

**State Fiscal Recovery Funds (SFRF)  
Proposal Guidance**

**Version 1  
July 12, 2021**

**Department of Finance and Administration –  
Office of Accounting**

The American Rescue Plan Act of 2021 (Subtitle M of Title IX of Pub. L. 117-2) (“ARPA”) established the Coronavirus State Fiscal Recovery Fund (“SFRF”) by amending Title VI of the Social Security Act (42 U.S.C 801 et seq.) to add section 602.

Arkansas will be reviewing all submitted projects to determine eligibility based upon the guidelines and requirements identified below. The Arkansas American Rescue Plan Act Steering Committee was created to study and analyze the relief available to the State of Arkansas, its citizens, and businesses under ARPA, identify and prioritize the needs of the State of Arkansas, its citizens and businesses for the application of available relief, identify the most efficient practices and procedures to obtain and apply available relief; and make recommendations to the Governor on best uses of the American Rescue Plan Act funding. To accomplish this goal, the ARPA Steering Committee can utilize advisory committees or working groups as needed within the private sector to assist in the development of investment plans for the American Rescue Plan funds.

The Secretary of the Treasury (“Treasury”) issued Interim Final Rule (31 CFR Part 35)<sup>1</sup> to implement ARPA. The Treasury’s Interim Final Rule applies to any recipient/subrecipient that accepts a payment or transfer of funds made under ARPA. Any recipient/subrecipient must comply with ARPA, the Interim Final Rule, and any subsequent rule(s) issued by Treasury. The Treasury has provided guidance on recipients’/subrecipients’ compliance and reporting responsibilities in the Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance (Version 1.1, June 24, 2021).<sup>2</sup> The Treasury also has provided answers to frequently asked questions (“FAQs”) regarding the SFRF.<sup>3</sup> The Treasury periodically updates the FAQs in response to questions received from stakeholders.

An application for funding has been developed to allow the applicant to demonstrate a clear understanding of U.S. Treasury issued Interim Final Rule, the Frequently Asked Questions, and the Coronavirus State and Local Fiscal Recovery Funds – Compliance and Reporting Guidance (Version 1.1). These documents are located on the U.S. Treasury Website for State and Local Funds at: [Coronavirus State and Local Fiscal Recovery Funds | U.S. Department of the Treasury](#). It is critical for accurate completion of your application that you refer to these documents often to ensure necessary information is included within your application. The *Coronavirus State and Local Fiscal Recovery Funds - Compliance and Reporting Guidance (“Compliance and Reporting Guidance”)* provides guidance on the reporting requirements beginning on page 13 that are known thus far. The U.S. Treasury continues to provide additional guidance to States regarding funding requirements. If Treasury revises the requirements,

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<sup>1</sup> <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>

<sup>2</sup> <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>

<sup>3</sup> <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>

this application will be updated to encompass those requirements. For any previously approved application, additional information will be requested from those applicants.

### Funding Overview

Treasury’s Interim Final Rule<sup>4</sup>, 31 CFR Part 35, establishes a **framework for determining whether a specific project would be eligible under the SFRF program**, including some helpful definitions.

- A framework for determining whether a project “responds to” a “negative economic impact” caused by the COVID-19 public health emergency.
- Definitions of “eligible employers”, “essential work,” “eligible workers”, and “premium pay” for cases where premium pay is an eligible use.
- A framework for eligible water and sewer infrastructure projects that aligns eligible uses with projects that are eligible under the Environmental Protection Agency’s Drinking Water and Clean Water State Revolving Funds.
- A framework for eligible broadband projects designed to provide service to unserved or underserved households or businesses at speeds sufficient to enable users to generally meet household needs, including the ability to support the simultaneous use of work, education, and health applications, and also sufficiently robust to meet increasing household demands for bandwidth.

Treasury’s Interim Final Rule establishes the **period of eligibility for costs** to begin on March 3, 2021 and ends on December 31, 2024 for obligations which are incurred by December 31, 2024 and are expended by December 31, 2026. Costs for projects incurred prior to March 3, 2021 are not eligible, as provided for in Treasury’s Interim Final Rule.

*Exception to Period of Eligibility* – Recipients may use SFRF award funds to provide assistance to households, businesses, and individuals within the **eligible use categories** described in Treasury’s Interim Final Rule for costs that those households, businesses and individuals incurred prior to March 3, 2021.

#### **Four Eligible Use Categories:**

a. Public Health/Negative Economic Impacts: Recipients may use SFRF award funds to provide assistance to households – such as rent, mortgage, or utility assistance – for costs incurred by the household prior to March 3, 2021, provided that the recipient State, territorial, local or Tribal government did not incur the cost of providing such assistance prior to March 3, 2021.

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<sup>4</sup> [2021-10283.pdf \(govinfo.gov\)](#)

b. Premium Pay: Recipients may provide premium pay retrospectively for work performed at any time since the start of the COVID-19 public health emergency. Such premium pay must be “in addition to” wages and remuneration already received and the obligation to provide such pay must not have been incurred by the recipient prior to March 3, 2021.

c. Revenue Loss: Treasury’s Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. While calculation of 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, use of funds for government services must be forward looking for costs incurred by the recipient after March 3, 2021.

d. Investments in Water, Sewer, and Broadband: Recipients may use SFRF award funds to make necessary investments in water, sewer, and broadband. Recipients may use SFRF award funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the SFRF award funds were incurred after March 3, 2021.

