



MARYLAND AMERICAN RESCUE PLAN ACT

WORKFORCE DEVELOPMENT PROGRAM TRAINING GUIDE

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND (SLFRF)

**National Association of
Workforce Boards**

1155 15th Street
Suite 350
Washington, DC 20005

**Foresight Law +
Policy**

800 Maine Ave SW
Suite 200
Washington, DC 20004

**Prince George's County Workforce
Development Board**

1801 McCormick Drive
Suite 400
Largo, MD 20744

www.nawb.org



Executive Summary

Contracted by the Prince George's County Workforce Development Board, this Program Training Guide is meant to provide Maryland's Local Workforce Development Boards with the necessary information to implement programs that are eligible to be funded through the American Rescue Plan's Coronavirus State and Local Fiscal Recovery Fund and fall within the parameters Maryland FY22 State Budget sets forth. Separate from this document, a personalized presentation and 15 technical assistance hours will be provided to each Local Workforce Development Board participating.

The Program Training Guide outlines the purpose and scope of the American Rescue Plan's State and Local Fiscal Recovery Fund. It defines relevant key terms in conjunction with Maryland FY22 State Budget. After describing eligible participants and uses of funds, reporting requirements and ineligible fund uses are outlined. Finally, program and service examples are showcased to spur further discussion regarding program creation and operation.



1. Background and Purpose

The American Rescue Plan (ARP) was passed by Congress in the spring of 2021 and signed into law by President Biden on March 11, 2021.¹ The \$1.9 trillion economic relief package provides significant financial resources for a variety of stakeholders and activities to respond to the effects of the COVID-19 pandemic. The ARP authorized the creation of a new \$350 billion Coronavirus State and Local Fiscal Recovery Fund (SLFRF) program overseen and administered by the U.S. Department of the Treasury.² This funding is intended to help state, tribal, territorial, and local governments respond to the immediate needs of those impacted by the pandemic, maintain important public services, and chart a course of equitable economic recovery that spurs long-term growth and shared prosperity (more information on the content, structure, and intent of the SLFRF program can be found in section 3).

¹ P.L. 117-2, <https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf>.

² To create the SLFRF, the ARP adds two new sections to the Social Security Act (SSA)-- Section 602 which creates the State Fiscal Recovery Fund, and section 603, which creates the Local Fiscal Recovery Fund. Together these new sections compose the ARP's new SLFRF. Both the State (Sec. 602 of SSA) and the Local (Sec. 603 of SSA) Fiscal Recovery Funds outline substantially similar allowable uses of these resources. As will be explored throughout this document, the primary difference between the two is that section 602 establishes a fund for states, territories, and Tribal governments while section 603 establishes a fund for metropolitan cities, Nonentitlement Units of Local government (NEUs), and counties. More information on the distribution of these funds can be found in Appendix A.

Contents

Executive Summary	1
1. Background and Purpose	1
Acknowledgements	3
About	3
1.1 Maryland SLFRF Context	4
1.2 Purpose of the ARP SLFRF Guide	4
2. Key Terms	6
3. Overview of SLFRF Program	13
3.1 Timeline for Spending SLFRF Funds	14
4. Federal SLFRF Regulations: A Final Update	15
4.1 Effective Date for U.S. Treasury Final Rule	15
5. Using SLFRF Funds to Respond to Negative Economic Impacts	16
5.1 Using SLFRF Funding for Administrative Costs	16
5.2 Providing Wkfc Dev Activities to Respond to Negative Economic Impacts	17
5.3 Eligible Beneficiaries of SLFRF-funded Workforce Development Activities	18
5.4 Identifying Impacted Entities	19
5.5 Identifying Disproportionally Impacted Entities	20
5.6 Identifying Additional Designated Classes	21
5.7 Prioritization of SLFRF-funded Services	22
5.8 Identifying Additional Uses of SLFRF Funding	23
5.9 State Limitations on Allowable Uses of SLFRF Funds	25
5.10 Determining Eligibility of Service Providers	26
5.11 Eligibility of Certain Capital Expenditures	28
6. SLFRF Reporting Requirements	29
6.1 Distinguishing Between Recipients, Subrecipients, and Beneficiaries	30
6.2 Reporting & Monitoring Collections	31
7. Ineligible Uses of SLFRF Funding	34
8. Program and Service Examples	34
8.1 Employment Training Programs	35
8.2 Apprenticeship Programs	36
Appendix	38

Acknowledgements

This report was funded by [Employ Prince George's, Inc. \(EPG\)](#) on behalf of the [Prince George's County Workforce Development Board](#). We are grateful to them and all the Maryland Local Workforce Development Boards that have made this project possible.

The research, findings, and recommendations should not be construed as representing the views or opinions of any governmental entity at a federal, state, or local level.

Thanks to Walter L. Simmons, Executive Director of the Prince George's County Workforce Development Board, for continuously supporting the cultivation of Workforce Development Boards in Maryland and across the country. We also appreciate the significant contributions Steve Voytek, Policy Advisor, Foresight Law + Policy, made to this report.

About

National Association of Workforce Boards



National Association
of Workforce Boards

NAWB represents approximately 550 Workforce Development Boards and their 12,000+ business members that coordinate and leverage workforce strategies with education and economic development stakeholders within their local communities, to ensure that state and local workforce development and job training programs meet the needs of employers.

Foresight Law + Policy



Foresight Law + Policy was founded in 2014. Formed to arm education leaders with the legal, policy, and regulatory know-how required to effectively serve the nation's diverse learner and their families. Their goal is to use law, policy, and advocacy to promote educational equity and contribute to building amazing classrooms, innovative schools, and strong communities.

Prince George's County Workforce Development Board



The Prince George's County Local Workforce Development Board (LWDB) is a dynamic group of private and public sector partners that provides leadership, direction and policy oversight for the workforce delivery system in Prince George's County. The mission is to be a Local Workforce Development Board that drives the innovation, integration, continuity, productivity, and efficiency of a workforce system that produces a robust, qualified, and skilled workforce that meets the needs of the business community.

1.1 Maryland SLFRF Context

Since the passage of the ARP last spring, the U.S. Treasury Department reports that it has disbursed at least two-thirds of SLFRF (\$240 billion total) funding to state, local, and tribal governments. Among the recipients of these resources was the state of Maryland, which received over \$3.7 billion from the States' portion of SLFRF funding.³ This funding was delivered to the state in the middle of the Maryland General Assembly's 2021 legislative session, necessitating the introduction and subsequent adoption of a supplemental budget.⁴ This budget reflected the new federal ARP SLFRF funds received by the state and directed the Maryland General Assembly to allocate \$37.5 million of this funding to local workforce development boards (LWDBs) in Maryland to "...expand apprenticeship and employment training programs" consistent with the requirements of the ARP and related federal regulations.⁵

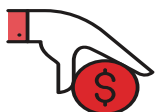
The Maryland Department of Budget and Management has since reported that these funds have been distributed to each local workforce development area in the state following a review of LWDB applications for these resources.⁶ These funds were distributed to each LWDB in the state of Maryland using the same formula that determines local funding allocations under the federal Workforce Innovation and Opportunity Act (WIOA) in accordance with Maryland FY22 State Budget.⁷ At the time these funds were made available, the U.S. Treasury Department had not yet finalized rules and guidance for implementing SLFRF funds (see section 3 for more information on this process). Consequently, comparatively little guidance or direction has been provided to LWDBs in the state to facilitate the usage of these new resources.

1.2 Purpose of the ARP SLFRF Guide

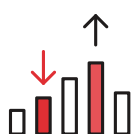
The purpose of this guide is to provide LWDBs in the state of Maryland with a comprehensive understanding of the American Rescue Plan's SLFRF program to guide implementation of these funds, as aligned with the requirements set forth in Maryland FY22 State Budget, including:



Key terms and definitions used throughout the ARP, the final rule, related state-level requirements, and this document;



Allowable uses of the ARP's SLFRF, including eligible uses and examples of programs and services that can be supported using these resources;



Processes and metrics for determining eligibility for individuals and households to receive eligible programming and services supported by the SLFRF program;

³ This figure was determined by a prescribed formula in the ARP based, in part, on the unemployment levels in the state of Maryland at the time of this disbursement. Importantly, this figure does not include funding that may be allocated to local governmental entities within the state of Maryland. USDT's allocation chart can be found here: <https://home.treasury.gov/system/files/136/fiscalrecoveryfunds-statefunding1-508A.pdf>.

