



OSC STATE AND LOCAL FISCAL RECOVERY FUNDS REFERENCE GUIDE

Office of the State Controller, Colorado Department
of Personnel and Administration



Introduction

The Office of the State Controller (OSC) has responsibility for managing the finances and financial affairs of the State. This document summarizes all applicable guidance on the State and Local Fiscal Recovery Fund (SLFRF) and the *OMB Uniform Guidance (2 CFR 200)*. The OSC has responsibility to ensure that state agencies are in compliance with Federal guidance, State statutes, fiscal rules and OSC guidance. The OSC will provide training, technical assistance, and tools to ensure financial and programmatic transparency and accountability throughout the performance and post-award periods of the SLFRF funding. The OSC's oversight ensures that state agencies have sound programmatic and fiscal internal controls, apply best practices, and proactively monitor and support subrecipients. OSC's objective is full compliance with all programmatic, fiscal, and reporting requirements of ARPA/SLFRF funding, whether federal or state. This reference guide provides a basic overview of ARPA, including an overview of SLFRF, and includes Project Frameworks by Expenditure Category.

The Project Frameworks by Expenditure Category, incorporated throughout this document, are a roadmap for how to construct SLFRF funded projects. These frameworks take key content from the *Final Rule*, near verbatim, but orders it in a way that a department can use intuitively to construct the layers of a project to be adherent to Treasury's required specifications for each use category.

This document includes three sections:

- I. SLFRF Summary and Compliance
- II. 2 CFR 200 Uniform Guidance and Other Requirements
- III. SLFRF Agreements

I. SLFRF SUMMARY AND COMPLIANCE

Funding Overview

American Rescue Plan Act

The American Rescue Plan Act (ARPA) of 2021 (H.R.1319) was signed into law by the U.S. Congress on March 11, 2021 providing \$1.9 trillion in funds to facilitate the country's recovery from the impact of the COVID-19 pandemic. Agencies and entities within the federal government received approximately \$1.55 trillion in funds for direct programs and for the provision of grant awards to address the pandemic and the recovery efforts. ARPA includes SLFRF, Emergency Rental Assistance Program, Homeowner Assistance Fund, Capital Projects Fund, and State Small Business Credit Initiative.

Coronavirus State and Local Fiscal Recovery Fund (SLFRF)

Subtitle M of ARPA includes the SLFRF that designated \$350 billion to states and local governments to continue to address COVID directly, address the economic fallout of the pandemic and create a foundation for a strong and equitable recovery. The funding objectives are to continue to fight the pandemic, offset revenue losses for governments, to strengthen support for vital public services and public sector jobs, support economic stabilization for households and businesses, to support economic recovery efforts and to address systemic public health and economic challenges that have contributed to the unequal impacts of the pandemic.

The State of Colorado received \$3.8 billion of SLFRF to support the State's efforts. SLFRF provides substantial flexibility for Colorado's government to meet local needs, including households, small businesses, impacted industries, essential workers, and the communities hardest hit by the crisis. These funds can also be used to make necessary investments in water, sewer, and broadband infrastructure; replace lost revenue; respond to the public health and economic impacts of COVID-19; and provide premium pay to eligible workers.

In Colorado, SLFRF funds are appropriated through a legislative process. Working in collaboration with the Governor's Office, the General Assembly designates and appropriates all SLFRF funds. Signed bills determine the program intent, funding amounts and time period for obligation and spending, within the overall SLFRF period of performance. In some cases, legislators also attach special conditions in the authorizing legislation. State agencies must be familiar with the bills authorizing the program and funding levels.

Covered Period of Performance

The period of performance for SLFRF funds, are subject to:

- 1) SLFRF federally defined period of performance.
 - a. Start Date - For the State of Colorado the start date is when the State and U.S. Department of the Treasury (Treasury) signed the SLFRF grant award and Treasury transferred funds to the State. For State agencies, the start date is the date of the grant award/interagency with the Governor's Office. For subrecipients, the start date is the date of signing the grant agreement between the State agency and the subrecipient. Note that the ARPA references March 3, 2021 as a start date but this only a reference point and is not the start date that the State, State agencies, and subrecipients should use for SLFRF. Also note that pre-award costs are ineligible

under SLFRF and OMB Uniform Guidance unless the grant agreement with a federal agency explicitly permits these costs.

b. End Date –

- i. Obligation - All SLFRF funds must be obligated by December 31, 2024. This means there is a valid commitment voucher in the financial system such as a grant agreement, contract, or purchase order in place by December 31, 2024. Any funds not obligated by December 31, 2024 shall be transferred as directed by statute.
- ii. Expended - All SLFRF funds must be expended (used, consumed) by December 31, 2026. Cash payments may occur after this date for expenditures incurred prior to this date. SLFRF that are not expended by December 31, 2024 shall be returned to the Treasury.

2) The period of performance determined by legislation.

- a. The state legislature may have further restricted periods of performance (program start or expiration dates) through legislation.
- b. The start date should not precede or go beyond the legislation dates. The State agency awarding funds must clearly identify the period of performance within grant agreements with subrecipients or with contractors.

Period of Performance micro training

Use of SLFRF Funds

SLFRF Eligible Uses

Expenditure Category Reporting Summary

State agencies shall complete the [ARPA Eligibility & Compliance template](#) (effective 5/13/22) and submit to the Governor's Office to obtain spend plan approval. Included in this template are expenditure categories for the spend plan. The OSC has developed [a suggested decision-making process flowchart](#) to assist agencies in determining expenditure categories.