### **Uniform Administrative Requirements**

SFRF awards are subject to the requirements set forth in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200<sup>5</sup> (the “Uniform Guidance”). Your organization must comply with applicable statutes and regulations, including the Uniform Guidance, as described in the 2020 OMB Compliance Supplement Part 3, Compliance Requirements.<sup>6</sup> Recipients and subrecipients are advised to carefully review the Uniform Guidance requirement and any additional regulatory and statutory requirements applicable to the program in the following areas:

- Allowable Activities
- Allowable Costs/Cost Principles
- Cash Management
- Eligibility
- Equipment and Real Property Management
- Matching Level of Effort, Earmarking
- Period of Performance
- Procurement, Suspension & Debarment
- Program Income
- Reporting

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<sup>5</sup> [eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(federalregister.gov\)](https://www.federalregister.gov)

<sup>6</sup> [OMB Circular A-133 Supplement 2013 Part 3 \(archives.gov\)](https://www.archives.gov)

- Subrecipient Monitoring
- Special Test and Provisions

## **AWARD Terms and Conditions**

The Award Terms and Conditions<sup>7</sup> of the SFRF financial assistance agreement sets forth the compliance obligations for recipients and subrecipients pursuant to the SFRF statute, the Uniform Guidance, and Treasury’s Interim Final Rule.

Recipients and subrecipients should ensure they remain in compliance with all Award Terms and Conditions.

**1. SAM.gov Requirements.** All eligible recipients and subrecipients are required to have an active registration with the System for Award Management (SAM) (<https://www.sam.gov>).

**2. Recordkeeping Requirements.** Recipients and subrecipients must maintain records and financial documents for five years after all funds have been expended or returned to Treasury, as outlined in paragraph 4.c. of the Award Terms and Conditions. Treasury may request transfer of records of long-term value at the end of such period. Your organization must agree to provide or make available such records to Treasury upon request, and to any authorized oversight body, including but not limited to, the Government Accountability Office (“GAO”), Treasury’s Office of Inspector General (“OIG”), and the Pandemic Relief Accountability Committee (“PRAC”).

- DFA will identify the system to be used to collect required records and documentation for all projects approved under SFRF.

**3. Single Audit Requirements.** Recipients and subrecipients that expend more than \$750,000 in Federal awards during their fiscal year will be subject to an audit under the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F regarding audit requirements.<sup>8</sup> Recipients and subrecipients may also refer to the Office of Management and Budget (OMB) Compliance Supplements for audits of federal funds and related guidance and the Federal Audit Clearinghouse to see examples and single audit submission.

**4. Civil Rights Compliance.** Recipients and subrecipients of Federal financial assistance from the Treasury are required to meet legal requirements relating to nondiscrimination and nondiscriminatory use of Federal funds. Those requirements include ensuring that entities receiving Federal financial assistance from the Treasury do not deny benefits or services, or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with

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<sup>7</sup> [Financial-Assistance-Agreement-States-and-Territories.pdf \(treasury.gov\)](#)

<sup>8</sup> For-profit entities that receive SLFRF subawards are not subject to Single Audit requirements. However, they are subject to other audits as deemed necessary by authorized governmental entities, including Treasury, the GAO, the PRAC and the Treasury’s OIG.

the following authorities: Title VI of the Civil Rights Act of 1964 (Title VI)<sup>9</sup> Public Law 88-352<sup>10</sup>, 42 U.S.C. 2000d-1 et seq.<sup>11</sup>, and the U.S. Treasury's implementing regulations<sup>12</sup>, 31 CFR part 22<sup>13</sup>; Section 504 of the Rehabilitation Act of 1973 (Section 504)<sup>14</sup>, Public Law 93-112, as amended by Public Law 93-516<sup>15</sup>, 29 U.S.C. 794<sup>16</sup>; Title IX of the Education Amendments of 1972 (Title IX)<sup>17</sup>, 20 U.S.C. 1681 et seq.<sup>18</sup>, and the U.S. Treasury's implementing regulations, 31 CFR part 28<sup>19</sup>; Age Discrimination Act of 1975, Public Law 94-135, 42 U.S.C. 6101 et seq., and the Department implementing regulations at 31 CFR part 23<sup>20</sup>.

The State will collect and review information from sub-recipients to ascertain their compliance with the applicable requirements under Title VI of the Civil rights Act before and after providing financial assistance. Treasury's implementing regulations, 31 CFR part 22, and the Department of Justice (DOJ) regulations, Coordination of Non-discrimination in Federally Assisted Programs, 28 CFR part 42<sup>21</sup>, provide for the collection of data and information from recipients (see 28 CFR 42.406). Treasury may request that recipients submit data for post-award compliance reviews, including information such as a narrative describing their Title VI compliance status.

## 5. Reporting Requirements

All recipients of federal funds must complete financial, performance, and compliance reporting as required and outlined in Part 2 of Treasury's Compliance and Reporting Guidance. Expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1. Your organization should

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<sup>9</sup> [Assurances of Compliance with Civil Rights Requirements \(treasury.gov\)](#)

<sup>10</sup> [P.L. 88-352 \(ssa.gov\)](#)

<sup>11</sup> [Title VI Of The Civil Rights Act Of 1964 42 U.S.C. § 2000d \(justice.gov\)](#)

<sup>12</sup> [Title VI Of The Civil Rights Act Of 1964 42 U.S.C. § 2000d Et Seq. \(justice.gov\)](#)

<sup>13</sup> [31 CFR Part 22 - NONDISCRIMINATION ON THE BASIS OF RACE, COLOR, OR NATIONAL ORIGIN IN PROGRAMS OR ACTIVITIES RECEIVING FEDERAL FINANCIAL ASSISTANCE FROM THE DEPARTMENT OF THE TREASURY | CFR | US Law | LII / Legal Information Institute \(cornell.edu\)](#)

<sup>14</sup> [Section 504, Rehabilitation Act of 1973 | U.S. Department of Labor \(dol.gov\)](#)

<sup>15</sup> [H.R.17503 - 93rd Congress \(1973-1974\): A bill to extend the authorizations of appropriations in the Rehabilitation Act of 1973 for 1 year, to transfer the Rehabilitation Services Administration to the Office of the Secretary of Health, Education, and Welfare, to make certain technical and clarifying amendments, and for other purposes; to amend the Randolph-Sheppard Act for the blind; to strengthen the program authorized thereunder; and to provide for the convening of a White House Conference on Handicapped Individuals. | Congress.gov | Library of Congress](#)

<sup>16</sup> [\[USC02\] 29 USC 794: Nondiscrimination under Federal grants and programs \(house.gov\)](#)

<sup>17</sup> [Title IX Education Amendments | HHS.gov](#)

<sup>18</sup> [\[USC05\] 20 USC 1681: Sex \(house.gov\)](#)

<sup>19</sup> [Electronic Code of Federal Regulations \(eCFR\)](#)

<sup>20</sup> [Electronic Code of Federal Regulations \(eCFR\)](#)

<sup>21</sup> [28 C.f.r. Ð 42.401 - 42.415 \(justice.gov\)](#)

appropriately maintain accounting records for compiling and reporting accurate, compliant financial data, in accordance with appropriate accounting standards and principles.

