula for calculating estimated revenue loss due to COVID-19 in the Final Rule and SLFRF Compliance and Reporting Guidance. The guidance also includes programmatic data required to be reported for this expenditure category. NEUs are considered direct recipients of allocated funds are responsible for complying with Treasury reporting guidelines. Current reporting guidelines are available at https://home.treasury.gov/system/files/136/July-2022-PE-Report-User-Guide.pdf
7. Administrative (EC 7)		
Eligible Expenditures	Could time spent planning ARPA funded projects be reimbursed as an administrative expense?	Yes. SLFRF may be used for administrative costs. Costs must be reasonable and allocable as outline in 2 CFR 200.404 and 2 CFR 200.405. Recipients are permitted to charge both direct and indirect costs to their awards as administrative costs but may not charge the same administrative costs to both direct and indirect costs categories.
Ineligible Expenditures		
Ineligible Expenditures	Can governments use funds for routine pension contributions for employees whose payroll and covered benefits are eligible expenses?	Treasury interprets “deposit” in this context to refer to an extraordinary payment into a pension fund for the purpose of reducing an accrued, unfunded liability. More specifically, the Final Rule does not permit this assistance to be used to make a payment into a pension fund if both: (1) the payment reduces a liability incurred prior to the start of the COVID-19 public health emergency, and (2) the payment occurs outside the recipient’s regular timing for making such payments.

IL ARPA NEU- Frequently Asked Questions

Updated as of 12/5/2022

Category	Question	Answer
Ineligible Expenditures	May recipients use Fiscal Recovery Funds to fund Other Post-Employment Benefits?	OPEB refers to benefits other than pensions (see, e.g., Governmental Accounting Standards Board, “Other Post-Employment Benefits”). Treasury has determined that Sections 602(c)(2)(B) and 603(c)(2), which refer only to pensions, do not prohibit CSFRF/CLFRF recipients from funding OPEB. Recipients of either the CSFRF/CLFRF may use funds for eligible uses, and a recipient seeking to use CSFRF/CLFRF funds for OPEB contributions would need to justify those contributions under one of the four eligible use categories.
Ineligible Expenditures	May recipients use funds to pay interest or principal on outstanding debt?	No. Expenses related to financing, including servicing or redeeming notes, would not address the needs of pandemic response or its negative economic impacts. Such expenses would also not be considered provision of government services, as these financing expenses do not directly provide services or aid to citizens.
Ineligible Expenditures	May recipients use funds to invest in infrastructure other than water, sewer, and broadband projects (e.g. roads, public facilities)?	Under 602(c)(1)(C) or 603(c)(1)(C), recipients may use funds for maintenance of infrastructure or pay-go spending for building of new infrastructure as part of the general provision of government services, to the extent of the estimated reduction in revenue due to the public health emergency. Under 602(c)(1)(A) or 603(c)(1)(A), a general infrastructure project typically would not be considered a response to the public health emergency and its negative economic impacts unless the project responds to a specific pandemic-related public health need (e.g., investments in facilities for the delivery of vaccines) or a specific negative economic impact of the pandemic (e.g., affordable housing in a Qualified Census Tract).

This information is intended for eligible recipients and subrecipients of the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) Program. The purpose is to summarize and interpret the Final Rule, Compliance and Reporting Guidance, Frequently Asked Questions and other related information issued by the U.S. Treasury Department from May 2021 – Present. This information is intended to inform the decision making of recipients and subrecipients on the eligible use of funds and other SLFRF Program reporting and compliance requirements. The information provided is ILARPA’s interpretation of U.S. Treasury guidance and is not a final determination. U.S. Treasury information should be the primary source to review for the eligible uses of funds.