⁴ <https://governor.maryland.gov/wp-content/uploads/2021/03/FINAL-Supplemental-Budget-No.5-1.pdf> <https://home.treasury.gov/system/files/136/fiscalrecoveryfunds-statefunding1-508A.pdf>.

⁵ https://mgaleg.maryland.gov/2021RS/chapters_noln/Ch_357_hb0588E.pdf, pp 437.

⁶ See Appendix A. https://home.treasury.gov/system/files/136/Maryland_2021-Recovery-Plan_SLT-0958.pdf

⁷ MD HB 588, <https://mgaleg.maryland.gov/2021RS/bills/hb/hb0588E.pdf>.



Eligible uses of SLFRF funding for individuals negatively impacted and disproportionality impacted economically by the public health emergency, including individuals residing in Qualified Census Tracts (QCTs);



Policies and procedures for determining service provider eligibility for the delivery of eligible programs and services;



Monitoring and reporting requirements for subrecipients of SLFRF funding; and

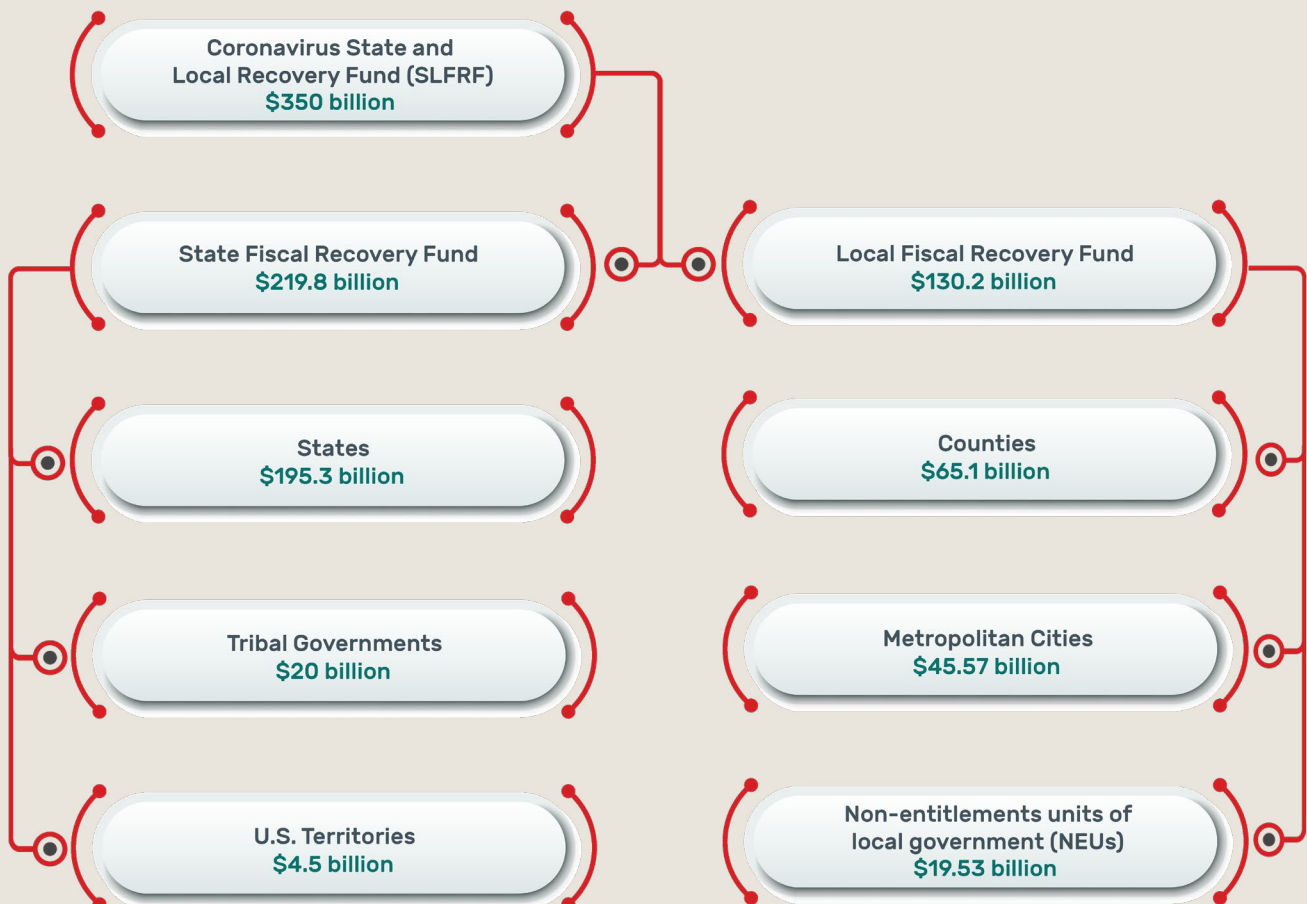


Ineligible uses of SLFRF funds.

SLFRF Program Funding Flowchart

Below is a flowchart illustrating how the SLFRF program allotted funding in accordance with the ARP.

Figure 1



2. Key Terms

Throughout this document several key terms will be used. Below is a non-exhaustive list of terms and related definitions underlying this guide. Generally, the final U.S. Department of Treasury rule (final rule) and related guidance have sought to align as much of this terminology as possible to Federal Uniform Guidance definitions.⁸ In other instances, definitions from Maryland state code and related regulation are used as aligned to the goals and objectives of the state's initial SLFRF allotment of funds to local workforce development boards. In both cases, alignment, or similarities to specific Federal or State terminology will be noted. In instances where neither Federal nor State definitions exist, new definitions are provided below to facilitate the implementation of these funds as part of this guidance document.

2.1 Administrative Costs

Recipients and subrecipients may use SLFRF funds for administering allowable activities supported by the SLFRF program discussed throughout this guidance document. Such costs must be reasonable and allocable as outlined in [2 CFR 200.404](#) and [2 CFR 200.405](#). Pursuant to the SLFRF Award Terms and Conditions, recipients and subrecipients are permitted to charge both **direct** and **indirect** costs to their SLFRF award as administrative costs. Direct costs are those that are identified specifically as costs needed to implement objectives of the SLFRF program, such as contract support, materials, supplies, and wages, salaries, and covered benefits for certain employees for a project as outlined in [2 CFR 200.413](#). Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the SLFRF award such as the cost of facilities or administrative functions like a director's office as outlined in [2 CFR 200.414](#). Further information on allowable administrative costs can be found in the U.S. Treasury Department's Compliance and Reporting Guidance for SLFRF funds and are discussed further within section 5 of this guidance document.⁹

2.2 Apprenticeship Program

This term has the meaning given to it by the Maryland Apprenticeship and Training Program (MATP) as administered by the Maryland Department of Labor's Division of Workforce Development and Adult Learning and overseen by the Maryland Apprenticeship and Training Council (MATC)¹⁰. For the purposes of this guidance document, apprenticeship programs may also include pre-apprenticeship programs which are designed to prepare individuals for entry into an apprenticeship program.

2.3 Beneficiary (see also: Class of Beneficiaries)

An eligible individual (i.e. household) or other eligible entity that directly benefits from SLFRF funding. This can include direct receipt of SLFRF funding (for instance premium pay for certain eligible workers). However, in the case of the workforce development activities

⁸ These are commonly known as Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. 2 C.F.R. § 200 which are applicable to all federal awards and grant programs, including the Workforce Innovation and Opportunity Act (WIOA)..

⁹ <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>. Pps 8-9.

¹⁰ More information on MATP, including a link to the formal state requirements for apprenticeship programs found in the Code of Maryland Regulations 09.12.43, can be found here: <https://www.dllr.state.md.us/employment/appr/approverview.shtml>.

supported by SLFRF funding explored throughout this guidance document, a beneficiary most commonly pertains to eligible individuals directly benefiting from the projects, services, or programs (i.e. apprenticeship and employment training programs) provided and/or supported directly or indirectly by recipients and subrecipients of SLFRF funding.