There are three types of reporting requirements for SFRF funds. To complete these reporting requirements, information must be received timely from Recipients and Subrecipients. The Department of Finance and Administration – Comprehensive Annual Financial Reporting (CAFR) section will be issuing instructions and internal timelines for all reporting requirements.

## 1. **Interim Report**

Provide initial overview of status and uses of funding. This is a one-time report and must be submitted to the U.S. Treasury by August 31, 2021, and DFA will provide an internal date for submission. The recipient will be required to enter obligations and expenditures and, for each, select the specific expenditure category from the available options. This report will include any projects approved up to July 31, 2021, which meet the two categories below.

### a. Revenue replacement (EC 6.11): None identified at this time.

Key inputs into the revenue replacement formula and estimated revenue loss due to the COVID-19 public health emergency, calculated using the formula in the Interim Final Rule as of December 31, 2020.

- Base year general revenue (e.g., revenue in the last full fiscal year prior to the public health emergency)
- Fiscal year end date
- Growth adjustment used (either 4.1 percent or average annual general revenue growth over 3 years prior to pandemic)
- Actual general revenue as of the twelve months ended December 31, 2020
- Estimated revenue loss due to the COVID-19 public health emergency as of December 31, 2020
- An explanation of how revenue replacement funds were allocated to government services (Note: additional instructions and/or template to be provided in users' guide)

### b. Distributions to NEUs - States and territories only (EC 7.4): Only to be used by DFA staff.

## 2. **Project and Expenditure Report**

The Department of Finance and Administration – Comprehensive Annual Financial Reporting (CAFR) section will be issuing instructions and internal timelines for all reporting requirements.

The initial quarterly Project and Expenditure Report will cover two calendar quarters from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to

Treasury within 30 calendar days after the end of each calendar quarter. 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 and 3	Award Date – September 30	October 31, 2021
2	2021	4	October 1 – December 31	January 31, 2022
3	2022	1	January 1 – March 31	April 30, 2022
4	2022	2	April 1 – June 30	July 31, 2022
5	2022	3	July 1 – September 30	October 31, 2022
6	2022	4	October 1 – December 31	January 31, 2023
7	2023	1	January 1 – March 31	April 30, 2023
8	2023	2	April 1 – June 30	July 31, 2023
9	2023	3	July 1 – September 30	October 31, 2023
10	2023	4	October 1 – December 31	January 31, 2024
11	2024	1	January 1 – March 31	April 30, 2024
12	2024	2	April 1 – June 30	July 31, 2024
13	2024	3	July 1 – September 30	October 31, 2024
14	2024	4	October 1 – December 31	January 31, 2025
15	2025	1	January 1 – March 31	April 30, 2025
16	2025	2	April 1 – June 30	July 31, 2025
17	2025	3	July 1 – September 30	October 31, 2025
18	2025	4	October 1 – December 31	January 31, 2026
19	2026	1	January 1 – March 31	April 30, 2026
20	2026	2	April 1 – June 30	July 31, 2026
21	2026	3	July 1 – September 30	October 31, 2026
22	2026	4	October 1 – December 31	March 31, 2027

### Requirements for Quarterly Report

The following information will be required in Project and Expenditure Reports:



- a. Projects: Provide information on all SFRF funded projects. Projects are new or existing eligible government services or investments, funded in whole or in part by SFRF funding. For each project, the recipient will be required to enter the project name, identification number (created by the recipient), project expenditure category, description, and status of completion.

Project descriptions must include:

1. A detailed description, between 50 and 250 words, which provides understanding of the major activities that will occur.
2. Only closely related activities directed toward a common purpose.
3. The Required Programmatic Data described below and define their projects at a sufficient level of granularity to report these metrics for a reasonably specific activity or set of activities in each project.

- b. Expenditures: Once a project is entered, the recipient will be able to report on the project's obligations and expenditures.

Recipients will be asked to report:

- Current period obligation
- Cumulative obligation
- Current period expenditures
- Cumulative expenditures

- c. Project Status: Once a project is entered, the recipient will be asked to report on project status each reporting period, in four categories:

- Not Started
- Completed less than 50 percent
- Completed 50 percent or more
- Completed

- d. Project Demographic Distribution: Recognizing the disproportionate impact of the pandemic-related recession on low-income communities, recipients must report whether certain types of projects are targeted to economically disadvantaged communities, as defined by HUD's [Qualified Census Tract](#).<sup>22</sup>

- Recipients will be asked to identify whether the project is serving an economically disadvantaged community.
- To minimize the administrative burden on recipients while ensuring that this important aspect of program performance is

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<sup>22</sup> HUD defines as a QCT as having "50 percent of households with incomes below 60 percent of the Area Median Gross Income (AMGI) or have a poverty rate of 25 percent or more." To view median income area for their jurisdiction, recipients may visit the U.S. Census [website](#) on median incomes and select the geography for their jurisdiction and relevant unit of measurement (household or individual) for the project.

tracked, recipients may assume that the funds for a project count as being targeted towards economically disadvantaged communities if the project funds are spent on:

- A program or service is provided at a physical location in a Qualified Census Tract (formulti-site projects, if a majority of sites are within Qualified Census Tracts)
- A program or service where the primary intended beneficiaries live within a Qualified Census Tract.
- A program or service for which the eligibility criteria are such that the primary intended beneficiary earns less than 60 percent of the median income for the relevant jurisdiction (e.g., State, county, metropolitan area, or other jurisdiction); or
- A program or service for which the eligibility criteria are such that over 25 percent of intended beneficiaries are below the federal poverty line.

