

DEPARTMENT OF THE TREASURY**ASSISTANCE LISTING 21.029 CORONAVIRUS CAPITAL PROJECTS FUND****I. PROGRAM OBJECTIVES**

The purpose of the Coronavirus Capital Projects Fund (CPF) is to provide grants to states (defined to include the 50 states, the District of Columbia and Puerto Rico), US territories and freely associated states (United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau), and tribal governments, to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease (COVID-19).

II. PROGRAM PROCEDURES**A. Overview**

Section 604 of the Social Security Act, as added by section 9901 of the American Rescue Plan Act of 2021 (the “Act”), Pub. L. No. 117-2 (Mar. 11, 2021), authorized the \$10 billion Coronavirus Capital Projects Fund (“CPF”). The CPF is administered by the US Department of the Treasury (“Treasury”) and provides assistance in the form of grants.

Recipients may use CPF funds to carry out capital projects that (1) directly enable work, education, and health monitoring; (2) address a need that results from or was exacerbated by the COVID-19 public health emergency; and (3) address a critical need of unserved or underserved populations. Examples include:

- Investments in broadband infrastructure in eligible areas that meet certain speed requirements.
- Investments in digital connectivity technologies, such as devices, public computer facilities, and public wi-fi infrastructure that facilitate Internet access.
- Construction or renovation of multi-purpose community facilities that jointly enable work, education, and health monitoring.
- Other capital projects that meet the program requirements.

Under Section 604(b)(1)(A) of the Act, each of the states (including the District of Columbia and Puerto Rico) is allocated a fixed amount of \$100 million, totaling \$5.2 billion. States may also receive a portion of the remaining \$4.6 billion, to be allocated in accordance with the requirements set forth in section 604(b)(2)(A) of the Act:

- 50 percent of such amount shall be allocated among the states based on the proportion that the population of each state bears to the population of all states;

- 25 percent of such amount shall be allocated among the states based on the proportion that the number of individuals living in rural areas in each state bears to the number of individuals living in rural areas in all states; and
- 25 percent of such amount shall be allocated among the states based on the proportion that the number of individuals with a household income that is below 150 percent of the poverty line applicable to a family of the size involved in each state bears to the number of such individuals in all states.

Section 604(b)(1)(B) of the Act directs the secretary to pay a total of \$100 million divided in equal shares among United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. Section 604(b)(1)(C) of the Act directs the secretary to pay a total of \$100 million divided in equal shares to tribal governments and the State of Hawaii for the exclusive use of the Department of Hawaiian Home Lands and the Native Hawaiian Education Programs. Using the statutory formulas found in sections 604(b)(1) and (2) of the Act, Treasury calculated and published the allocation for each eligible entity along with the specific calculation methodologies used for all eligible entities (see “Allocation Information” at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/capital-projects-fund>). State allocations vary. Each tribal government is allocated \$167,504. Each territory and freely associated state is allocated \$14,285,714.

B. Source of Governing Requirements

The Coronavirus Capital Projects Fund is authorized by section 604 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (Mar. 11, 2021), codified as 42 USC 804; and is implemented by Treasury’s Guidance for States and Freely Associated States and Treasury’s Guidance for Tribal Governments (together, Treasury’s Guidance), link provided below.

Auditors should refer to the Act, Treasury’s Guidance, FAQs, Grant Agreements, and approved Grant Plans, and Program Plans. Treasury’s Guidance and the FAQs can be accessed on the Treasury website via the links provided below. The Grant Agreements and approved Grant Plans and Program Plans can be obtained from grant recipients.

Availability of Other Program Information

1. Treasury’s Guidance for States, Territories and Freely Associated States can also be found at <https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-States-Territories-and-Freely-Associated-States.pdf>.
2. Treasury’s Guidance for Tribal Governments can also be found at <https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-Tribal-Governments.pdf>.
3. FAQs about the Fund are outlined on the program webpage on Treasury’s website at

[Coronavirus Capital Projects Fund FAQs \(treasury.gov\).](https://www.treasury.gov/coronavirus-capital-projects-fund-faqs)

If there are questions regarding the CPF, the Office of Recovery Programs may be contacted via by e-mail at CapitalProjectsFund@treasury.gov.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program- specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	N	N	N	Y	Y	N	N	Y	N

A. Activities Allowed or Unallowed

CPF is designed to provide funding for capital projects that meet all of the three criteria below:

1. directly enable work, education, and health monitoring,
2. designed to address a critical need that resulted from or was made apparent or exacerbated by the COVID-19 public health emergency, and
3. designed to address a critical need of the community.

