



July 2, 2021

**Regarding: American Rescue Plan Act Coronavirus Local Fiscal Recovery Funds (CLFRF)**

The Texas Division of Emergency Management (TDEM) is writing to inform you, as a non-entitlement unit, that the state will soon announce the availability of CLFRF.

The CLFRF program is a component of the American Rescue Plan Act of 2021 and provides funding to local governments to broadly respond to the COVID-19 public health emergency. As established by U.S. Treasury Department guidance, the state, through TDEM, will distribute two tranches of payments to eligible non-entitlement units of local government (NEUs), which are local governments typically serving populations of under 50,000. The total funding amounts were determined by formula as directed by federal law and Treasury guidance. The state did not have discretion in determining these funding amounts, the eligibility of the NEUs, or how these funds must be spent.

The state will formally apply for funding on August 2, or when 90 percent of the NEU required information is received.

**Immediate Action Needed**

Complete the required steps included within the following timeline by August 2, 2021:

[Coronavirus Local Fiscal Recovery Funds Timeline Check-In](#)

The American Rescue Plan Act includes a short timeframe for the distribution of funding to participating NEUs. All NEUs should begin preparing the information necessary to upload their submission packages as soon as possible when the application portal is opened. NEUs that have not uploaded a complete submission package or are nonresponsive may lose access to these funds.

## **Payment Timelines**

As required by Treasury, the state, through TDEM, will distribute the first tranche of funding to NEUs after reviewing and approving the required program documentation provided above by each NEU. Per Treasury requirements, the state, through TDEM, will distribute the second tranche approximately one year later.

## **Participant Responsibilities**

NEUs participating in the program will have direct obligations to the Treasury Department, including reporting and recordkeeping requirements. All costs are subject to audit by the Treasury Office of Inspector General and Government Accountability Office and improperly used funds will be subject to recoupment by Treasury.

## **Cost Eligibility**

NEUs may use these funds for eligible purposes, as follows:

1. To respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
2. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the State, territory, or tribal government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
3. For the provision of government services to the extent of the reduction of revenue of such State, territory, or Tribal government due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the State, territory, or tribal government prior to the emergency; or
4. To make necessary investments in water, sewer, or broadband infrastructure.

Additional allowable uses can be found in this FAQ document located at <https://tdem.texas.gov/clfrf/>. The Treasury Department will also update their draft rule which determines eligible uses. Please periodically check the TDEM website for updates.

### **Cost Period of Eligibility**

CLFRF funds may be used to cover costs incurred from March 3, 2021, through December 31, 2026. However, participants must obligate all funding by December 31, 2024. Obligate means an order placed for property and services and entering into contracts, subawards, and similar transactions that require payment.

### **Resources**

- TDEM will conduct Coronavirus Local Fiscal Recovery Fund introductory briefings for NEUs beginning Wednesday, July 7, 2021. A registration link will be published at the following link on Tuesday, July 6, 2021: <https://tdem.texas.gov/clfrf/>
- NEU allocation amounts along with full program information may be found at the TDEM CLFRF webpage <https://tdem.texas.gov/clfrf/>
- For US Treasury information and guidance please see: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/non-entitlement-units>

If you have any questions, please email [crf@tdem.texas.gov](mailto:crf@tdem.texas.gov)