2.4 Capital Expenditures

As defined in [2 CFR 200.1](#), capital expenditures are expenditures used to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

2.5 Class of Beneficiaries

A group of eligible individuals (i.e. households), populations, or other eligible entities that are grouped together by the final rule, related federal guidance, the recipient, or subrecipient for the purposes of identifying a negative economic harm as a result of the public health emergency and for the provision of an eligible response to such negative economic harm. Further details and procedures for the identification and designation of classes of beneficiaries for these purposes can be found in section 5.3.

2.6 Contract (see also: subaward)

As defined in [2 CFR 200.1](#), a contract is a legal instrument that a recipient or subrecipient uses to purchase eligible property or services (as described in section 5) needed to carry out an eligible project or program under a Federal award (i.e. the SLFRF program). Additional information for how to distinguish between a subrecipient and a contractor can be found in [2 CFR 200.331](#). This determination must be made by the recipient or subrecipient (whichever the case may be) and is based on whether a payment should be treated as a subaward or as a contract (if the former, the subrecipient would then be acting in the capacity of a pass-through entity as defined in subsection 2.26).

2.7 Contractor

An entity that carries out a contract as defined in subsection 2.6.

2.8 Covered Period / Period of Performance

Beginning on March 3, 2021 and ending on the last day of the fiscal year of a State when all SLFRF funds have been expended by a recipient or subrecipient. Further information can be found in subsection 3.1. During this period, recipients and subrecipients are subject to U.S. Treasury Department SLFRF monitoring and reporting requirements as described in further detail in section 6.

2.9 COVID-19

The Coronavirus disease that emerged in 2019 and precipitated the declaration of the public health emergency defined in subsection 2.27.

2.10 Customized Training

This term describes a type of employment training program that is primarily designed to meet the specific needs of an employer or group of employers, is conducted with the commitment by the participating employer or group of employers to hire an individual upon successful completion of the training, and for which the employer agrees to pay a significant portion of the cost of training as agreed to with a subrecipient.¹¹

2.11 Designated Class

See also: “Class of Beneficiaries.”

2.12 Disproportionately Impacted Entities

A grouping of eligible beneficiaries that are presumed, under the Final Rule, to have been excessively negatively harmed, economically, by the public health emergency. Further details regarding these impacted classes of beneficiaries, including processes to identify additional designated classes, can be found in subsection 5.5 and throughout section 5.

2.13 Employment Training Program

This term describes training services and programs including occupational skills training, on-the-job training (including programs that combine workplace training with related instruction or activities such as cooperative education programs), training for eligible incumbent workers (as outlined in subsection 5.3), training programs operated by the private sector, skill upgrading and retraining services, entrepreneurial training, transitional jobs programs, and customized training as defined in subsection 2.8. This term is also inclusive of supportive services (as defined in 2.31 of this section), job readiness training, and/or adult education and literacy activities so long as such programs or services are provided in conjunction with at least one of the services or programs described above or is structured to enable an individual to complete an apprenticeship or employment training program as defined here or in subsection 2.2.¹²

2.14 Expenditure

Has the same meaning given in federal Uniform Guidance, [2 CFR 200.1](#).

2.15 Final Rule

Is a shortened reference to the U.S. Treasury Department’s Final SLFRF Rule as published in the Federal Register January 27, 2022.¹³ These rules formally go into effect April 1, 2022.

¹¹ Please note this term has the same general meaning as given to it by the Workforce Innovation and Opportunity Act (29 U.S.C § 3102(14)).

¹² Please note this definition is purposefully similar to the term “employment training services” as defined in the Workforce Innovation and Opportunity Act (29 U.S.C § 3174(c) (3)(D)).

¹³ <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>.

2.16 Family

As defined by the U.S. Department of Health and Human Services, a family is a group of two or more persons related by birth, marriage, or adoption who live together. All such related persons are considered as members of one family.

2.17 Family Unit

As used within federal poverty guidelines, a family unit is either an unrelated individual or a family. Put another way, a family unit of size one is an unrelated individual, while a family unit of two/three/etc. is the same as a family of two / three / etc.

2.18 Household

For the purposes of this guidance document the term “household” has the meaning given to it by the U.S. Census Bureau. Accordingly, a household is inclusive of all individuals who occupy a housing unit, whether they are related to each other or not. If a family and an unrelated individual, or two unrelated individuals, are living in the same housing unit, they would constitute two family units (see definitions for: Family & Family Unit), but only one household. Some programs, such as the Food Stamp Program and the Low-Income Home Energy Assistance Program, employ administrative variations of the “household” concept in determining income eligibility. Several other programs use administrative variations of the “family” concept in determining income eligibility (such as “family unit” defined in subsection 2.17). Depending on the precise program definition used, programs using a “family” concept would generally apply the poverty guidelines separately to each family and/or unrelated individual within a household if the household includes more than one family and/or unrelated individual.

2.19 Interim Final Rule (IFR)

Is a shortened reference to the U.S. Treasury Department’s Interim Final SLFRF Rule as published in the Federal Register May 17, 2021. These rules will be formally superseded by the Final Rule on April 1, 2022.

2.20 Impacted Entities

A grouping of eligible beneficiaries that are presumed, under the Final Rule, to have been negatively harmed economically by the public health emergency. Further details regarding these impacted classes of beneficiaries, including processes to identify additional designated classes, can be found in subsection 5.4.

2.21 Local Workforce Development Board (LWDB)

A Local Workforce Development Board sets policy for the local workforce system in one of thirteen Local Workforce Development Areas certified by the Governor of the State of Maryland. The Board coordinates workforce activities to address employer needs, increase employment, retention and earnings of participants, and increase occupational skills attainment by participants, and, as a result, improve the quality of the workforce and enhance the productivity of the State.

2.22 Low-income Household

A household with income at or below 185 percent of the Federal Poverty Guidelines for the size of its household based on the poverty guidelines published most recently by the Department of Health and Human Services or a household with income at or below 40 percent of the Area Median Income for its county and size of household based on data published most recently by the Department of Housing and Urban Development. More information regarding procedures for determining income eligibility for prospective beneficiaries can be found in section 5.4.¹⁴

2.23 Moderate-income Household

A household with income at or below 300 percent of the Federal Poverty Guidelines for the size of its household based on poverty guidelines published most recently by the Department of Health and Human Services or a household with income at or below 65 percent of the Area Median Income for its county and size of household based on data published most recently by the Department of Housing and Urban Development. More information regarding procedures for determining income eligibility for prospective beneficiaries can be found in section 5.4.¹⁵

2.24 Negative Economic Impact

This guidance document focuses on negative economic impacts as they relate to households. Common examples of a negative economic impact on a household can include, but are not limited to: unemployment, underemployment, increased food insecurity, increased housing insecurity, or having one's working hours reduced. Determining a negative economic impact is essential in determining beneficiary's and classes of beneficiaries' eligibility to derive a benefit from SLFRF funds provided by subrecipients (primarily LWDBs) in the state of Maryland. More information regarding this process and related procedures can be found in section 5.

2.25 Obligation

Has the same meaning as "financial obligations" as defined in [2 CFR 200.1](#).

2.26 Pass-through Entity (see also: Transferor)

As defined in [2 CFR 200.1](#), a pass-through entity is a non-Federal entity that provides a subaward to a subrecipient to carry out part of a federal program (i.e. the SLFRF program). In Maryland, the state's Department of Labor has acted as a pass-through entity by providing subawards of the state's SLFRF funding to subrecipients (i.e. Local Workforce Development Boards or LWDBs) in the state to carry out this federal program (i.e. the SLFRF program). Subrecipients may, at their discretion, provide subawards to other subrecipients for this same general purpose as described elsewhere in this guidance document. In these instances, the initial subrecipient would be acting in the capacity of a pass-through entity as described in federal Uniform Guidance, [2 CFR 200.331](#).

¹⁴ Users of this guidance document are encouraged to make use of the U.S. Treasury Department's, "Tool for Determining Low and Moderate Income (LMI) Households," <https://home.treasury.gov/system/files/136/SLFRF-LMI-tool.xlsx> in making this determination.

¹⁵ Ibid.

