

Eligible Uses (page 117 – 121)

Congress expressed clear intent that Fiscal Recovery Funds be spent within the four eligible uses identified in the statute.

1. to respond to the public health emergency and its negative economic impacts
2. to provide premium pay to essential workers
3. to provide government services to the extent of eligible governments' revenue losses
4. to make necessary water, sewer, and broadband infrastructure investments

In implementing the ARPA, Treasury also sought to support disadvantaged communities that have been disproportionately impacted by the pandemic.

Covered time frame: March 3, 2021 through December 31, 2026

1. Public Health and Economic Impacts

Resources have been provided to “respond to” the public health emergency with respect to COVID-19 or its negative economic impacts. To assess whether a program or service is included in this category of eligible uses, a recipient should consider whether and how the use would respond to the COVID-19 public health emergency. Eligible uses under this category must be in response to the disease itself or the harmful consequences of the economic disruptions resulting from or exacerbated by the COVID-19 public health emergency.

First: identify a need or negative impact of the COVID-19 public health emergency.

Second: identify how the program, service, or other intervention addresses the identified need or impact.

The pandemic affected communities across the country, it disproportionately impacted some demographic groups and exacerbated health inequities along racial, ethnic, and socioeconomic lines. Similarly, low-income and socially vulnerable communities have seen the most severe health impacts. Treasury encourages recipients to provide assistance to those households, businesses, and non-profits in communities most disproportionately impacted by the pandemic.

Eligible Public Health Uses (page 18 – 21)

- COVID-19 Mitigation and Prevention
- Medical Expenses
- Behavioral Health Care
- Public Health and Safety Staff
- Address Disparities in Public Health Outcomes

Responding to Negative Economic Impacts (page 23 – 41)

- Impacts on Households and Individuals
- Impacts on Businesses
- Impacts to State, Local, and Tribal Governments
- Exacerbation of Pre-existing Disparities

2. Premium Pay

The Interim Final Rule provides that any premium pay or grants provided using the Fiscal Recovery Funds should prioritize compensation of those lower income eligible workers that perform essential work. As such, providing premium pay to eligible workers responds to such workers by helping address the disparity between the critical services and risks taken by essential workers and the relatively low compensation they tend to receive in exchange. Furthermore, because premium pay is intended to compensate essential workers for heightened risk due to COVID-19, it must be entirely 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. The definition of premium pay also clarifies that premium pay may be provided retrospectively for work performed at any time since the start of the COVID-19 public health emergency, where those workers have yet to be compensated adequately for work previously performed.¹⁰⁷ Treasury encourages recipients to prioritize providing retrospective premium pay where possible...

3. Revenue Loss

Recipients may use payments from the Fiscal Recovery Funds for the provision of government services to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency.

4. Investment in Infrastructure

The Interim Final Rule outlines eligible uses within each category, allowing for a broad range of necessary investments in projects that improve access to clean drinking water, improve wastewater and stormwater infrastructure systems, and provide access to high-quality broadband service.

Water and Sewer Infrastructure (page 63 – 68)

- construct, improve, and repair wastewater treatment plants
- control non-point sources of pollution
- improve resilience of infrastructure to severe weather events
- create green infrastructure
- protect waterbodies from pollution
- installation and replacement of failing treatment and distribution systems
- Treasury encourages recipients to consider projects to replace lead service lines

Broadband Infrastructure (page 69 – 77)

- the ability to support the simultaneous use of work, education, and health applications
- eligible projects are expected to focus on locations that are unserved or underserved
- focus on projects that deliver a physical broadband connection by prioritizing projects that achieve last mile-connections.