Recipients may use reasonable estimates to determine if a project meets one of these criteria, including identifying the intended beneficiaries of a program or service in terms of income characteristics, geographic location, or otherwise estimating the beneficiaries of a program based on its eligibility criteria. Recipients do not need to track information on each individual beneficiary to make the determination of whether the project is serving an economically disadvantaged community. If a recipient is unable to measure economic characteristics of the primary intended beneficiaries of a program or service due to data limitations or for other reasons, that program or service may not be counted as targeted to economically disadvantaged communities. Treasury recognizes that in some circumstances, recipients may fund eligible programs or services that benefit economically disadvantaged communities but may lack adequate data to assess conclusively that such a program or service is targeted to economically disadvantaged communities based on the criteria described above.

- e. Subawards: Each recipient shall also provide detailed obligation and expenditure information for any contracts and grants awarded, loans issued, transfers made to other government entities, and direct payments made by the recipient that are greater than or equal to \$50,000.

In general, recipients will be asked to provide the following information for each Contract, Grant, Loan, Transfer, or Direct Payment greater than or equal to \$50,000:

- Subrecipient identifying and demographic information (e.g., DUNS number and location)
- Award number (e.g., Award number, Contract number, Loan number)
- Award date, type, amount, and description
- Award payment method (reimbursable or lump sum payment(s))
- For loans, expiration date (date when loan expected to be paid in full)
- Primary place of performance
- Related project name(s)

- Related project identification number(s) (created by the recipient)
- Period of performance start date
- Period of performance end date
- Quarterly obligation amount
- Quarterly expenditure amount
- Project(s)
- Additional programmatic performance indicators for select Expenditure Categories

Aggregate reporting is required for contracts, grants, transfers made to other government entities, loans, direct payments, and payments to individuals that are below \$50,000. This information will be accounted for by expenditure category at the project level.

The recipient is responsible for the subrecipients' compliance with registering and maintaining an updated profile on SAM.gov.

- f. Civil Rights Compliance: Treasury will request information on recipients' compliance with Title VI of the Civil Rights Act of 1964 on an annual basis. This information may include a narrative describing the recipient's compliance with Title VI, along with other questions and assurances.
- g. Required Programmatic Data (other than infrastructure projects): For all projects listed under the following Expenditure Categories, the information listed must be provided in each report.
1. Payroll for Public Health and Safety Employees (EC 1.9):
    - Number of government FTEs responding to COVID-19 supported under this authority
  2. Household Assistance (EC 2.1-2.5):
    - Brief description of structure and objectives of assistance program(s) (e.g., nutrition assistance for low-income households)
    - Number of individuals served (by program if recipient establishes multiple separate household assistance programs)
    - Brief description of recipient's approach to ensuring that aid to households responds to a negative economic impact of COVID-19, as described in the Interim Final Rule
  3. Small Business Economic Assistance (EC 2.9):
    - Brief description of the structure and objectives of assistance program(s) (e.g., grants for additional costs related to COVID-19 mitigation)
    - Number of small businesses served (by program if recipient establishes multiple separate small businesses assistance programs)

- Brief description of recipient’s approach to ensuring that aid to small businesses responds to a negative economic impact of COVID-19, as described in the Interim Final Rule
4. Aid to Travel, Tourism, and Hospitality or Other Impacted Industries (EC 2.11-2.12):
    - If aid is provided to industries other than travel, tourism, and hospitality (EC 2.12), a description of pandemic impact on the industry and rationale for providing aid to the industry
    - Brief narrative description of how the assistance provided responds to negative economic impacts of the COVID-19 pandemic
    - For each subaward:
      - Sector of employer (Note: additional detail, including list of sectors to be provided in a users’ guide)
      - Purpose of funds (e.g., payroll support, safety measure implementation)
  5. Rehiring Public Sector Staff (EC 2.14):
    - Number of FTEs rehired by governments under this authority
  6. Education Assistance (EC 3.1-3.5):
    - The National Center for Education Statistics (“NCES”) School ID or NCES District ID. List the School District if all schools within the school district received some funds. If not all schools within the school district received funds, list the School ID of the schools that received funds. These can allow evaluators to link data from the NCES to look at school-level demographics and, eventually, student performance.
  7. Premium Pay (both Public Sector EC 4.1 and Private Sector EC 4.2):
    - List of sectors designated as critical to the health and well-being of residents by the chief executive of the jurisdiction, if beyond those included in the Interim Final Rule (Note: a list of sectors will be provided in the forthcoming U.S. Treasury users’ guide).
    - Number of workers to be served.
    - Employer sector for all subawards to third-party employers (i.e., employers other than the State, local, or Tribal government) (Note: a list of sectors will be provided in the forthcoming U.S. Treasury users’ guide).
    - For groups of workers (e.g., an operating unit, a classification of worker, etc.) or, to the extent applicable, individual workers, for whom premium pay would increase total pay above 150 percent of their residing State’s average annual wage, or their residing county’s average annual wage, whichever is higher, on an annual basis:
      - A brief written narrative justification of how the premium pay or grant is responsive to workers performing essential work during the public health emergency. This could include a description of the essential workers’ duties, health or financial risks faced due to COVID-19, and why the recipient government determined that the premium pay was

responsive to workers performing essential work during the pandemic. This description should not include personally identifiable information; when addressing individual workers, recipients should be careful not to include this information. Recipients may consider describing the workers' occupations and duties in a general manner as necessary to protect privacy.