2.27 Public Health Emergency (COVID-19)

The period beginning on January 27, 2020 and lasting until the termination of the national emergency concerning the COVID-19 outbreak declared pursuant to the National Emergencies Act (50 U.S.C. 1601 et seq.).

2.28 Qualified Census Tract (QCT)

A Qualified Census Tract (QCT) is any census tract (or equivalent geographic area defined by the Census Bureau) in which at least 50% of households have an income less than 60% of the Area Median Gross Income (AMGI). The U.S. Department of Housing and Urban Development (HUD) has defined 60% of AMGI as 120% of HUD's Very Low-Income Limits (VLILs), which are based on 50% of area median family income, adjusted for high cost and low-income areas.

2.29 Recipient

A recipient has the same general meaning as outlined in [2 CFR 200.1](#). For the SLFRF program, a recipient may reference a State, territory, Tribal government, metropolitan city, nonentitlement unit of local government (NEU), county, or unit of general local government that receives a direct payment from the U.S. Treasury Department for the SLFRF program. For the purposes of this guidance document, the State of Maryland is the SLFRF recipient.

2.30 Reporting Year

Means a single year or part of year, within a covered period, aligned to the current fiscal year of the State during the covered period. The state of Maryland's fiscal year formally begins on July 1 and ends June 30 of the following calendar year.

2.31 Subrecipient

A subrecipient has the same general meaning as outlined in [2 CFR 200.1](#). For the SLFRF program, a subrecipient is generally any entity, typically a non-federal entity, that receives a subaward from a pass-through entity to carry out part of a federal award (i.e. the SLFRF program). Individuals that receive or derive a direct benefit from such federal award or program (i.e. a beneficiary) are not considered to be a subrecipient.¹⁶ For the purposes of this guidance document, Local Workforce Development Boards (LWDBs) receiving SLFRF funding from the Maryland Department of Labor are generally considered subrecipients. Entities that LWDBs subsequently contract with to deliver eligible goods and services to eligible beneficiaries are generally considered to be either a contractor as defined in subsection 2.7 or an additional subrecipient (with the initial subrecipient then acting in the capacity of a pass-through entity as defined in subsection 2.26). LWDBs acting in the capacity of subrecipients must refer to the federal Uniform Guidance [2 CFR 200.331](#) for further information on how to make this determination.

2.32 Subaward (see also: contract)

A subaward has the same general meaning as outlined in [2 CFR 200.1](#). Significantly, a sub-

¹⁶ The distinction between a subrecipient and a beneficiary is a significant point of emphasis in the U.S. Treasury Department's final rule. See Section "Distinguishing Subrecipients Versus Beneficiaries," for additional discussion. Pps 4393-4394.

award does not include payments to a contractor (as defined in subsection 2.7) or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract. Entities receiving subawards are considered to be subrecipients.

2.33 Supportive Services

This term describes services such as transportation, childcare, dependent care, housing, and other services or payments that are deemed necessary by a subrecipient to enable an eligible individual to enroll in or successfully complete an apprenticeship or employment training program.¹⁷

2.34 Transferor

Similar to a pass-through entity, a transferor is a recipient or subrecipient of SLFRF funding that transfers SLFRF funds to another entity to carry out eligible SLFRF program activities on their behalf.

2.35 Unemployed

The term “Unemployed” has the meaning given to it in Section 8-801 of the Labor and Employment Article of the Annotated Code of Maryland. An individual is therefore considered unemployed during a given week for which they have not performed paid work or have performed less than full-time paid work and received wages for work within that week that are less than the state of Maryland’s unemployment insurance weekly benefit including additional allowances for dependents.

¹⁷ Please note this definition is purposefully similar to the same term found in the Workforce Innovation and Opportunity Act (29 U.S.C § 3102(59)).

3. Overview of SLFRF Program

The Coronavirus State and Local Fiscal Recovery Fund (SLFRF) is a formula grant program authorized by the American Rescue Plan (ARP) and is administered by the U.S. Treasury Department, delivering \$350 billion to State, Territorial, Tribal, and local governments throughout the nation. Broadly, Congress provided these significant new financial resources so that all of these entities would have the ability to respond to the COVID-19 pandemic and its related economic impacts by authorizing four wide-ranging and flexible categories of eligible uses of these funds:¹⁸

ONE

To respond to the COVID-19 public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries;¹⁹

TWO

To support workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers or by providing grants to eligible employers that employ eligible workers who perform essential work;

THREE

To replace lost public sector revenue as a means to continue to provide government services up to the amount of revenue lost due to the pandemic; or

FOUR

To make investments in water, sewer, or broadband infrastructure.

¹⁸ Coronavirus State Fiscal Recovery Fund. 42 U.S.C § 801(d), Coronavirus Local Fiscal Recovery Fund. 42 U.S.C. § 802(d). The uses of funds listed here are nearly identical between the State Fiscal Recovery Fund and Local Fiscal Recovery. Differences between authorized uses of funds in Sections 801 and 802 pertain only to the unit of government receiving funding (e.g. State, Territory, and Tribal governments receive funding from Sec. 801 while Metropolitan Cities, Nonentitlement Units of Local Government, and Counties receive funds from Sec. 802). The funding provided to Maryland workforce boards examined throughout this document are SLFRF funds provided to the State of Maryland pursuant to 42 U.S.C § 801. As identified elsewhere in this document, Maryland LWDBs are therefore serving as subrecipients of this funding during the covered period.

¹⁹ Emphasis added. Authority to use the SLFRF funds for “apprenticeship and employment training programs” as outlined in Maryland H.B. 588 is derived from this statutory allowable usage of funds. This allowable usage of funds is therefore the central focal point of this guidance document.

3.1 Timeline for Spending SLFRF Funds

Beyond these wide-ranging statutory allowable uses of funds listed above, Congress stipulated that all SLFRF funds be obligated by December 31, 2024. This statutory deadline is when funds must be obligated – recipients and subrecipients of SLFRF funds have until December 31, 2026 to spend down these resources, ensuring that all work and related performance is completed by this date.²⁰ Collectively the time between when SLFRF funds are obligated and when they are expended is known as the Period of Performance or Covered Period (see subsection 2.8). Funds that have not been spent by December 31, 2026 must be returned to Maryland Department of Labor (MDDOL) and subsequently to the U.S. Treasury Department.²¹



Given the nature of the state of Maryland's appropriation and in combination with federal regulations promulgated by the U.S. Treasury Department to date, the eligible uses of funds for LWDBs' SLFRF appropriation examined throughout this guide are exclusively authorized under the first allowable use of funds noted in Section 3.

Put more plainly, LWDBs must use all SLFRF funds received from the State of Maryland as part of Maryland's FY22 State Budget to respond to the negative economic impacts of COVID-19 through the provision and expansion of apprenticeship and employment training programs for the benefit of eligible households and individuals (i.e. responding to negative economic impacts by providing assistance to impacted households). This guidance document focuses on the aspects of the statutory text of the ARP, Maryland FY22 State Budget, in combination with U.S. Treasury's final rule and related MDDOL guidance, that allow for using these unique federal resources in this manner.

²⁰ Note these are federally defined dates emanating from the text of the ARP and subsequent regulations promulgated by the U.S. Treasury Department. No additional guidance has been given from the state of Maryland, as of this writing, that conflicts with these deadlines. Given Maryland LWDBs are acting in the role as subrecipients of the State's SLFRF funding, the State does have the authority to place additional restrictions on the timing and use of these funds at a later date at their sole discretion. For more information see the U.S. Treasury Department's SLFRF Compliance and Reporting guidance: <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>, Pps 6-7.

²¹ "General GRANT Provisions," Maryland Department of Labor, updated and issued June 01, 2021.

4. Federal SLFRF Regulations: A Final Update

As the state of Maryland allocated \$37.5 million of its state portion of its SLFRF to LWDBs, the U.S. Treasury Department published an Interim Final Rule (IFR) on May 17, 2021, on the Federal Register to guide the near-term implementation of these funds by states and local governments.²² This IFR has been in effect since the date of its publication (May 17, 2021) on the Federal Register. After the issuance of this IFR, the U.S. Treasury Department solicited feedback from the public seeking ways to improve upon this IFR. Following this comment period, the U.S. Treasury Department issued a final set of regulations to implement the ARP's SLFRF program on January 27, 2022. This Final Rule is set to go into effect April 1, 2022 and will formally supersede the requirements of the IFR issued by the Department in May 2021 on this date.²³

Most recently the U.S. Treasury Department issued updated compliance and reporting guidance for recipients of SLFRF funding on February 28, 2022. This new guidance makes updates to the Department's reporting requirements to reflect the final rule and are set to formally go into effect on April 30, 2022.