Eligibility (2 CFR 200.203 (b)(5) micro training

Public Health and Negative Economic Impacts

SLFRF provides funding to support COVID-19 public health services to contain/mitigate COVID-19, address disparities in public health outcomes, provide behavioral health support, respond to violence, and address economic harm to households, small businesses, nonprofits, impacted industries and the public sector. The Final Rule provides for a broad range of eligible uses within those categories and includes medical expenses, expanding access to health insurance, childcare, early learning, programs to address lost instructional time and foster children, underemployed and unemployed workers, public sector capacity and workforce, safe re-opening costs, capital expenditures that support affordable housing, childcare facilities, hospitals and schools. Particular focus is on impacted and disproportionately impacted households, populations or classes (groups).

In Colorado, the Governor's Office and General Assembly have placed a strong emphasis on addressing the many public health and negative economic impacts of COVID-19. The majority of all funding allocated by the Colorado General Assembly addresses either the public health or negative economic impacts of COVID-19 on Colorado.

Framework for COVID-19 Public Health Projects

Framework for Negative Economic Impact Related Projects

Payroll and Premium Pay

SLFRF allows for agencies and businesses to provide premium pay to eligible workers performing essential work requiring regular in-person interactions with public or patients as well as general payroll and benefits. The *Final Rule* establishes a threshold of \$25,000 per employee for the entire period of performance. The *Final Rule* in its entirety, must be adhered to for all SLFRF funding.

Colorado programs that wish to offer premium pay to employees must meet specific criteria to be eligible to offer premium pay. Employees must work in a sector that is critical to protecting the health and well-being of residents. Those sectors are defined as enumerated sectors within the Final Rule or with written approval by the Governor's Office or chief executive of the jurisdiction. Within the eligible sectors, if an employee is an exempt employee based on FLSA or if their compensation, with premium pay included, is less than 150 percent of the state or county's average annual wage, additional documentation is not required to substantiate their eligibility. If an employee does not meet one or both of those criteria, a written narrative justification is required.

Framework for Premium Pay Projects

Infrastructure Investments

Broadband

Colorado has prioritized ensuring high speed broadband connectivity for 99% of all residents by 2027 ([Executive Order D 2022 009](#)) and will use SLFRF funds to begin reaching Coloradans who do not yet have access to high speed internet.

SLFRF funding may be used to invest in broadband infrastructure to provide households and business with an identified need for additional broadband. The *Final Rule* requires affordable access to broadband services for low-income consumers. Services must not have data cap usage and must be designed to support 100 Mbps upload and download speeds.

Framework for Broadband Infrastructure Projects

Water and Sewer

SLFRF funding may also be used to make investments in water and sewer infrastructure when approved by the Colorado General Assembly or Governor's Office. Water and sewer projects should fall under currently established programs from the Environmental Protection Agency (EPA) Clean Water State Revolving fund (CWSRF) and Drinking Water State Revolving fund (DWSRF).

Recipients planning on using SLFRF funding for water and sewer projects should review EPA guidelines for the [Clean Water](#) and [Drinking Water](#) State Revolving Funds programs.

Framework for Water and Sewer Infrastructure Projects

Revenue Loss

Replacement of lost public sector revenue due to the impact of the pandemic is defined as an eligible use by the US Treasury. Revenue loss funds may be broadly used for the provision of government services. Revenue Loss funds are used to address Colorado needs that government services could fulfill if State revenue had not been impacted by COVID-19. Most SLFRF expenditures will fall into one of the other expenditure categories, and any requests for use of revenue loss funds must be reviewed with the Recovery Office, Office of State Planning and Budgeting (OSPB), OSC and the Governor's Office.

Ineligible Uses

All federal funds have ineligible uses of funds clearly spelled out in the federal and/or state authorizing legislation, or grant award and terms and conditions. In general, ineligible costs include: costs outside of the scope of the funding purpose, alcoholic beverages, lobbying efforts, cash donations to other entities, travel costs in excess of allowable costs and purposes, goods or services for personal use, and any other restrictions as defined by the awarding entity.

Additionally, SLFRF has explicit restrictions on use of funds, including:

- **State:** No offsets of a reduction in net tax revenue resulting from a change in state law.
- **For all recipients except for tribal governments:** no extraordinary contributions to a pension fund for the purpose of reducing an accrued, unfunded liability.
- **For all recipients:** no payments for debt service and replenishments of rainy day funds; no satisfaction of settlements and judgments; no uses that contravene or violate the American Rescue Plan Act, Uniform Guidance conflicts of interest requirements, and other federal, state, and local laws and regulations; grantee programs or services must not include terms or conditions that undermine efforts to stop COVID-19 or discourage compliance with recommendations and CDC guidelines.

2 CFR 200 – UNIFORM GUIDANCE and OTHER REQUIREMENTS

Colorado recipients of SLFRF are **required** by federal law and OSC fiscal rule to adhere to all 2 CFR 200 or Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*) when establishing programs and/or determining how federal funds will be expended. The *Uniform Guidance* provides the requirements applicable to all federal funding and should be thoroughly reviewed before accepting federal funding to ensure that agencies understand all administrative requirements.

