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Coronavirus State and Local Fiscal Recovery Funds Final Rule Updates

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On January 6, 2022, U.S. Treasury issued the State and Local Fiscal Recovery Funds (SLFRF) Final Rule. Highlighted below are certain key changes and clarifications between the Interim Final Rule and the Final Rule regarding the uses of SLFRF. The Final Rule will take effect on April 1, 2022. According to U.S. Treasury, these changes were responsive to public comments and were intended to provide broader flexibility and simplicity in the program.

The Final Rule:

- Offers a standard allowance for revenue loss of up to \$10 million to promote administrative efficiency and simplify the revenue loss calculation for the vast majority of recipients, allowing recipients to choose between either that standard amount or a full revenue loss calculation.
- Clarifies that recipients may use funds for capital expenditures that support eligible COVID-19 public health or economic responses, including building childcare facilities, affordable housing, schools, and hospitals.
- Expands the households and communities that are presumed to be “impacted” or “disproportionately impacted” by the pandemic, meaning that recipients can provide assistance to a broad set of entities without requiring additional inquiry/analysis. It also provides an expanded set of uses available to these communities as part of COVID-19 public health and economic responses.
- Allows for a broader set of uses to restore and support government employment, including hiring above a recipient’s pre-pandemic baseline, providing funds to employees that experienced pay cuts or furloughs, avoiding layoffs, and providing retention incentives.
- Provides more streamlined options for premium pay and expands the share of eligible workers that can receive it without written justification.

- Broadens eligible broadband infrastructure investments and adds additional eligible water and sewer infrastructure investments, including a fuller range of lead remediation and stormwater management projects.

Prior to April 1, 2022, the Interim Final Rule remains in effect; however, in the meantime, recipients may choose to take advantage of the flexibility and simplicity offered by the Final Rule and use funds in a manner consistent with the Final Rule.

For questions, please consult the following U.S. Treasury resources:

- [Final Rule Overview](#)
- [Final Rule](#)
- [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule](#)
- [U.S. Treasury Webinar Regarding Changes in Final Rule](#)

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Reporting Fraud, Waste, and Abuse

If you have any information about the fraud, waste, or abuse of State and Local Fiscal Recovery Funds or other COVID-19 relief funds, you can contact OSC through our [online complaint form](#), by email at ComptrollerTips@osc.nj.gov, or by calling our toll-free hotline, 1-855-OSC-TIPS.