8. Revenue replacement (EC 6.1): None identified at this time.

Under the Interim Final Rule, recipients calculate revenue loss using data as of four discrete points during the program: December 31, 2020, December 31, 2021, December 31, 2022, and December 31, 2023. Revenue loss calculated as of December 31, 2020 will be reported in the Interim Report, as described above. For future calculation dates, revenue loss will be reported only in the Quarter 4 reports due January 31, 2022, January 31, 2023, and January 31, 2024. Reporting on revenue loss should include:

- General revenue collected over the past 12 months as of the most recent calculation date, as outlined in the Interim Final Rule (for example, for the January 31, 2022 report, recipients should provide 12-month general revenue as of December 31, 2021)
- Calculated revenue loss due to the COVID-19 public health emergency; and
- An explanation of how the revenue replacement funds were allocated to government services (note: additional instructions and/or template to be provided in user guide).

In calculating general revenue and the revenue loss due to the COVID-19 public health emergency, recipients should follow the same guidance as described above for the Interim Report.

h. Required Programmatic Data for Infrastructure Projects (EC 5): For all projects listed under the Water, Sewer, and Broadband Expenditure Categories, more detailed project-level information is required. Each project will be required to report expenditure data as described above, but will also report the following information:

1. All infrastructure projects (EC 5):

- Projected/actual construction start date (month/year)
- Projected/actual initiation of operations date (month/year)
- Location (for broadband, geospatial location data)
- For projects over \$10 million:
  - a. A recipient may provide a certification that, for the relevant project, all laborer and mechanics employed by contractors and subcontractors in the performance of such project are paid wages at rates not less than those prevailing, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the

District of Columbia) in which the work is to be performed, or by the appropriate State entity pursuant to a corollary State prevailing-wage-in-construction law (commonly known as “baby Davis- Bacon Acts”). If such certification is not provided, a recipient must provide a project employment and local impact report detailing:

- The number of employees of contractors and sub-contractors working on the project
  - The number of employees on the project hired directly and hired through a third party
  - The wages and benefits of workers on the project by classification; and
  - Whether those wages are at rates less than those prevailing.<sup>23</sup> Recipients must maintain sufficient records to substantiate this information upon request.
- b. A recipient may provide a certification that a project includes a project labor agreement, meaning a pre-hire collective bargaining agreement consistent with section 8(f) of the National Labor Relations Act (29 U.S.C. 158(f)). If the recipient does not provide such certification, the recipient must provide a project workforce continuity plan, detailing:
- How the recipient will ensure the project has ready access to a sufficient supply of appropriately skilled and unskilled labor to ensure high-quality construction throughout the life of the project
  - How the recipient will minimize risks of labor disputes and disruptions that would jeopardize timeliness and cost-effectiveness of the project; and
  - How the recipient will provide a safe and healthy workplace that avoids delays and costs associated with workplace illnesses, injuries, and fatalities
  - Whether workers on the project will receive wages and benefits that will secure an appropriately skilled workforce in the context of the local or regional labor market; and
  - Whether the project has completed a project labor agreement.
- c. Whether the project prioritizes local hires.
- d. Whether the project has a Community Benefit Agreement, with a description of any such agreement.

2. Water and sewer projects (EC 5.1-5.15):

- National Pollutant Discharge Elimination System (NPDES) Permit Number (if applicable; for projects aligned with the Clean Water State Revolving Fund)
- Public Water System (PWS) ID number (if applicable; for projects aligned with the Drinking Water State Revolving Fund)

3. Broadband projects (EC 5.16-5.17):

- Speeds/pricing tiers to be offered, including the speed/pricing of its affordability offering

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<sup>23</sup> As determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the “Davis-Bacon Act”), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed.

- Technology to be deployed
- Miles of fiber
- Cost per mile
- Cost per passing
- Number of households (broken out by households on Tribal lands and those not on Tribal lands) projected to have increased access to broadband meeting the minimum speed standards in areas that previously lacked access to service of at least 25 Mbps download and 3 Mbps upload
  - Number of households with access to minimum speed standard of reliable 100Mbps symmetrical upload and download
  - Number of households with access to minimum speed standard of reliable 100Mbps download and 20 Mbps upload
- Number of institutions and businesses (broken out by institutions on Tribal lands and those not on Tribal lands) projected to have increased access to broadband meeting the minimum speed standards in areas that previously lacked access to service of at least 25 Mbps download and 3 Mbps upload, in each of the following categories: business, small business, elementary school, secondary school, highereducation institution, library, healthcare facility, and public safety organization
  - Specify the number of each type of institution with access to the minimum speedstandard of reliable 100 Mbps symmetrical upload and download; and
  - Specify the number of each type of institution with access to the minimum speedstandard of reliable 100 Mbps download and 20 Mbps upload

i. Distributions to NEUs - States and territories only (EC 7.4): Only to be used by DFA staff

### **3. Recovery Plan Performance Report**

The Recovery Plan Performance Report (the “Recovery Plan”) will provide information on the projects that large recipients are undertaking with program funding and how they plan to ensure program outcomes are achieved in an effective, efficient, and equitable manner. It will include key performance indicators identified by the recipient and some mandatory indicators identified by Treasury. The Recovery Plan will be posted on the website of the recipient as well as provided to Treasury.

Annual Report	Period Covered	Due Date
1	Award Date – 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

### Requirements for Annual Reports

Arkansas’s Statewide Recovery Plan for all State Financial Recovery Funds will include, at a minimum, the following information:

#### 1. Executive Summary

Provide a high-level overview of the jurisdiction’s intended and actual uses of funding including, but not limited to, the jurisdiction’s plan for use of funds to promote a response to the pandemic and economic recovery, key outcome goals, progress to date on those outcomes, and any noteworthy challenges or opportunities identified during the reporting period.

#### 2. Uses of Funds

Describe in further detail your jurisdiction’s intended and actual uses of the funds, such as how your jurisdiction’s approach would help support a strong and equitable recovery from the COVID-19 pandemic and economic downturn. Describe any strategies employed to maximize programmatic impact and effective, efficient, and equitable outcomes. Given the broad eligible uses of funds and the specific needs of the jurisdiction, please also explain how the funds would support the communities, populations, or individuals in your jurisdiction. Your description should address how you are promoting each of the following, to the extent they apply:

- a. Public Health (EC 1): As relevant, describe how funds are being used to respond to COVID-19 and the broader health impacts of COVID-19 and the COVID-19 public health emergency.
- b. Negative Economic Impacts (EC 2): As relevant, describe how funds are being used to respond to negative economic impacts of the COVID-19 public health emergency, including to households and small businesses.
- c. Services to Disproportionately Impacted Communities (EC 3): As relevant, describe how funds are being used to provide services to communities disproportionately impacted by the COVID-19 public health emergency.
- d. Premium Pay (EC 4): As relevant, describe the approach, goals, and sectors or occupations served by any premium pay program.