Eligibility (2 CFR 200.203 (b)(5)) micro training

Risk Assessments

State agencies should conduct Risk Assessments on all grantees. Risk assessments should be standardized tools to determine the level of “risk” of the subrecipient. Generally, risk assessment tools consider fiscal policies, procedures and systems, conflict of interest policies and practices, administrative capability, staffing, experience level of the subrecipient, prior performance, and other factors critical to the effectiveness and abilities of the subrecipient to manage the funding and achieve outcomes. While risk assessment information is typically gathered as a required part of the grant application process, it should be removed from the application and not submitted to reviewers when they determine funding. Once funding allocations are determined, Colorado state agencies should use the risk assessment results for two purposes: 1) to determine if a particular grantee's grant agreement needs additional special conditions to protect state and federal interests and 2) to inform the program's ongoing monitoring and technical assistance plan.

Subrecipient Monitoring (2 CFR 200.331-333) micro training

Procurement

The process for purchasing goods and services must adhere to State fiscal policies as well as applicable federal requirements. All procurement contracts must be consistent with the standards set forth in 2 CFR 200.317-327 as well as State procurement rules. Procurement requirements under SLFRF funding have slightly different requirements than general procurement processes. Non-competitive bids may be allowed if the contract is less than \$10,000; the item is only available from a single source; or *the public emergency will not permit a delay resulting from a competitive bid process*.

Additionally any contracts that are:

- a) more than \$10,000 must address termination for cause or convenience;
- b) more than \$100,000 require anti-lobbying amendments;
- c) more than \$250,000 must address administrative, contractual or legal remedies in instances where contractors breach contract terms with penalties defined as appropriate; and,
- d) construction contracts must contain the “Equal Employment Opportunity clause found at 41 CFR 60-1.4b.

NOTE: At all times, programs must comply with State Procurement Rules.

Prohibited Vendors

Per HR5515, Section 889 [John S. McCain National Defense Authorization Act of 2019](#), federal funds may not be used for entering into any contract with an entity that uses any equipment, system or services that uses telecommunications equipment or services from the prohibited list. This is especially important if funding will be utilized for broadband or infrastructure purposes. Prohibited federal vendors include:

- Huawei Technologies Company/ZTE Corporation or any subsidiary or affiliate of those entities;
- Hytera Communications Company;
- Hangzhou Hikvision Digital Technology Company;
- Dahua Technology Company or any subsidiary or affiliate of those entities

Additionally, recipients should make sure that subrecipients are not debarred at either the federal or state level.

Procurement, Suspension and Debarment (2 CFR 200.317-327) micro training

Monitoring

Monitoring is an integral function of sound programmatic and fiscal management, ensuring compliance with the Uniform Guidance and preventing fraud, waste and abuse. Monitoring ensures proper internal controls are in place so that a sound evaluation of activities can occur.

Subrecipient Monitoring

In order to comply with the Uniform Guidance and SLFRF requirements, agencies are **required** to perform ongoing monitoring of their subrecipients. The agency is responsible for ensuring that the Uniform Guidance is followed, that good financial practices are observed and that funds are spent on activities that achieve the purposes of the funding. Each State agency should have a written monitoring plan that addresses subrecipient risk, supports the subrecipient through technical assistance, allows for prompt corrective actions when required, ensures follow-up for appropriate remediation and safeguards the State's liability. At a minimum, agencies should include reviews of financial and performance reports, reviews to ensure proper systems and controls are in place, that federal provisions and requirements are followed, and that outcomes are being achieved. Monitoring is critical to detect any issues of fraud, abuse or misuse of funds. As part of the agency policy and process for monitoring, a clear process for fraud investigation should be included.

The table below, provides best practices to help state agencies to ensure such controls are in place and adhered to:

Best Practice	Description	Example
Written policies and procedures	Formal documentation of recipient policies and procedures	Documented procedure for determining worker eligibility for premium pay
Written standards of conduct	Formal statement of mission, values, principles, and professional standards	Documented code of conduct / ethics for subcontractors
Risk-based due diligence	Pre-payment validations conducted according to an assessed level of risk	Enhanced eligibility review of subrecipient with imperfect performance history
Risk-based compliance monitoring	Ongoing validations conducted according to an assessed level of risk	Higher degree of monitoring for projects that have a higher risk of fraud, given program characteristics
Record maintenance and retention	Creation and storage of financial and non-financial records.	Storage of all subrecipient payment information.

Table 1: Internal controls best practices (U.S. Department of the Treasury, 2022)

State Agency Monitoring

The OSC has contracted with an external vendor to perform agency level monitoring to ensure compliance with all guidelines. The vendor will work with State agencies to create a monitoring plan, and will then monitor State agencies to ensure implementation of the plan. State agencies are required to provide monitoring and oversight of all ARPA/SLFRF and direct to agency funds, if agencies do not have the capacity to conduct monitoring of their subrecipients, please contact the OSC Compliance Liaison assigned to the agency to discuss options, including utilizing the vendor to assist with monitoring.