Presumptively eligible projects include:

- Broadband infrastructure projects designed to deliver service that meets or exceeds symmetrical download and upload speeds of 100 Mbps.
- Digital connectivity technology projects that involve the purchase and/or installation of devices and equipment to facilitate broadband internet access, where affordability has been identified by the Recipient as a barrier to broadband adoption and use.
- Multi-purpose community facilities that are designed to jointly and directly enable work, education, and health monitoring.

Projects may additionally be approved by Treasury on a case-by-case basis provided they meet the enumerated criteria above.

Activities that may not be funded by the CPF include but are not limited to:

General infrastructure projects, such as highways, bridges, transit systems, and ports, are not eligible under the Capital Projects Fund program.

General construction and improvement of hospitals and traditional schools are not presumed to be eligible, although, there may be opportunities for such projects to receive funding under the Capital Projects Fund program if they meet the project eligibility criteria. Such projects will be reviewed on a case-by-case basis.

The following costs are not eligible, unless otherwise permitted by Treasury:

- Acquisition of spectrum licenses;
- Operating expenses, other than grant administration costs (limited to \$25,000 or 5 percent of the grant award, whichever is greater);
- Short-term operating leases;
- Payment of interest or principal on outstanding debt instruments, or other debt service costs incurred prior to March 15, 2021;
- Fees or issuance costs associated with the issuance of new debt;
- Satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring plan in a judicial, administrative, or regulatory proceeding;
- To support or oppose collective bargaining. This does not affect the ability to use funds to comply with 41 CFR 60-14; and

B. Allowable Cost/Cost Principles

Allowable costs are determined in accordance with the cost principles identified in 2 CFR Part 200, Subpart E. Treasury does not intend for the Uniform Guidance definition of “capital assets” to limit eligible investments under the CPF program. For purposes of the CPF program, “Capital Project” or “Project” means the construction, purchase, and installation of, and/or improvements to capital assets where the costs of such assets are capitalized or depreciated, including ancillary costs necessary to put the capital asset to use as further described in the Treasury’s Guidance and FAQs. This definition may be found in Section IV of Treasury’s Guidance.

CPF grant recipients may use CPF award funds to match other federal funds to the extent that they are permitted by statute. For example, CPF funds may be used to meet the matching requirements for the Infrastructure Investment and Jobs Act (IIJA) Division F, Title I, Sec. 60102 (h)(3)(B)(iii)(I)(dd). CPF recipients should ensure that the program or project is an acceptable use of funds for the other federal funding stream. CPF grant funding may not be used for costs that will be reimbursed by the other federal or state funding stream; CPF funds must be used only for complementary purposes.

C. Cash Management*State and Territory Recipients*

Treasury has assessed that beginning in 2022, all state and territory recipients are subject to Part B of the Cash Management Improvement Act.

Tribal Recipients

In accordance with the CPF FAQs on the [CPF site](#), Treasury has made the determination that if a tribal recipient fully disburses award funds before the end of the period of performance, the timing and number of advance payments made by Treasury are as close as is administratively feasible to the actual disbursements by a tribal recipient and is in accordance with 2 CFR 200.305(b)(1).

H. Period of Performance

Funding must be used to cover eligible costs that are incurred during the period that begins on the date that the Grant Agreement is executed and ends on December 31, 2026. Recipients are permitted to use CPF grant award funds for pre-award costs incurred after March 15, 2021, but before their Grant Agreement is executed, but only if they provided reasonable assurance to Treasury that the costs were incurred pursuant to the negotiation of and in anticipation of the Capital Projects Fund award and are necessary for the efficient and timely performance of the Project. Such costs are allowable only to the extent they would have been allowable if incurred after the date of the Capital Projects Fund award and only with the written approval of Treasury. For the avoidance of doubt, unless otherwise

provided, Treasury’s approval of the Recipient’s applicable Program Plan shall constitute written approval of pre-award costs that are identified in the Program Plan.

I. Procurement and Suspension and Debarment

1. Procurement

Auditors should test compliance with 2 CFR section 200.216, the Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment. Award funds may not be used to procure or obtain any covered telecommunication and video surveillance services or equipment as described in 2 CFR section 200.216, including covered telecommunication and video surveillance services or equipment provided or produced by entities owned or controlled by the People’s Republic of China and telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

2. Suspension and Debarment

See Part 3, Section I, “Procurement and Suspension and Debarment” for a general description of the compliance requirements, the related audit objectives, and suggested audit procedures.

M. Subrecipient Monitoring

See Part 3, Section M, “Subrecipient Monitoring” for a general description of the compliance requirements, the related audit objectives, and suggested audit procedures.

IV. OTHER INFORMATION

If there are specific questions regarding CPF, the Office of Recovery Programs may be contacted by e-mail at CapitalProjectsFund@treasury.gov.