Describe how your approach prioritizes low-income workers.

- e. Water, sewer, and broadband infrastructure (EC 5): Describe the approach, goals, and types of projects being pursued, if pursuing.
- f. Revenue Replacement (EC 6): Describe the loss in revenue due to the COVID-19 public health emergency and how funds have been used to provide government services.

Where appropriate, recipients should also include information on your jurisdiction's use (or planned use) of other federal recovery funds including other programs under the American Rescue Plan such as the Emergency Rental Assistance, Housing Assistance, and so forth, to provide broader context on the overall approach for pandemic recovery.

### **3. Promoting equitable outcomes**

Describe efforts to promote equitable outcomes, including how programs were designed with equity in mind. Please include in your description how your jurisdiction will consider and measure equity at the various stages of the program, including:

- a. Goals: Are there particular historically underserved, marginalized, or adversely affected groups that you intend to serve within your jurisdiction?
- b. Awareness: How equal and practical is the ability for residents or businesses to become aware of the services funded by the SRFR?
- c. Access and Distribution: Are there differences in levels of access to benefits and services across groups? Are there administrative requirements that result in disparities in ability to complete applications or meet eligibility criteria?
- d. Outcomes: Are intended outcomes focused on closing gaps, reaching universal levels of service, or disaggregating progress by race, ethnicity, and other equity dimensions where relevant for the policy objective?

Treasury encourages uses of funds that promote strong, equitable growth, including racial equity. Negative Economic Impacts (EC 2): assistance to households, small businesses, and non-profits to address impacts of the pandemic, which have been most severe among low-income populations. This includes assistance with food, housing, and other needs; employment programs for people with barriers to employment who faced negative economic impacts from the pandemic (such as residents of low-income neighborhoods, minorities, disconnected youth, the unemployed, formerly incarcerated people, veterans, and people with disabilities); and other strategies that provide disadvantaged groups with access to education, jobs, and opportunity.

- e. Services to Disproportionately Impacted Communities (EC 3): services to address health disparities and the social determinants of health, build stronger neighborhoods and communities (e.g., affordable housing), address educational disparities (e.g., evidence-based tutoring, community schools, and academic, social-emotional, and mental health supports for high poverty schools), and promote healthy childhood environments (e.g., home visiting, child care).

The initial report must describe efforts to date and intended outcomes to promote equity. Each annual report thereafter must provide an update, using qualitative and quantitative data, on how the recipients' approach achieved or promoted equitable

outcomes or progressed against equity goals during the performance period. In particular, this section must describe the geographic and demographic distribution of funding, including whether it is targeted toward traditionally marginalized communities.

For the purposes of the SFRF, equity is defined in the [Executive Order 13985 On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government](#), as issued on January 20, 2021.

#### **4. Community Engagement**

Please describe how your jurisdiction's planned or current use of funds incorporates written, oral, and other forms of input that capture diverse feedback from constituents, community-based organizations, and the communities themselves. Where relevant, this description must include how funds will build the capacity of community organizations to serve people with significant barriers to services, including people of color, people with low incomes, limited English proficient populations, and other traditionally underserved groups.

#### **5. Labor Practices**

Describe workforce practices on any infrastructure projects being pursued (EC 5). For example, report whether any of the following practices are being utilized: project labor agreements, community benefits agreements, prevailing wage requirements, and local hiring.

#### **6. Use of Evidence**

The Recovery Plan should identify whether SFRF funds are being used for evidence-based interventions and/or if projects are being evaluated through rigorous program evaluations that are designed to build evidence. Recipients must briefly describe the goals of the project, and the evidence base for the interventions funded by the project. Recipients must specifically identify the dollar amount of the total project spending that is allocated towards evidence-based interventions for each project in the Public Health (EC 1), Negative Economic Impacts (EC 2), and Services to Disproportionately Impacted Communities (EC 3) Expenditure Categories.

Recipients are exempt from reporting on evidence-based interventions in cases where a program evaluation is being conducted. Recipients are encouraged to use relevant evidence Clearinghouses, among other sources, to assess the level of evidence for their interventions and identify evidence-based models that could be applied in their jurisdiction; such evidence clearinghouses include the U.S. Department of Education's [What Works Clearinghouse](#), the U.S. Department of Labor's [CLEAR](#), and the [Childcare & Early Education Research Connections and the Home Visiting Evidence of Effectiveness](#) clearinghouses from Administration for Children and Families, as well as other clearinghouses relevant to particular projects conducted by the recipient. In such cases where a recipient is conducting a program evaluation in lieu of reporting the amount of spending on evidence-based interventions, they must describe the evaluation design including whether it is a randomized or quasi-experimental design; the key research questions being evaluated; whether the study has sufficient statistical power to disaggregate outcomes by demographics; and the timeframe for the completion of the evaluation. Once the evaluation has been completed, recipients must post the evaluation publicly and link to the completed evaluation in the Recovery Plan. Once an evaluation has been completed (or has sufficient interim findings to determine the efficacy of the intervention),

recipients should determine whether the spending for the evaluated interventions should be counted towards the dollar amount categorized as evidence-based for the relevant project.

For all projects, recipients may be selected to participate in a national evaluation, which would study their project along with similar projects in other jurisdictions that are focused on the same set of outcomes. In such cases, recipients may be asked to share information and data that is needed for the national evaluation.

Recipients are encouraged to consider how a Learning Agenda, either narrowly focused on SFRF or broadly focused on the recipient's broader policy agenda, could support their overarching evaluation efforts in order to create an evidence-building strategy for their jurisdiction.