[Subrecipient Monitoring \(2 CFR 200.331-333\) micro training](#)

Administrative Costs

In general, administrative costs are used to support effective management and oversight, and can include overhead costs where a portion is allocated to a given funding source, the cost of facilities and administrative functions such as a director or executive office. Often, the source of the funding will dictate whether administrative costs are allowed or not. State stimulus funding may contain a provision in state statute prohibiting or limiting such costs. In general, ARPA and SLFRF funding do allow for costs associated with administering the program, including costs of consultants to support effective management and oversight for ensuring compliance with federal requirements. Federal funding allows for a Negotiated Indirect Costs Rate Agreement rate (NICRA) or de minimis rate of 10 percent. In some cases, legislation enacted by the Colorado General Assembly limits the percentage of allowable administrative costs. In the case of a conflict between federal and state guidance as it relates to administrative costs, the more restrictive calculation shall prevail. Even for programs that do have statutory limits on administrative costs, those costs should be reasonable in light of the program's purpose.

[Allowable Costs and Cost Principles \(2 CFR 200, Subpar E\) micro training](#)

Time and Effort Documentation

Accurately capturing an individual's time and effort spent on a particular project is always essential. For Recovery funds, it is critical, particularly if using funds for payroll. State agencies must make sure there

is a process in place, whether through time studies or detailed time tracking processes to accurately demonstrate all time and effort applicable to any and all funding streams.

Time and effort documentation should be consistent with written agency policy, applied equally to Federal and non-Federal activities, correctly calculated and supported by documentation.

Documentation should reflect all activities (federal and non-federal), support salary distribution across all funding sources or activities, include an after-the-fact review of actual hours work, and be incorporated into official records. The percentage of time allocated to a funding source should be well documented and accurately reflect the efforts. State agencies must monitor subrecipients for adherence to time and effort tracking requirements.

Time and Effort (2 CFR 200.430) micro training

Equipment and Real Property Management

Purchases of equipment or real property must be consistent with the Uniform Guidance 2 CFR 200, Subpart D and State fiscal rules. Equipment and real property acquired through federal funding must be used for the authorized purpose and in compliance with relevant laws and regulations.

Disposal or disposition of equipment must be managed in accordance with the guidance from the original awarding agency and must be managed in compliance with 2 CFR 200.311. Additionally, the title or interests in real property (land, including land improvements and structures) may not be encumbered or disposed of prior to formal disposition of the property.

Equipment and Real Property (2 CFR 200.303 and 436) micro training

Suspension & Debarment

Suspension excludes or disqualifies a person or company from bidding on, receiving, or participating in federal funded contracts or grants for a temporary period of time pending the completion of an investigation or legal or administrative proceedings.

Debarment excludes or disqualifies a person or company for a specific period of time, but generally not longer than three years, from bidding on, receiving, or participating in federal funded contracts or grants.

As part of conducting “due diligence” State agencies must always check www.sam.gov prior to entering into any agreement. If federal funds are used for the procurement, the contractor may be required to sign a Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion, which must be retained in the State agency’s grant file-of-record.

Procurement, Suspension and Debarment (2 CFR 200.317-327) micro training

Recordkeeping Requirements

For SLFRF, records and financial documents must be maintained for five years after all funds have been expended or returned to the US Treasury.

Eligibility (2 CFR 200.203(b)(5)) micro training

Additional Considerations

Match

Generally, ARPA funds received directly from a federal agency are subject to pre-existing limitations 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. The Treasury's *Final Rule* for SLFRF indicates that funds available under the revenue loss category may generally be used to meet non-federal cost sharing and match requirements for other federal programs. If a State agency plans to use SLFRF revenue loss funds for match for another federal program, it must first confirm with the awarding federal agency that no waiver has been granted for that program or that no other circumstances may limit the use of SLFRF funds for non-federal match.

Other than revenue loss category funds, SLFRF funds may be used for non-federal match ONLY if the authorizing legislation of the other federal project specifically allows for use of SLFRF funds as non-federal match. For example, using SLFRF as non-federal match funds is specifically allowed by statute for Infrastructure Investment and Jobs Act broadband and water and sewer infrastructure projects.

In all cases, the State agency desiring to use SLFRF funds as non-federal match must confirm allowability with OSC and the Governor's Office prior to committing funds as match.

Match (2 CFR 200.306) micro training

Single Audit Requirements

All subrecipients expending more than \$750,000 in federal funds must be audited by an external auditor under the Single Audit act and the implementing regulation of 2 CFR 200, Subpart F. Monitoring activities of subrecipients should include reviewing single audit findings if any are reported.

Additional Requirements

In addition to the Civil Rights considerations addressed above, additional federal requirements required for SLFRF include compliance with the *Age Discrimination Act of 1975*, *Title II of the Americans with Disabilities Act*, *Protection for Whistleblowers*, *Hatch Act*, *Clean Air Act*, *Byrd Anti-Lobbying Amendment*, *Never Contract with the Enemy*, *Fair Housing Act*, *Section 504 of the Rehabilitation Act of 1975*, *Increase Seat Belt Use in the U.S.*, and *Reducing Text Messaging While Driving*. Additional and all full requirements can be found in the standard OSC Grant Agreement.

Closeout

At the end of the grant award, all funds must be fully accounted for and all work as defined in the scope of work must be completed. Timely closeout is critical and the standard OSC Grant Agreement requires that subrecipients are provided 45 days to closeout a grant and receive all final reconciliation, final reports, etc.

Close-out includes reconciliation of financials, property disposition and all reporting requirements. The process for financial reconciliation includes identification of any unspent funds, disallowed costs and allowability of the use of funds. If property was acquired through the grant funding, a determination must be made on disposition of property no longer needed. Performance measures, including achievement of goals, outputs and outcomes must be reported.

