

incurred in the period of performance, which include the reasonable administrative expenses associated with a loan made in whole, or in part, with funds. See section IV.E of the final rule.

- **Contributions to Revolving Loan Funds.** A recipient may contribute funds to a revolving loan fund if the loaned SLFRF funds are restricted to financing eligible uses under the public health emergency/negative economic impacts, premium pay, and necessary water, sewer and broadband categories (or under the government services category if the contribution to the revolving fund is made using revenue loss funds). The funds contributed using SLFRF funds must be limited to the projected cost of loans made over the life of the revolving loan fund, following the approach described above for loans with maturities longer than December 31, 2026.

- **Loans funded with SLFRF funds under the revenue loss eligible use category.** Notwithstanding the above, if a recipient uses revenue loss funds to fund a loan, whether or not the maturity of the loan is after December 31, 2026, the loaned funds may be considered to be expended at the point of disbursement to the borrower, and repayments on such loans are not subject to program income rules. Similarly, any contribution of revenue loss funds to a revolving loan fund may also follow the approach of loans funded under the revenue loss eligible use category.

4.10. May funds be used for outreach to increase uptake of federal assistance like the Child Tax Credit or federal programs like SNAP?

Yes. Eligible uses to address negative economic impacts include “assistance accessing or applying for public benefits or services.” This can include benefits navigators or marketing efforts to increase consumer uptake of federal tax credits, benefits, or assistance programs that respond to negative economic impacts of the pandemic.” Of note, per the final rule, allowable uses of funds for evaluations may also include other types of program evaluations focused on program improvement and evidence building.

5. Eligible Uses – Premium Pay

5.1. What criteria should recipients use in identifying workers to receive premium pay?

SLFRF may be used to provide premium pay to eligible workers performing essential work during the pandemic or to provide grants to eligible employers that have eligible workers who perform essential work. Premium pay may be awarded to eligible workers up to \$13 per hour. Premium pay must be in addition to wages or remuneration (i.e., compensation) the eligible worker otherwise receives. Premium pay may not exceed \$25,000 for any single worker during the program.

Premium pay must be responsive to eligible workers performing essential work during the pandemic, and like the interim final rule, the final rule emphasizes the need for recipients to prioritize premium pay for lower-income workers. Premium pay that would go to a worker whose total pay is above 150% of the greater of the state or county average annual wage for all occupations (with or without the premium) requires specific justification for how it responds to the needs of these workers unless that worker is not exempt from the Fair Labor Standards Act overtime provisions.

For a detailed description of what constitutes an eligible worker and essential work as well other premium pay requirements, please see pages 35-36 of the [Overview of the Final Rule](#).

5.2. May recipients provide premium pay retroactively for work already performed?

Yes. Treasury encourages recipients to consider providing premium pay retroactively for work performed during the pandemic, recognizing that many essential workers have not yet received additional compensation for their service during the pandemic. SLFRF funds may not be used to reimburse a recipient or eligible employer grantee for premium pay or hazard pay already received by the employee. To make retroactive premium payments funded with SLFRF funds, a recipient or eligible employer grantee must make a new cash outlay for the premium payments and the payments must be in addition to any wages or remuneration the eligible worker already received.

5.3. Can SLFRF be used to pay for benefits and taxes associated with premium pay wages?

Premium pay is taxable as wage income, and therefore, employers are encouraged to treat the premium pay earned by the employee just as they would other wage income and withhold from the additional pay any required taxes. For further guidance, please see the [FAQ published by the IRS on SLFRF](#).

5.4. Does non-base compensation, such as overtime, count toward the 150% pay threshold? Is the 150% threshold calculated based off of income only from the awarding employer or from an employee's total yearly compensation?

Yes, non-base compensation, including overtime and bonuses, counts toward the 150% pay threshold; however, the 150% pay threshold does *not* take into account other sources of income earned by an employee (e.g., income from a second job). For an hourly employee, or an employee that does not have a year's worth of earnings, an employer should extrapolate the hourly wage at an annual rate by multiplying the hourly rate by forty hours per week and then by fifty-two weeks per year.