#### **7. Table of Expenses by Expenditure Category**

Please include the amount of funds used in each Expenditure Category. The table should include cumulative expenses to date within each category, and the additional amount spent within each category since the last annual Recovery Plan. The Department of Finance and Administration – Comprehensive Annual Financial Reporting (CAFR) section will be issuing instructions and internal timelines for all reporting requirements.

#### **8. Project Inventory**

List the name and provide a brief description of all SFRF funded projects. Projects are new or existing eligible government services or investments, funded in whole or in part by SFRF funding. For each project, include the project name, funding amount, identification number (created by the recipient and used thereafter in the quarterly Program and Expenditure Report), project Expenditure Category (see Appendix 1), and a description of the project which includes an overview of the main activities of the project, the approximate timeline, primary delivery mechanisms and partners, if applicable, and intended outcomes. Include a link to the website of the project if available. This information will provide context and additional detail for the information reported quarterly in the Project and Expenditure Report.

For infrastructure investment projects (EC 5), project-level reporting will be more detailed, as described for the Project and Expenditure Report above. Projects in this area may be grouped by Expenditure Category if needed, with further detail (such as the specific project name and identification number) provided in the Project and Expenditure Report. For infrastructure projects, descriptions should note how the project contributes to addressing climate change.

#### **9. Performance Report**

The Recovery Plan must include key performance indicators for the major SLFRF funded projects undertaken by the recipient. The

recipient has flexibility in terms of how this information is presented in the Recovery Plan, and may report key performance indicators for each project, or may group projects with substantially similar goals and the same outcome measures. In some cases, the recipient may choose to include some indicators for each individual project as well as crosscutting indicators.

Performance indicators should include both output and outcome measures. Output measure, such as number of students enrolled in an early learning program, provide valuable information about the early implementation stages of a project. Outcome measures, such as the percent of students reading on grade level, provide information about whether a project is achieving its overall goals. Recipients are encouraged to use logic models<sup>24</sup> to identify their output and outcome measures. While the initial report will focus heavily on early output goals, recipients must include the related outcome goal for each project and provide updated information on achieving these outcome goals in annual reports. In cases where recipients are conducting a program evaluation for a project (as described above), the outcome measures in the performance report should be aligned with those being evaluated in the program. To support their performance measurement and program improvement efforts, recipients are permitted to use funds to make improvements to data or technology infrastructure and data analytics, as well as program evaluations.

#### **10. Required Performance Indicators and Programmatic Data**

While recipients have discretion on the full suite of performance indicators to include, a number of mandatory performance indicators and programmatic data must be included. These are necessary to allow Treasury to conduct oversight as well as understand and aggregate program outcomes across recipients. This section provides an overview of the mandatory performance indicators and programmatic data. This information may be included in each recipient's Recovery Plan as they determine most appropriate, including combining with the section above, but this data will also need to be entered directly into the Treasury reporting portal. Below is a list of required data for each Expenditure Category:

- a. Household Assistance (EC 2.2 & 2.5) and Housing Support (EC 3.10-3.12):
  - Number of people or households receiving eviction prevention services (including legal representation)
  - Number of affordable housing units preserved or developed
  
- b. Negative Economic Impacts (EC 2):
  - Number of workers enrolled in sectoral job training programs
  - Number of workers completing sectoral job training programs
  - Number of people participating in summer youth employment programs

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<sup>24</sup> A logic model is a tool that depicts the intended links between program investments and outcomes, specifically the relationships among the resources, activities, outputs, outcomes, and impact of a program.

c. Education Assistance (EC 3.1-3.5):

- Number of students participating in evidence-based tutoring programs<sup>25</sup>

d. Healthy Childhood Environments (EC 3.6-3.9):

- Number of children served by childcare and early learning (pre-school/pre-K/ages 3-5)
- Number of families served by home visiting

The initial report should include the key indicators above. Each annual report thereafter should include updated data for the performance period as well as prior period data, and a brief narrative adding any additional context to help the reader interpret the results and understand any changes in performance indicators over time. To the extent possible, Treasury also encourages recipients to provide data disaggregated by race, ethnicity, gender, income, and other relevant factors.

**11. Ineligible Activities: Tax Offset Provision (States only)**

The following information is required for Treasury to ensure SFRF funding is not used for ineligible activities.

In each reporting year, States and territories will report certain items related to the Tax Offset Provision 31 CFR 35.8, as detailed below. As indicated in the Interim Final Rule, Treasury is seeking comment on reporting requirements related to the Tax Offset Provision, including ways to better rely on information already produced by States and territories and to minimize the burden.

The terms “reporting year,” “baseline,” “covered change,” “net reduction in total spending,” and “tax revenue” are defined in the Interim Final Rule, 31 CFR 35.3. For purposes of calculating a net reduction in total spending, total spending for the fiscal year ending 2019 should be reported on an inflation-adjusted basis, consistent with the Interim Final Rule, 31 CFR 35.3. Similarly, for purposes of calculating baseline, tax revenue for the fiscal year 2019 should be reported on an inflation-adjusted basis, consistent with the Interim Final Rule, 31 CFR 35.3.

For purposes of reporting actual tax revenue and calculating tax revenue for the fiscal year ending 2019,<sup>26</sup> (a) if available, recipients should report information using audited financials and (b) recipients may provide data on a cash, accrual, or modified accrual basis, but must be consistent in their approach across all reporting periods. Similarly, for purposes of calculating a net reduction in total spending, recipients should report data using audited financials whereavailable.

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<sup>25</sup> For more information on evidence-based tutoring programs, refer to the U.S. Department of Education’s [2021 ED COVID-19 Handbook \(Volume 2\)](#), which summarizes research on evidence-based tutoring programs (see the bottom of page 20).