Labor/Davis Bacon Requirements

While Davis-Bacon Act requirements are not solely applicable to SLFRF funded programs, it is applicable to other federally funded programs. The *Final Rule*, provides that if SLFRF funds are used in conjunction with other federal funds, recipients may be subject to the requirements of Davis Bacon. Recipients of SLFRF capital expenditure or infrastructure projects funds are encouraged to adhere to “strong labor standards”, including project labor agreements and community benefits agreements that offer wages at or above the state’s prevailing wage rates and include local hiring provisions.

[Capital Expenditure Training](#)

Civil Rights Compliance

Recipients of federal financial assistance from any federal agency 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 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 the following authorities: *Title VI of the Civil Rights Act of 1964 (Title VI) Public Law 88-352, 42 U.S.C. 2000d-1 et seq.*, and *the Department's implementing regulations, 31 CFR part 22; Section 504 of the Rehabilitation Act of 1973 (Section 504), Public Law 93-112, as amended by Public Law 93-516, 29 U.S.C. 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. 1681 et seq.*, and *the Department's implementing regulations, 31 CFR part 28; 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.*

Equity

As a key principle of the ARPA, the US Treasury encourages recipients to use SLFRF-funded projects to advance shared interests and promote equitable delivery of government benefits and opportunities to underserved communities, as outlined in [Executive Order 13985, On Advancing Racial Equity and](#)

[Support for Underserved Communities Through the Federal Government](#). Additional resources on Equity can be found in Appendix Administrative Requirements

[Tools and Resources | Government Alliance on Race & Equity](#)

[ICMA Equity & Inclusion Toolkit](#)

[Equity, Diversity, and Inclusion | DPA](#)

II. SLFRF AGREEMENTS

Contract vs Grant Award

Colorado State agencies must determine the appropriate legal document to engage services under SLFRF. SLFRF funds will typically be distributed through either a grant or a contract.

Grant agreements typically are used in a relationship between a state agency and a subrecipient who will be providing services and specific to the desired outcome of the grant. A grant is a tool that allows a state agency to fund projects that will provide public services that benefit the general public. For grants, while the funding agency defines the goals of a project (for example, providing workforce development) grantees have broad discretion in program development and make independent decisions about implementing the activities requested by the funding agency. **If the public is the beneficiary of the funded activity, a grant is likely the appropriate tool.**

A contract is a legal instrument used when an entity will provide goods, services, or equipment for the benefit of the state or state entity. Contractors provide goods and services based on their normal business operations and they provide similar goods and services to many different purchasers. They also may earn a profit under the contract and generally have limited input on the design of the funded program.

The OSC has created a Subrecipient vs Contractor [tool](#) to assist in determining whether the relationship is that of a contractor or subrecipient.

To protect the State's interest and to comply with general federal requirements and specific SLFRF terms and conditions, Colorado State agencies shall use the SLFRF grant agreement template when awarding (SLFRF) to subrecipients.

NOTE: The use of Small Dollar Grant Awards or Purchase Orders are not permitted as they do not contain the proper signature, compliance, and reporting requirements needed for subrecipients, and would expose the State to unnecessary risk and audit comments.

Subgrantee Awards

Selection of subrecipients through a competitive process must be defensible and without conflicts of interest. All federal funding requires subrecipients to be notified, in writing, of the obligation to comply with federal regulations and award conditions. As with all federal funding sources, grants using SLFRF funds must comply with the *OSC Competition Requirements for Grants Policy* and the *State Controller Policy on Procurement Conflicts of Interest*.

The OSC has created and issued required grant agreement templates and modification tools to be used for all subrecipients of SLFRF funding that contain all required federal provisions. Additionally, the OSC requires that all subrecipients of SLFRF funds sign and return the SLFRF Subrecipient Certification Form. NOTE: State agencies are **required** to use the *OSC SLFRF Grant Agreement Template* and companion tools.

Approved SLFRF Grant Agreement Templates and Tools

OSC has developed materials designed to help agencies maintain compliance with the requirements required by SLFRF and to clearly communicate expectations to subrecipients. The SLFRF grant agreement templates are mandatory for use with all SLFRF grant funds, and are designed to clarify requirements and expectations to subrecipients; most specifically – the reporting requirements that agencies must gather from subrecipients.

The OSC SLFRF Grant Agreement templates provide agencies and subrecipients with all the standard grant agreement language and exhibits, including Grant Agreement language, Terms and Conditions and Colorado Special Provisions. However, the SLFRF Grant Agreement template adds or modifies the following requirements to the standard agreement:

- Federal Award Information (front page)
- Budget (includes expenditure category reference)
- Subrecipient Certification Form
- Subrecipient Quarterly Report
- SLFRF Modification Form

The image below provides an overview of the difference between the standard OSC Grant Agreement and the OSC SLFRF Grant Agreement:

Agreement Sections	Standard Grant Agreement	SLFRF Grant Agreement
Federal Award Information		●
Grant Agreement Language	●	●
Terms & Conditions	●	●
Colorado Special Provisions	●	●
Exhibit A – Statement of Work	●	●
Exhibit B – Sample Option Letter	●	●
Exhibit C – Budget	●	●
Exhibit D – Federal Provisions	●	●
Exhibit E – Subrecipient Certification Form		●
Exhibit F – Subrecipient Quarterly Report		●
Exhibit G – SLFRF Reporting Modification Form		●

Standard Grant Agreement vs SLFRF Grant Agreement

Each of the elements listed above are included in the SLFRF Grant Agreement template and support the non-standard requirements of SLFRF, such as reporting. While reporting requirements are often a part of the terms and conditions of an award, the *Subrecipient Quarterly Report* spells out specific reporting requirements such as expenditure categories. Reporting must be aligned with the SLFRF expenditure categories and reported at specific times throughout the performance period of the SLFRF funding. Specific requirements are thoroughly spelled out in the SLFRF Grant Agreement template and via [OSC guidance](#) and [training](#) issued on the use of the agreements and the corresponding modification templates. This guidance and training information is available on the [ARPA website](#). A fully executed copy of the SLFRF Grant Agreement and any SLFRF modification agreements must be retained by the State agency and the subrecipient in grant files of record.