4.1 Effective Date for U.S. Treasury Final Rule

Ahead of the Final Rule's effective implementation date of April 1, 2022, the U.S. Treasury Department issued a compliance statement clarifying the overlapping timelines for the implementation of this Final Rule and the earlier IFR.²⁴ This statement clarifies that while recipients of SLFRF funds must continue to comply with the IFR until April 1, 2022, recipients are permitted to begin using the Final Rule to guide the usage of SLFRF funds immediately should they elect to do so. Further, the Department has clarified in this statement that it will, "... not take action to enforce the interim final rule if a use of funds is consistent with the terms of the final rule, regardless of when the SLFRF funds were used."²⁵

Based on grant guidance given to Maryland LWDBs to date, this document therefore focuses on the implementation of the U.S. Treasury Department's Final Rule as it aligns to the expectations and limitations placed on it by the state of Maryland in its initial allotment of funds to LWDBs for the specified purposes outlined in Maryland FY22 State Budget.²⁶ Given that both the IFR and the Final Rule explicitly authorize workforce development activities (in certain circumstances and for eligible individuals as examined in the following sections), this guide makes use of the final rule, along with the aforementioned updated reporting guidance, to ensure continuity and uniformity of implementation of the state's SLFRF funding moving forward.

²² <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>.

²³ <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>. On April 1, 2022, 31 C.F.R. Part 35 will be formally updated to reflect the changes made in the final rule vis-à-vis the IFR.

²⁴ <https://home.treasury.gov/system/files/136/SLFRF-Compliance-Statement.pdf>

²⁵ Ibid.

²⁶ "General GRANT Provisions," Maryland Department of Labor, updated and issued June 01, 2021.

5. Using SLFRF Funds to Respond to Negative Economic Impacts

As previously noted, recipients and subrecipients of SLFRF funds may use the resources examined in this guidance document to respond to the negative economic impacts resulting from the COVID-19 public health emergency experienced by individuals and households.²⁷ This allowable usage of SLFRF funding is the primary focus of this guidance document given this is where the ability to support workforce development activities, including the expansion of apprenticeship and employment training programs (as required by the State of Maryland's allocation of SLFRF funding), is derived from.

5.1 Using SLFRF Funding for Administrative Costs

In addition, and in general, recipients and subrecipients may also use a portion of their SLFRF funds on administrative costs as outlined in subsection 2.1. While the final rule and related federal guidance do not specify a limitation on the portion of SLFRF funding that may be used for this purpose, these costs (as defined in subsection 2.1) must be reasonable and allocable as required by federal Uniform Guidance.²⁸

Equally as significant, subrecipients electing to make use of SLFRF in this way are doing so using a different enumerated eligible use of funds of the SLFRF program than the one primarily examined in this guidance document and section. This usage of funds pertains to improving the efficacy of the underlying programs or services being used to address identified negative economic harms. The applicable eligible use of funds when using SLFRF resources in this manner is derived separately within the SLFRF program, which pertains to "costs to improve the design and execution of programs responding to the COVID-19 pandemic and to administer or improve the efficacy of programs addressing the public health emergency or its negative economic impacts."²⁹

When subsequently reporting on the usage of SLFRF funds, subrecipients are encouraged to keep this in mind as this is a separate expenditure category from the one examined in this document. While the eligible activities explored throughout this guidance document pertain to responding to negative economic harms, using SLFRF funds primarily for administrative costs (as outlined in the Uniform Guidance, 2 CFR Part 200, Subpart E regarding Cost Principles) falls under a separate expenditure reporting category (i.e. "Administrative") and will likely need to be reported this way by the state (more information pertaining to these expenditure categories can be found in section 6).

27 31 C.F.R. § 35.6(b)

28 Specifically, 2 CFR 200.404 and 2 CFR 200.405.

29 31 CFR 35.6(b)(3)(ii)(E)(3). See also: <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>, Pps 8-9.

5.2 Providing Workforce Development Activities to Respond to Negative Economic Impacts

The SLFRF program and related final rule envision multiple allowable uses of funds to respond to negative economic harms experienced by individuals and households (i.e. beneficiaries) as a result of the public health emergency. Highlighting the centrality of workforce development among these numerous allowable uses of funds in responding to these negative economic harms, the final rule and related federal guidance specifically note the following workforce development (and adjacent) activities as an allowable usage of SLFRF funding:³⁰



Public jobs programs, including job fairs;³¹



Subsidized employment, including grants to hire underserved workers;



Combined education and on-the-job training programs (e.g. apprenticeship programs);³²



Job training, including efforts that accelerate the reemployment of displaced workers due to their occupation or level of education and/or training;³³



Certain supportive services, such as childcare or transportation, that enable individuals to complete training or reemployment efforts;³⁴ and



Certain capital expenditures, such as enhancements made to job and workforce training centers (please refer to subsection 5.11 for more information regarding such expenditures).

³⁰ Please note this list is based on a combination of allowable uses enumerated in the final rule as well in related federal guidance. The final rule largely maintains these allowable uses of funds as first established by the IFR and related guidance. See also: <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, Pp 4369; <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf>, Pp 18; and <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>, Pp 9.

³¹ In this context “public jobs program” signifies programs open to the public.

³² Emphasis added. While apprenticeships are not explicitly identified in the final rule or related federal guidance,

³³ Emphasis added. For the purposes of this guidance document, the term “job training” has the same meaning as “employment training programs” as identified in Maryland FY22 State Budget and further defined in subsection 2.13. combined education and on-the-job training programs are a commonly understood description of such programs.

³⁴ As noted in subsection 2.11, supportive services may also be an allowable use of the SLFRF funds examined in this guidance document, so long as they are provided in conjunction with another type of eligible apprenticeship or employment training program.

As noted earlier, recipients and subrecipients of SLFRF funding may also use a portion of their funding to pay for administrative costs as described in subsections 2.1 and 5.1. In these instances, subrecipients should endeavor to clearly articulate how such expenditures will support the expansion of apprenticeship and employment training programs or related services as required by H.B. 588.

Despite these broad flexibilities in the final rule, Maryland H.B. 588 explicitly requires that funds allotted to LWDBs be used to expand apprenticeship and employment training programs. It is therefore recommended that LWDBs first consult with Maryland Department of Labor prior to using SLFRF funds that go beyond the specific activities listed here (such as for capital expenditures) before obligating or expending SLFRF funds for activities other than apprenticeship and employment training programs. Although these are allowable uses of funds under the final rule and related federal guidance, it remains unclear whether these were initially envisioned in Maryland FY22 State Budget (i.e. where LWDBs' SLFRF allocation is derived from). These limitations are discussed in more detail in subsection 5.9.

5.3 Eligible Beneficiaries of SLFRF-funded Workforce Development Activities

Aligned with the final rule and the requirements of the state of Maryland, recipients and subrecipients of SLFRF funding are permitted to support the expansion of apprenticeship and/or employment training programs targeting the following broad groups of individuals (i.e. beneficiaries) given they are automatically presumed to have been negatively economically harmed (i.e. impacted) by the public health emergency.³⁵

Individuals who want and are available to work, including those that are:



Unemployed

Unemployed, including individuals who have looked for work within the last 12 months;



Underemployed

Individuals who are employed part-time, but desire and are available for full-time employment; or individuals who are employed but are seeking new employment opportunities with greater opportunities for economic advancement.

³⁵ 31 C.F.R. § 35.6(b)(3)(ii)(A)(8). In the case of certain facilities and equipment expenditures, see also 31 C.F.R. § 35.6(b)(3)(ii)(A)(9).