<sup>26</sup> Tax revenue for fiscal year ending 2019 is relevant for calculating the recipient’s baseline.

a. Revenue-reducing Covered Changes:

For each reporting year, a recipient must report the value of covered changes that the recipient predicts will have the effect of reducing tax revenue in a given reporting year (revenue-reducing covered changes), similar to the way it would in the ordinary course of its budgeting process. The value of these covered changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, that aligns with the recipient government's existing approach for measuring the effects of fiscal policies, and that measures relative to a current law baseline. The covered changes may also be reported based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s), relative to the current law baseline prior to the change(s). Estimation approaches should not use dynamic methodologies that incorporate the projected effects of the policies on macroeconomic growth. In general, and where possible, reported values should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. Recipients must maintain records regarding the identification and predicted effects of revenue-reducing covered changes.

b. Baseline Revenue:

Baseline has the meaning defined in the Interim Final Rule, 31 CFR 35.3.

Whether the revenue-reducing covered changes are in excess of the *de minimis*. Recipients must determine whether the aggregate value of the revenue-reducing covered changes in the reporting year is less than one percent of baseline revenue.

c. Actual Tax Revenue:

Actual tax revenue means the actual tax revenue received by the recipient government in the reporting year. Tax revenue has the meaning defined in the Interim Final Rule, 31 CFR35.3.

d. Reduction in Net Tax Revenue:

The reduction in net tax revenue is equal to baseline revenue minus actual tax revenue in each reporting year. If this value is zero or negative, there is no reduction in net tax revenue.

e. Any revenue-increasing covered changes:

A recipient must report the value of covered changes that have had or that the recipient predicts will have the effect of increasing tax revenue in a given reporting year (revenue-increasing covered changes), similar to the way it would in the ordinary course of its budgeting process. The value of these covered changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, that aligns with the recipient's existing approach for measuring the effects of fiscal policies, and that measures relative to a current law baseline. The covered changes may also be reported based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s), relative to the current law baseline prior to the change(s). Estimation approaches should not use dynamic methodologies that incorporate the projected

effects of the policies on macroeconomic growth. In general, and where possible, reporting should be produced by the agency of the recipient responsible for estimating the costs and effects of fiscal policy changes. Recipients should maintain records regarding revenue-reducing covered changes and estimates of such changes.

f. Net reduction in total spending, and tables of specific spending cuts:

Recipients must report on spending cuts. To calculate the amount of spending cuts that are available to offset a reduction in tax revenue, the recipient must first consider whether there has been a reduction in total net spending, excluding Fiscal Recovery Funds (net reduction in total spending). As in the Interim Final Rule, 35 CFR 35.3, net reduction in total spending is measured as the recipient government's total spending for a given reporting year excluding Fiscal Recovery Funds, subtracted from its total spending for its fiscal year ending in 2019, adjusted for inflation using the Bureau of Economic Analysis's Implicit Price Deflator for the gross domestic product of the United States. If that subtraction yields a positive value, there has been a net reduction; if it yields zero or a negative value, there has not been a net reduction. If there has been no net reduction in total spending, a recipient will have no spending cuts to offset a reduction in net tax revenue.

Next, a recipient must determine and aggregate the value of spending cuts in each "reporting unit," as defined below. For each reporting unit, the recipient must report (1) the amount of the reduction in spending in the reporting unit relative to its inflation-adjusted FY 2019 level, (2) the amount of any Fiscal Recovery Funds spent in the reporting unit, and (3) the amount by which the reduction in spending exceeds the Fiscal Recovery funds spent in the reporting unit. If a recipient has not spent amounts received from the Fiscal Recovery Funds in a reporting unit, the full amount of the reduction in spending counts as a covered spending cut and may be included in aggregate spending cuts. If the recipient has spent amounts received from the Fiscal Recovery Funds, such amounts generally would be deemed to have replaced the amount of spending cut, and only reductions in spending above the amount of Fiscal Recovery Funds spent on the reporting unit would be eligible to offset a reduction in net tax revenue. Only such amounts above the amount of Fiscal Recovery Funds spent on the reporting unit should be included in the aggregate of spending cuts.

To align with existing reporting and accounting, the Interim Final Rule considers the department, agency, or authority from which spending has been cut and whether the recipient government has spent amounts received from the Fiscal Recovery Funds on that same department, agency, or authority. Recipients may also choose to report at a more granular sub-department level. Recipients are encouraged to define and report spending in departments, sub-departments (e.g., bureaus), agencies, or authorities (each a "reporting unit") in a manner consistent with their existing budget process and should, to the extent possible, report using the same reporting unit in each reporting year. For example, if a State health department maintains separate budgets for different units (e.g., medical, and public health units), those units may be reported and considered separately. Spending cuts must be reported relative to FY 2019 spending levels, adjusted for inflation, and exclude Fiscal Recovery Funds from reporting year spending levels.

Recipients should maintain records regarding spending cuts. As discussed in the Interim Final Rule, in order to help ensure governments use Fiscal Recovery Funds in a manner consistent with the prescribed eligible uses and do not use Fiscal Recovery Funds to indirectly offset a reduction in net tax revenue resulting from a covered change, Treasury will monitor changes in spending throughout the covered period. Evasions of the Tax Offset Provision may be subject to recoupment.



The U.S. Treasury document related to Compliance and Reporting Guidance describes the reporting requirements beginning on page 13 that are known thus far.<sup>27</sup> Please refer to this document to ensure your next actions can support the reporting requirement from contractors, subrecipients or providers. Upon receipt of additional information from the U.S. Treasury on how and where to submit required reports, DFA will notify recipients.

I have read and understand the US Treasury's Interim Final Rule and the Coronavirus State and Local Fiscal Recovery Funds Guidance on Recipient Compliance and Reporting Responsibilities (Version 1.1). I agree to comply with the recipient/subrecipient compliance and reporting responsibilities stated therein and all other applicable regulatory and statutory requirements. I understand that the U.S. Treasury may issue additional compliance and reporting requirements in the future, and that I agree to comply accordingly.

Signature \_\_\_\_\_

Printed Name and Title \_\_\_\_\_

Date \_\_\_\_\_

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<sup>27</sup> [SLFRF-Compliance-and-Reporting-Guidance.pdf \(treasury.gov\)](#)