If an agency has used a different grant agreement for SLFRF funds, agencies will be required to use the SLFRF Grant Agreement Amendment document (Amendment). The Amendment document will provide the “bridge” between the original grant agreement and the required SLFRF Grant Agreement, as it incorporates all of the required elements.

Intergovernmental SLFRF Grant Agreement

The intergovernmental grant agreement template is used between two governmental agencies (i.e. between the State and a local unit of government). The intergovernmental grant template does not include the special provisions for the State of Colorado, because they are not required by other governmental agencies. This should not be used for non-governmental agencies, as they do not include all of the language required for agencies that do not operate under the state umbrella.

Interagency SLFRF Grant Agreement

An interagency agreement is used specifically between two state agencies (DPA, CDE, CDOT, etc.) The interagency template also omits the special provisions for the State of Colorado, but the terms and conditions are different. The interagency grant agreement contains a condensed version of the recitals and terms and conditions.

[SLFRF Grant Agreement Templates](#) (see *SLFRF Grant Agreement Templates* banner)

[SLFRF Grant Agreement Template Resource Document](#)

[Award Terms and Conditions \(2 CFR 200.207-208\) micro training](#)

SLFRF Reporting Requirements

State Agency Reporting Requirements for SLFRF

To effectively report on the progress of projects, agencies will need to gather data from and monitor their subrecipients, this data will be uploaded to the state system and then reported to US Treasury as part of quarterly and annual reporting.

State agencies are required to report financial expenditures as well as performance metrics by expenditure Categories to the OSC, in turn, the OSC submits a report to the US Department of Treasury. Fiscal Reports are due to the OSC around the 10th of the month following the end of the quarter. Performance metric reports are due to the OSC around the 19th of the month following the end of the quarter. To support the annual report, additional reporting requirements to the Governor's Office include outputs, outcomes, and if possible, throughputs and customer experience data. Disaggregated information on demographic or geographic information should also be included. Detailed information on evidence-based programs is required as well.

NOTE: When reporting directly to the US Treasury, Tribal governments and NEUs have a different reporting process. Reporting requirements, including all data elements and deadlines, will be specifically detailed in federal award documents

Subrecipient Reporting Requirements

Subrecipients of SLFRF funds will report the expenditure and performance metric data to the state agency from which funds were received and the state agency is then responsible for compiling information and submitting the report to the OSC. Subrecipients must submit their data to state agencies no later than the 10th of the month to allow enough time for the state agency to compile all of the subrecipients' reports to submit by the OSC established deadlines. These deadlines are firm as the OSC has federal reporting deadlines that must be adhered to for SLFRF.

SLFRF Glossary of Terms

Below are list of terms and definitions specifically related to ARPA and SLFRF. For a detailed glossary of general grant management terms and definitions, please see the [Colorado Grants Management Grant Terminology and Definitions](#) document.

Affordable Connectivity Program – Is a benefit program by the FCC that helps ensure that households can afford the broadband they need for work, school, healthcare and more.

Allocable – Capable of being distributed.

American Rescue Plan Act – the American Rescue Plan Act (ARPA) provides relief funds to state, local, and tribal governments that have been negatively impacted by the coronavirus pandemic. These funds can be used by governments to respond to the public health and economic emergency, provide premium pay to essential workers, replace revenue lost due to the pandemic, and make necessary investments in water, sewer and broadband infrastructure.

Beneficiary – A recipient who can receive funds from an entity, including a nonprofit organization, for the purpose of directly benefitting the entity as a result of the entity experiencing a public health impact or negative economic impact of the pandemic.

Capital Expenditure – Funding provided to an organization or entity used to buy, maintain or improve buildings, land, equipment, etc.

Certification – Written SLFRF assurances that state agencies/subrecipients receiving funding must sign to acknowledge specific requirements of ARPA/SLFRF.

Class – Set or category of things having some property or attribute in common and differentiated from others by kind, type, or quality. For example: the final rule maintains the ability for, recipients to demonstrate a negative economic impact on a population or group, referred to as a “class,” and to provide assistance to households, small businesses, or nonprofits that fall within that class.

Coronavirus State and Local Fiscal Recovery Funds – Also known as SLFRF, is a part of the American Rescue Plan, which delivered \$350 billion to state, local and tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency.

COVID-19 pandemic - COVID-19 is a specific virus causing disease of respiratory illness that lead to a worldwide health emergency.

Disproportionate Impacts – Certain populations that are presumed to be impacted by the pandemic (and specific enumerated uses of funds that are responsive to that impact) and populations that are presumed to be disproportionately impacted by the pandemic (and specific enumerated uses of funds that are responsive to those disproportionate impacts). In addition, the interim final rule provided standards for recipients to assess whether additional uses of funds, beyond the enumerated eligible uses, are eligible for impacted and disproportionately impacted populations and permitted recipients to identify other households

or classes that experienced impacts of the pandemic or disproportionate impacts of the pandemic.