This list of designated beneficiaries is explicitly identified in U.S. Treasury's final rule as being eligible to receive SLFRF-funded workforce development activities. The final rule purposefully uses terminology highlighted here that is used by the U.S. Bureau of Labor Statistics' Current Population Survey to refer, broadly, to unemployed and underemployed individuals.³⁶ These descriptions are intended to recognize unemployed and underemployed workers as broad classes of beneficiaries who are eligible to receive the services and benefit from programs supported by SLFRF funding described throughout this section. This is because these households and related individuals are presumed to have been negatively harmed, economically, by the public health emergency and related disruptions to the labor market due to their circumstances, current occupation, or level of training.³⁷

Federal guidance has further clarified that unemployed individuals include both those who lost their job during the public health emergency and related recession, as well as those who were previously unemployed and saw their job prospects decline further as a result of the public health emergency.³⁸ In recognition of the widespread workforce disruption caused by the public health emergency, federal guidance also makes clear that individuals who are currently employed but are seeking greater opportunities for economic advancement, such as higher wages or better career advancement opportunities, are also eligible to be provided the eligible services and programming supported by SLFRF funding examined throughout this guidance document.³⁹

5.4 Identifying Impacted Entities

Generally, the final rule presumes that the following additional broad categories of individuals have been negatively impacted economically by the public health emergency. This is intended to reduce the need (and burden) for recipients and subrecipients to identify and designate further classes of eligible beneficiaries as discussed in more detail within subsection 5.6. These identified impacted classes of beneficiaries also allow recipients and subrecipients to more narrowly target and deploy SLFRF funding should they elect to do so (for instance see subsection 5.7 for suggested prioritization strategies).

Taken together, the broad categories of individuals noted below are known as impacted entities. Impacted entities are simply additional groups of eligible beneficiaries the final rule automatically presumes to be eligible to receive support or derive a direct benefit from SLFRF-funded activities (i.e. apprenticeship or employment training programs and related services as permitted by HB 588). For the purposes of this guidance document, these activities must be aimed at responding to negative economic impacts these groups, composed of households and the individuals within them, have experienced as a result of the public health emergency.⁴⁰

³⁶ <https://www.bls.gov/cps/definitions.htm>. See also, Final Rule, <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, pp 4369.

³⁷ Final Rule, <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, pp 4369.

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Generally, SLFRF funds may also be used for certain qualifying small business and nonprofit organizations using similar parameters. However, given the limitations of H.B. 588's allotment of SLFRF funds to LWDBs, this guide focuses on assistance to individual households. Assistance to employers, nonprofits, and other organizations, as subrecipients or contractors insofar as they support the provision and delivery of apprenticeship and employment training programs is, however, permitted as outlined in subsection 5.10.

Households and related populations identified in the final rule as impacted entities include those that, during the covered period:⁴¹

- Experienced unemployment (as defined in subsection 2.35);
- Experienced increased food or housing insecurity;
- Qualify for the Children's Health Insurance Program (2 U.S.C. 1397aa et seq.);
- Qualify for Childcare Subsidies through the Child Care and Development Fund Program (42 U.S.C. 9857 et seq. and 42 U.S.C. 618);
- Qualify for Medicaid (2 U.S.C. 1396 et seq.);
- Are considered a low-income household (as defined in subsection 2.22); or
- Are considered a moderate-income household (as defined in subsection 2.23).

5.5 Identifying Disproportionally Impacted Entities

Importantly, the U.S. Treasury Department provides a useful tool to assist recipients and subrecipients in determining the specific income thresholds discussed throughout this section.⁴² This tool provides state-by-state and local-level income thresholds to assist in the determination of the specific Household income thresholds that meets the requirements described in subsections 2.22 (Low-income Household) and 2.23 (Moderate-income threshold).

In similar fashion, the final rule distinguishes between impacted entities and disproportionately impacted entities for the same underlying reasons (i.e. to reduce burdens on recipients and subrecipients in identifying individuals and designated classes for SLFRF eligibility). The following households and populations are identified as being disproportionately impacted (i.e. disproportionately impacted entities) by the ongoing public health emergency and related economic impacts:⁴³

- Those residing within Qualified Census Tracts (as defined in subsection 2.28);
- Those receiving services from Tribal governments;
- Low-income households and populations (as defined in subsection 2.22);
- Households that qualify for:
 - » Temporary Assistance for Needy Families (42 U.S.C. 601 et seq.);
 - » Supplemental Nutrition Assistance Program (7 U.S.C. 2011 et seq.);
 - » Free and Reduced Price School Lunch and/ or Breakfast programs (42 U.S.C. 1751 et seq. and 42 U.S.C. 1773);
 - » Medicare Part D Low-income Subsidies (42 U.S.C. 1395w-114);
 - » Supplemental Security Income (42 U.S.C. 1381 et seq.);
 - » Head Start (42 U.S.C. 9831 et seq.);
 - » Early Head Start (42 U.S.C. 9831 et seq.);
 - » Special Supplemental Nutrition Program for Women, Infants, and Children (42 U.S.C. 1786);

⁴¹ 31 C.F.R. § 35.6(b)(2)(i).

⁴² U.S. Treasury Department, "Tool for Determining Low and Moderate Income (LMI) Households," <https://home.treasury.gov/system/files/136/SLFRF-LMI-tool.xlsx>.

⁴³ 31 C.F.R. § 35.6(b)(2)(iii)(A). Please note that in addition to these designated households, the final rule identifies those residing in U.S. territories or those that are receiving services from Tribal governments as also comparably designated as disproportionately impacted. Given neither of these categories apply within the state of Maryland, both of these groups have been omitted here for clarity.

- » Section 8 Vouchers (42 U.S.C. 1437f);
- » Low-Income Home Energy Assistance Program (42 U.S.C. 8621 et seq.); or
- » Federal Pell Grants (20 U.S.C. 1070a).

Disproportionally impacted entities are potentially positioned to be made the highest priority for services when considering which beneficiaries to prioritize assistance to when using SLFRF funding. Importantly, however, this is not a requirement of the final rule. Suggestions for whether and how to prioritize the implementation of SLFRF funds is discussed further in subsection 5.7.

5.6 Identifying Additional Designated Classes

The final rule provides recipients and subrecipients additional discretion in identifying additional beneficiaries and groups of beneficiaries—known as designated classes—who would also be eligible to receive assistance from LWDBs, or their subrecipients, for the SLFRF-funded activities explored in this section. These groups or individuals include those who have not already been discussed in the previous subsections of this guidance document. This identification can be done in two ways, including individually (i.e. determining a single individual's eligibility) or as a group (i.e. designating a class of beneficiaries).

If a recipient or subrecipient elects to determine eligibility on an individual basis, they must retain documentation demonstrating the negative economic impact experienced by this person (for example: documentation of a job loss, a reduction in hours worked, proof of residence establishing they live in a QCT, an attestation that an individual has experiences housing or food insecurity etc.). Such documentation could be provided, for instance, through a self-attestation process or by providing related documentary evidence during an initial intake process at a LWDB or a related service provider.

Recipients and subrecipients can also identify wider groups of beneficiaries, known as designated classes, under the final rule. With this approach, recipients and subrecipients are only required to document that an individual falls within that designated class (i.e. they do not need to obtain additional documentation pertaining to a specific negative economic impact).

In either scenario, **recipients and subrecipients must distinguish between designated beneficiaries and classes of beneficiaries that are “impacted” and “disproportionally impacted” similar to the structure and presumptions contained in the final rule.** For example, a worker from a moderate-income household who had their hours reduced during or as a result of the public health emergency experienced a negative economic impact.⁴⁴

However, if this same person was from a low-income household then it can be presumed that they were more significantly and negatively economically harmed by the public health emergency than the wider public. The key distinction in this example is the concept of pre-existing disparities or characteristics which are unique to potential beneficiaries and groups of beneficiaries (i.e. designated classes) which distinguish them from the general public. Put more plainly, the final rule and related guidance acknowledge that, “. . . some populations experienced meaningfully more severe impacts than the general public.” Identifying these

⁴⁴ Additional discussion on concepts and standards for identifying and designating additional classes of beneficiaries can be found here: <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, Pps 4349-4350.

