

Exhibit 5 – Eligible Uses

Based on the guidance issued by Treasury in May 2021 in the Interim Final Rule published in the Federal Register, the eligible uses of the ARPA funds are as follows:

A. Public Health and Economic Impacts

Eligible public health uses include:

- Services and programs to mitigate and prevent the spread of COVID-19, such as vaccination programs, medical care, testing, contact tracing, support for isolation or quarantine, support for vulnerable populations to access medical or public health services, enforcement of public health orders, public communication efforts, purchases of personal protective equipment, support for mitigation and prevention in congregate living facilities, ventilation improvements;
- Medical expenses;
- Behavioral health care, including mental health treatment, substance misuse treatment, hotlines, crisis intervention, and other services or outreach to promote access to physical and behavioral health primary care;
- Public health and safety staff costs, including payroll and benefits for public safety employees primarily dedicated to mitigating or responding to the COVID-19 public health emergency; and
- Expenses to improve the design and execution of health programs.

The Interim Final Rule also identified a broader range of eligible services and programs for addressing disparities in public health outcomes, including:

- Funding community health workers to help community members access services to address the social determinants of health;
- Funding public benefits navigators to assist community members with applying for public benefits or services;
- Housing services;
- Remediation of lead paint or other lead hazards; and
- Evidence-based community violence intervention programs.

For responding to negative economic impacts resulting from or exacerbated by the public health emergency, eligible uses include:

- Assistance to unemployed workers, like job training or accelerated re-hiring;

Exhibit 5 – Eligible Uses

- Deposits into the state account of the Unemployment Insurance Trust Fund to restore the balances of the account as of January 27, 2020;
- Assistance to households, including food, rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance (reasonably proportional to the negative economic impact they are intended to address); and internet access assistance;
- Expenses to improve efficacy of economic relief programs;
- Assistance to small businesses and non-profits, including loans or grants to mitigate financial hardship or implement COVID-19 prevention tactics;
- Rehiring government staff;
- Aid to impacted industries, such as tourism, travel, and hospitality;
- Investments in low-income housing and neighborhoods, including services to address homelessness, affordable housing development, housing vouchers, residential counseling, and housing navigation assistance;
- Addressing educational disparities; and
- Promoting healthy childhood environments, such as new or expanded childcare.

B. Premium Pay

Funds may be used to provide premium pay to workers performing essential work during the public health emergency or to provide grants to third-party employers with essential workers. Such workers include:

- Staff at nursing homes, hospitals, and home care settings;
- Workers at farms, food production facilities, grocery stores, and restaurants;
- Janitors and sanitation workers;
- Truck drivers, transit staff, and warehouse workers;
- Childcare workers, educators, and other school staff; and
- Social service and human services staff.

Premium pay must “respond to” the heightened risk to workers who must be physically present at a jobsite, and is limited to up to \$13 per hour in addition to wages. If premium pay increases a worker’s total pay to 150 percent of the state’s average annual wage for all occupations, a written justification is required for how

Exhibit 5 – Eligible Uses

the premium pay is responsive to the workers performing essential work during the public health emergency.

C. Revenue Loss

Funding may be used for “general revenue” loss due to the public health emergency. The Interim Final Rule provides a methodology for calculating revenue loss that identifies revenues collected in the most recent full fiscal year prior to the public health emergency, applies a growth adjustment to the “base year” revenue to identify “counterfactual revenue,” and subtracts actual revenue from the counterfactual revenue to identify the amount of funds that may be used to offset revenue loss.

D. Investments in Water, Sewer, and Broadband Infrastructure

For investments in water and sewer infrastructure, the Interim Final Rule aligns eligible uses of ARPA funds with the wide range of projects that are eligible for assistance through the Environmental Protection Agency’s (EPA) Clean Water State Revolving Fund or Drinking Water State Revolving Fund. Projects eligible for assistance include projects to 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; and installation and replacement of failing treatment and distribution systems.

The Interim Final Rule provides that eligible investments in broadband infrastructure are those that are designed to deliver service to unserved and underserved households and businesses that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps. In selecting an area to be served, funding recipients are encouraged to avoid investing in locations that have existing agreements to build reliable wireline service with minimum speeds of 100 Mbps download and 20 Mbps upload by December 31, 2024.

Restrictions on the use of ARPA funding include:

- A. Deposits into pension funds for reducing unfunded accrued liabilities and making payments outside of typical payroll contributions; and
- B. Offsetting a reduction in net tax revenue, or tax cuts.

Funding received through ARPA must be spent or obligated to an eligible project by the end of calendar year 2024. Funds obligated to eligible projects must be spent by the end of calendar year 2026.