Enumerated Eligible Uses - A non-exhaustive list of uses of funds that Treasury identified as responsive to the impacts or disproportionate impacts of the pandemic. Treasury refers to these as “enumerated eligible uses.”

Equity – The state, quality or ideal of being just, impartial and fair. Freedom from bias and/or favoritism.

Evaluation (SLFRF) - Using evidence to improve outcomes, including evidence-based impact and program outcomes to support assessment of the impact of their programs by beneficiary demographics (including race, ethnicity, gender, income, and other relevant factors).

Expenditure Category – Is an approved or allowable expense group under SLFRF/ARPA.

FCC – Federal Communications Commission

Final Rule – A federal administrative regulation that advanced through the proposed rule and public comment stages of the rulemaking process and is published in the *Federal Register* with a scheduled effective date.

Impacted – Strongly affected by something like the COVID-19 pandemic.

Interim Final Rule – When a federal agency issues a *final rule* without first publishing a proposed rule, often characterizing the rule as *interim*. This type of rule becomes effective immediately upon publication.

Moderate Income – Total annual income is above 50% but less than 80% of the average income for the community.

Non-Entitlement Unit of Local Governments (NEUs) – Local government typically serving populations of less than 50,000.

Outcome - Benefits or changes for individuals or populations during or after participating in program activities. They are influenced by a program's outputs. Outcomes may relate to behavior, skills, knowledge, attitudes, values, condition or other attributes. They are what participants know, think, or can do; or how they behave; or what their conditions is, that is different as a result of the program.

Output - The direct products of program activities and usually are measured in terms of the volume of work accomplished--for example, the numbers of classes taught, counseling sessions conducted, educational materials distributed, and participants served. Outputs have little inherent value in themselves. They are important because they are intended to lead to a desired benefit for participant or target population.

Proportional/Proportionality – Part or share considered in comparison to a whole.

Recoupment – The recovery or collection of money that was previously improperly paid out.

Revenue Loss – The difference between counterfactual revenue and actual general revenue. If counterfactual revenue is higher than actual general revenue, the entity can claim revenue loss.

Spend Plan – A plan created to provide an overview of intended grant activities and expenditures.

Spent – Grant funding that has been used and is no longer available to be used.

Standard Allowance – A threshold dollar amount used to calculate revenue loss. For SLFRF, the standard allowance is \$10 million.

Subrecipient - – A non-federal entity that received a sub award from a pass-through entity to carry out part of a federal program and is accountable to the recipient for the use of the funds provided; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

Suspension – An act of restricting or removing a subrecipient from access to a grant when the subrecipient has failed to comply with and remains out of compliance with the terms and conditions of a grant.

US Treasury Department – Federal agency that manages federal finances by collecting taxes and paying bills and by managing currency, government accounts and public debt. The Treasury also enforces tax and finance laws

Additional Resources

State Guidance

[OSC Reporting FAQs](#)

[OSC General SLFRF FAQs](#)

[2 CFR 200 FAQs](#)

[Grant Agreement FAQs](#)

[Capital Expenditure FAQs](#)

[Expenditure Category Determination](#)

[2 CFR 200 Micro Training Series \(see 2 CFR 200 green banner\)](#)

Have questions about SLFRF? Send your questions to: soc_slfrf_mailbox@state.co.us

Federal Guidance

[US Treasury COVID Economic Relief Web](#)

[US Treasury Final Rule \(Federal Register\) – January 2022](#)

[US Treasury – Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Review – January 2022](#)

[US Treasury Compliance and Reporting Guidance - Final Rule update – June 2022](#)

[Interim Final Rule vs Final Rule Comparison](#)

[US Treasury Final Rule FAQs – April 2022](#)

[Uniform Guidance](#)

Expenditure Categories

Updated 3/1/2022

Expenditure Category	Final Rule EC Starting: April 2022	Interim Rule EC Applicable: Prior to January 2022
1: Public Health		
COVID-19 Mitigation & Prevention		
COVID-19 Vaccinations^	1.1	1.1
COVID-19 Testing^	1.2	1.2
COVID-19 Contact Tracing	1.3	1.3
Prevention in congregate settings (nursing homes, prisons/jails, dense work sites, schools, etc.)*	1.4	1.4
Personal Protective Equipment	1.5	1.5
Medical Expenses (including alternative care facilities)	1.6	1.6
Other COVID-19 Public Health Expenses (including communications, enforcement, isolation/quarantine)	1.7	1.8
COVID-19 Assistance to small businesses^	1.8	-
COVID-19 Assistance to non-profits^	1.9	-
COVID-19 Aid to impacted industries^	1.10	-
Community Violence Interventions		
Community violence interventions**	1.11	3.16
Behavioral Health		
Mental health services**	1.12	1.10
Substance use services **	1.13	1.11
Other		
Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency	-	1.7
Other public health service^	1.14	1.12
2: Negative Economic Impacts		
Assistance to Households		
Household Assistance: Food Programs**	2.1	2.1