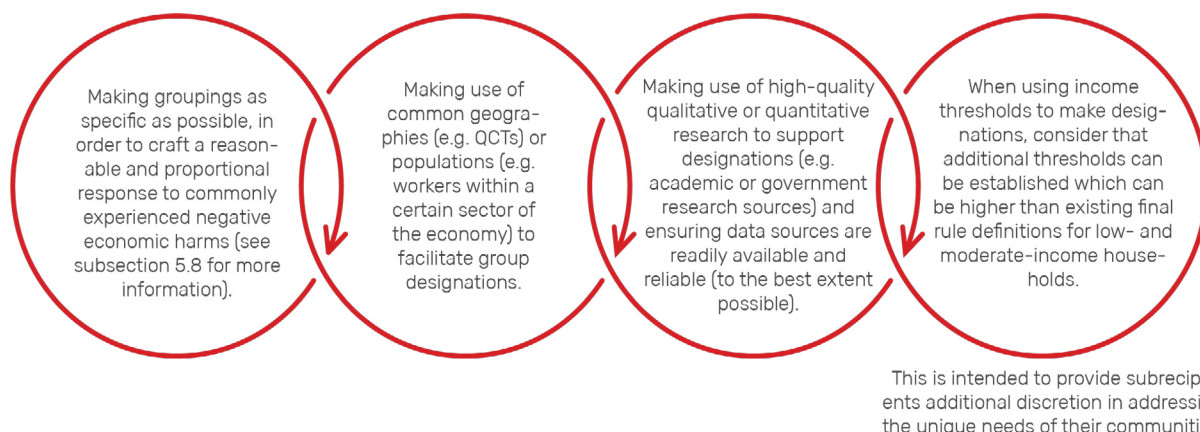
pre-existing disparities or unique characteristics commonly experienced by a group or an individual is what is most important for recipients and subrecipients to formally establish when distinguishing between a negative economic impact and a disproportional impact.

Distinguishing the level of negative economic harm experienced by a prospective beneficiary is important because it helps subrecipients determine “reasonable and proportional” responses to this identified harm. This is discussed further in subsection 5.8.

In summation, recipients and subrecipients should keep the following requirements and considerations in mind when designating new beneficiaries or classes of beneficiaries:

Checklist for Subrecipients

- ✓ Decide whether to identify individual beneficiaries or groups of beneficiaries.
- ✓ Distinguish between negative economic **impact** or **disproportional impact**, using pre-existing disparities or characteristics as a primary criterion for making this determination.
- ✓ When designating new classes of beneficiaries, consider:



- ✓ Consider making use of existing target populations used by other federal programs, such as those identified within the Workforce Innovation and Opportunity Act (e.g. populations with barriers to employment) to make designation and identification of prospective beneficiaries easier.⁴⁵

5.7 Prioritization of SLFRF-funded Services

Presumably, the final rule’s distinction between impacted and disproportionately impacted beneficiaries could be interpreted to aid recipients and subrecipients in prioritizing targeted support and services to ***those that have experienced the greatest economic harms as a consequence of the public health emergency***. This would align with the larger spirit of the ARP legislation and SLFRF program which ultimately is intended to respond to and aid in the recovery from the economic harms precipitated directly or indirectly by the public health emergency.⁴⁶

This guidance document therefore encourages subrecipients to consider developing “priority of services” procedures that describes beneficiaries and classes of beneficiaries that should

⁴⁵ These populations are identified in 29 U.S.C § 3102(24), “Individual With a Barrier to Employment.”

⁴⁶ See for instance the Regulatory Analyses section in related federal guidance: <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, Pps 4439- 4442.

be given priority consideration first in a rank-ordered fashion.⁴⁷ For instance, such a procedure could emphasize the delivery of eligible services and supports first targeting disproportionately impacted beneficiaries and, after those populations have been served or further efforts have been exhausted, impacted beneficiaries and so forth. Subrecipients are encouraged to consider whether such a prioritization strategy improves the efficacy of the SLFRF program and whether it supports efficient administration of these programs before implementing such an approach. In this way subrecipients can ensure that SLFRF funds are effectively targeting those beneficiaries that have been most impacted by the public health emergency.

Please note, however, that a prioritization strategy is not a requirement of the ARP, the final rule, nor is it mandated by HB 588. The adoption and implementation of such a priority of services procedure would therefore be completely voluntary and is left to the sole discretion of individual recipients, pass-through entities, and subrecipients making use of the SLFRF funds explored throughout this guidance document.

Significantly, the list of allowable activities in the earlier subsection 5.2 is not exhaustive.

5.8 Identifying Additional Uses of SLFRF Funding

Recipients and subrecipients can craft additional responses to identified economic harms impacting designated classes and prospective beneficiaries.⁴⁸ Guidance from the U.S. Treasury Department outlines a two-step framework for identifying additional uses of SLFRF funds beyond those listed in subsection 5.2 as outlined in Table 1.⁴⁹

Table 1

Step	1. Identify COVID-19 negative economic impact.	2. Design a response that addresses or responds to the identified negative economic impact in step 1.
Required Analysis / Justification	<ul style="list-style-type: none"> • Can identify negative economic impact to a specific beneficiary or designated class of beneficiaries. • Can also identify disproportionate impacts, or more severe impacts, to a specific beneficiary or to a designated class of beneficiaries. 	<ul style="list-style-type: none"> • Types of allowable responses can include a program, service, or certain capital expenditures (see section 5.11 for additional information on eligible capital expenditures). • Response must be related and reasonably proportional to the identified negative economic impact. • Response should also be reasonably designed to benefit impacted or disproportionately impacted beneficiary or designated class of beneficiaries.

As outlined in Table 1, subrecipients must first identify a negative economic harm (i.e. an impact) that a specific beneficiary or class of beneficiaries has experienced.

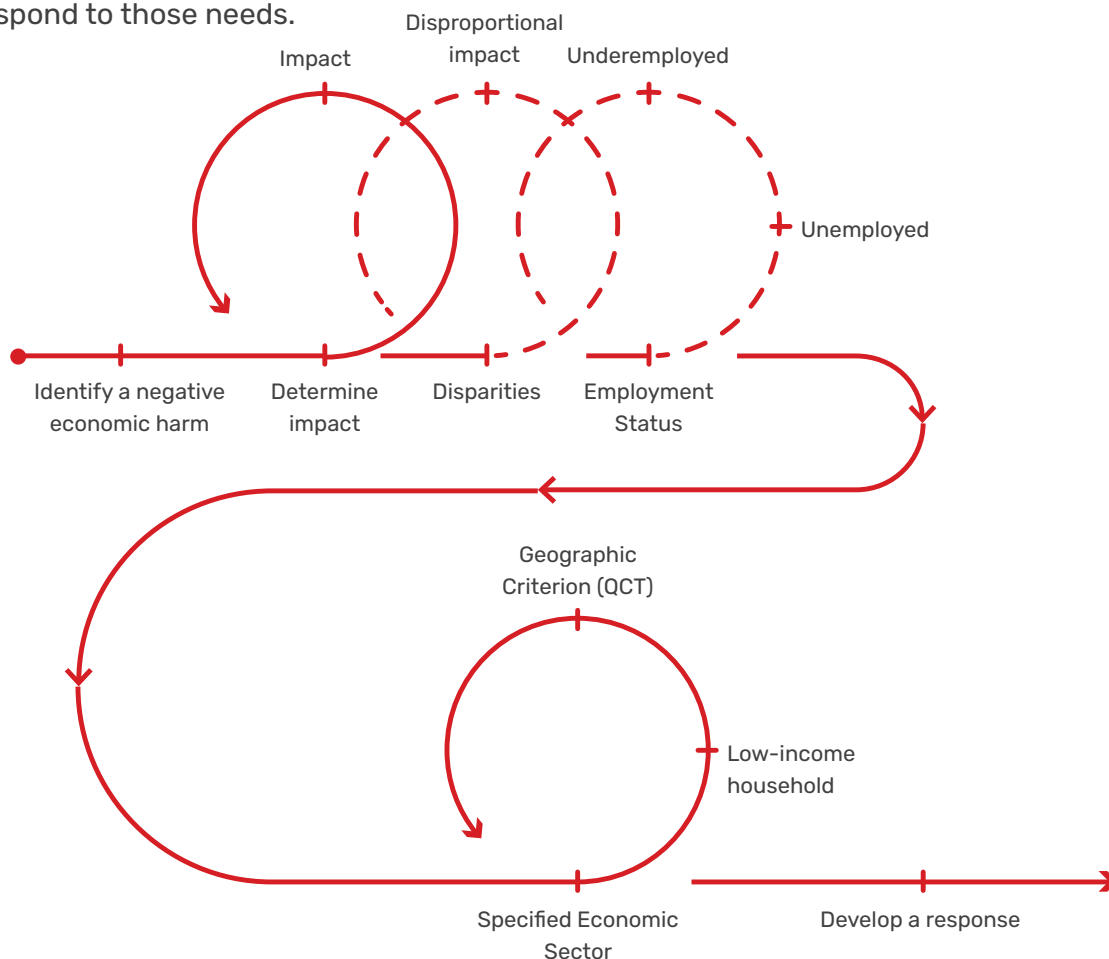
⁴⁷ See for instance the Regulatory Analyses section in related federal guidance: <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, Pps 4439-4442.