Household Assistance: Rent, Mortgage, and Utility Aid**	2.2	2.2
Household Assistance: Cash Transfers**	2.3	2.3
Household Assistance: Internet Access Programs**	2.4	2.4
Household Assistance: Paid Sick and Medical Leave^	2.5	-
Household Assistance: Health Insurance	2.6	-
Household Assistance: Services for Un/Unbanked**	2.7	-
Household Assistance: Survivor's Benefits^	2.8	-
Unemployment Benefits or Cash Assistance to Unemployed Workers*	2.9	2.6
Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives)**	2.10	2.7
Healthy Childhood Environments: Child Care**	2.11	3.6
Healthy Childhood Environments: Home Visiting**	2.12	3.7
Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System**	2.13	3.8
Healthy Childhood Environments: Early Learning**	2.14	3.1
Long-term Housing Security: Affordable Housing**	2.15	3.10
Long-term Housing Security: Services for Unhoused Persons**	2.16	3.11
Housing Support: Housing Vouchers and Relocation Assistance for Disproportionately Impacted Communities	2.17	-
Housing Support: Other Housing Assistance	2.18	3.12
Social Determinants of Health: Community Health Workers or Benefits Navigators**	2.19	3.14
Social Determinants of Health: Lead Remediation**	2.20	3.15
Medical Facilities for Disproportionately Impacted Communities^	2.21	-
Strong Healthy Communities: Neighborhood Features that Promote Health and Safety^	2.22	-
Strong Healthy Communities: Demolition and Rehabilitation of Properties^	2.23	-
Addressing Education Disparities: Aid to High-Poverty Districts^	2.24	3.2
Addressing Educational Disparities: Academic, Social, and Emotional Services**	2.25	3.3
Addressing Educational Disparities: Mental Health Services**	2.26	3.4

Addressing Impacts of Lost Instructional Time^	2.27	-
Contributions to UI Trust Funds^	2.28	2.8
Assistance to Small Businesses		
Loans or Grants to Mitigate Financial Hardship^	2.29	2.9
Technical Assistance, Counseling, or Business Planning*^	2.30	
Rehabilitation of Commercial Properties or Other Improvements^	2.31	-
Business Incubators and Start-Up or Expansion Assistance*^	2.32	
Enhanced Support to Microbusinesses*^	2.33	
Assistance to Non-Profits		
Assistance to Impacted Nonprofit Organizations (Impacted or Disproportionately Impacted)^	2.34	2.10
Assistance to Impacted Industries		
Aid to Tourism, Travel, or Hospitality^	2.35	2.11
Aid to Other Impacted Industries^	2.36	2.12
Other		
Economic Impact Assistance: Other*^	2.37	2.13
Household Assistance: Eviction Prevention*^	-	2.5
Education Assistance: Other*^	-	3.5
Healthy Childhood Environments: Other*^	-	3.9
Social Determinants of Health: Other*^	-	3.13
3: Public Health-Negative Economic Impact: Public Sector Capacity		
Public Sector Workforce: Payroll and Benefits for Public Health, Public Safety, or Human Services Workers	3.1	1.9
Public Sector Workforce: Rehiring Public Sector Staff	3.2	2.14
Public Sector Workforce: Other	3.3	-
Public Sector Capacity: Effective Service Delivery	3.4	7.2
Public Sector Capacity: Administrative Needs	3.5	-
4: Premium Pay		
Public Sector Employees	4.1	4.1
Private Sector: Grants to Other Employers	4.2	4.2

5: Infrastructure		
Water and Sewer		
Clean Water: Centralized Wastewater Treatment	5.1	5.1
Clean Water: Centralized Wastewater Collection and Conveyance	5.2	5.2
Clean Water: Decentralized Wastewater	5.3	5.3
Clean Water: Combined Sewer Overflows	5.4	5.4
Clean Water: Other Sewer Infrastructure	5.5	5.5
Clean Water: Stormwater	5.6	5.6
Clean Water: Energy Conservation	5.7	5.7
Clean Water: Water Conservation	5.8	5.8
Clean Water: Nonpoint Source	5.9	5.9
Drinking Water: Treatment	5.10	5.10
Drinking Water: Transmission and Distribution	5.11	5.11
Drinking Water: Lead Remediation, including in Schools and Daycares	5.12	5.12
Drinking Water: Source	5.13	5.13
Drinking Water: Storage	5.14	5.14
Drinking Water: Other Water Infrastructure	5.15	5.15
Water and Sewer: Private Wells	5.16	-
Water and Sewer: IIJA Bureau of Reclamation Match	5.17	-
Water and Sewer: Other	5.18	-
Broadband		
Broadband: "Last Mile" Projects	5.19	5.16
Broadband: IIJA Match	5.20	-
Broadband: Other Projects	5.21	5.17
6: Revenue Replacement		
Provision of Government Services	6.1	6.1
Non-federal Match for Other Federal Programs	6.2	-
7: Administrative		
Administrative Expenses	7.1	7.1

Transfers to Other Units of Government	7.2	7.3
Transfers to Non-entitlement Units (States and Territories only)	-	7.4
<p>* Denotes areas where recipients must identify the amount of the total funds that are allocated to evidence-based interventions (see Uses of Evidence Section of February 28, 2022 US Treasury: SLFRF Compliance and Reporting Guidance)</p> <p>^ Denotes areas where recipients must report on whether projects are primarily serving disproportionately impacted communities (see Project Demographic Distribution section of February 28, 2022 US Treasury: SLFRF Compliance and Reporting Guidance)</p>		