⁴⁸ <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf>. Pp 32.

⁴⁹ Please note this framework has been streamlined to focus on providing SLFRF-funded services and programming for households aligned with Maryland FY22 State Budget. This analysis and justification approach can be used to develop and subsequently justify uses of funds that go beyond the scope of this guidance document. However, these uses of funds would likely not be eligible with existing state requirements in Maryland unless affirmatively stipulated by MDDOL. Subrecipients are therefore encouraged to engage with MDDOL prior to using SLFRF funds that go beyond the immediate scope of HB 588.

For example, a subrecipient could identify a group of households who are or were formerly attached to a specific economic sector that experienced high levels of unemployment or job turnover (i.e. labor market churn). In doing so, the identified negative economic harm—in this case unemployment or a higher churn rate experienced by those employed in this sector—is shared among a potentially new designated class of beneficiaries not already identified explicitly in the final rule. This example is imperfect, however, given that this grouping is somewhat broad. As discussed in subsection 5.5, subrecipients should endeavor to make designated classes as specific as possible in order to most effectively tailor (and ultimately justify) a response to an identified economic harm. To the extent possible, subrecipients should make use of high-quality quantitative or qualitative sources of data in order to further justify a designation of additional classes of beneficiaries and to identify commonly experienced economic harms.

Taking this example one step further, a subrecipient must also determine whether this beneficiary or designated class of beneficiaries was impacted or disproportionately impacted. As discussed in subsection 5.6, this distinction—between impact and disproportional impact—largely rests on the identification of pre-existing disparities or inequalities unique to a prospective beneficiary or class of beneficiaries. In this example, subrecipients could make use of additional criteria in making an eligibility determination that would go beyond just their employment in a specified economic sector. For example, a subrecipient could identify low-income households attached to this specified economic sector or use a geographic criterion (such as a QCT) to identify a smaller subset of these households. In this example, the identified negative economic harm would be considered disproportional because low-income households or those living in QCTs are automatically presumed to be so under the final rule. Using this approach, subrecipients can more narrowly target SLFRF resources towards areas with the highest needs in their communities and tailor responses that most adequately respond to those needs.



Once a negative economic harm has been established and the level of negative economic impact has been determined, subrecipients are then empowered to develop a response to this harm and, using SLFRF funds, deliver directly or contract for programs and/or services that compose this response. Any response provided or contracted by a subrecipient must be “related” and “reasonably proportional” to the identified economic harm.⁵⁰

For instance, apprenticeship and employment training programs would be a “related” response to designated classes experiencing unemployment. This is because these programs and related services directly respond to the negative economic harm (unemployment) by responding with re-employment services. With regards to proportionality, more resource intensive forms of apprenticeship or employment training programs or related services would be more justifiable for disproportional economic harms, while less resource intensive forms of these services or programs would be more appropriate for those experiencing a less severe impact. In this way, subrecipients can not only demonstrate the proportionality of their proposed response, but also the “reasonableness” of it given the response and identified harm are roughly given similar weight in this process.

Finally, and equally as important, subrecipients should endeavor to demonstrate that whatever response is being funded using SLFRF funds is benefiting the identified beneficiary or class of beneficiaries. As discussed in this subsection, demonstrating that a response is “targeted” at addressing the negative economic harm experienced by an identified beneficiary or class of beneficiaries is the final requirement in identifying additional eligible uses of SLFRF funding as aligned to the requirements set forth by the state of Maryland. These state-level limitations are discussed in subsection 5.9. Examples of potentially allowable uses of SLFRF funding, as outlined in this section, are examined further in section 8.

5.9 State Limitations on Allowable Uses of SLFRF Funds

As aligned to the requirements of Maryland FY22 State Budget, allowable services and programming funded by SLFRF funding received from the State of Maryland must be centered on the provision of expanding apprenticeship and employment training programs unless otherwise affirmed by MDDOL. As noted elsewhere in this guidance document, the final rule provides additional flexibilities for recipients and subrecipients to identify additional uses of these funds beyond both those identified by the final rule and by the state of Maryland.⁵¹

However, given the state of Maryland allotted SLFRF funds to LWDBs specifically for the expansion of apprenticeship and employment training programs, additional uses of these resources beyond those outlined in Maryland FY22 State Budget may not currently be permitted unless otherwise affirmed or addressed by MDDOL. It is therefore strongly recommended that if an LWDB is considering a usage of these SLFRF funds falling outside of the enumerated activities outlined in HB 588, or if they suspect an activity may fall outside the intended legislative scope of HB 588, that they first consult with MDDOL before proceeding further.

⁵⁰ 31 C.F.R. § 35.6(b)(1).

⁵¹ 31 C.F.R. § 35.6(b)(1)(i) – (ii).

5.10 Determining Eligibility of Service Providers

Subrecipients of SLFRF funding have broad discretion in directly providing the eligible programs and services outlined in this section. Considerable flexibility is also afforded to subrecipients who elect to contract with or to provide grants or subawards to other entities to deliver these services to eligible beneficiaries on their behalf. As outlined in subsection 2.31, Local Workforce Development Boards (LWDBs) receiving SLFRF funded from the Maryland Department of Labor are generally considered subrecipients for the purposes of this guidance document. This is because LWDBs are carrying out the SLFRF program on behalf of the state of Maryland, with MDDOL serving as a pass-through entity delivering these resources to LWDBs for this purpose.

When LWDBs subsequently contract with other entities or enter into other forms of agreement to deliver the eligible services or programs discussed in this section, these entities may be considered either contractors or additional subrecipients. This distinction—between a contractor and a subrecipient – is left up to the initial subrecipient (i.e. the LWDB) as aligned to the requirements in 2 CFR 200.331. Distinguishing between contractors and subrecipients primarily centers on the level of autonomy granted to a prospective service provider among other criteria that should be considered when making this determination.

Generally, contractors are entities providing goods or services via a procurement contract agreed to and entered into with a subrecipient. Goods and services provided by a contractor include those that are needed to carry out eligible programs or related services authorized under the SLFRF program (for the purposes of this guidance document, this means apprenticeship or employment training programs, including eligible related services as discussed throughout this guide). Unlike the requirements discussed throughout the next subsection, contractors are not generally subject to the reporting and monitoring mandates placed on recipients and subrecipients of SLFRF. Subrecipients contracting for programs or services in this manner, however, must still ensure these funds are being used by contractors in compliance with the broader requirements outlined in this guidance document (i.e. subrecipients must ensure SLFRF funds are being used exclusively for eligible uses discussed in this document).

The final rule and related federal regulations do not stipulate specific eligibility requirements for contractors, so long as related contractual procurement efforts align to the overall SLFRF Award Terms and Conditions⁵² (applicable to direct recipients of SLFRF funding, such as the state of Maryland for the purposes of this guidance document), the Federal Uniform Guidance requirements (i.e. Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 C.F.R. § 200 which are applicable to all federal awards and grant programs including the SLFRF program), and any applicable state or local procurement, contracting, or conflict-of-interest laws and regulations.

In instances where LWDBs are providing a third-party entity with a greater degree of autonomy (for instance allowing an entity to independently determine individual or household eligibility, providing program-level decision-making authority, or other criteria outlined in 2 CFR 200.331), LWDBs could be considered pass-through entities as they are providing a

52 <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>, Pps 12-13.

subaward to another subrecipient to carry out the SLFRF program on their behalf.⁵³ This distinction is important because, among other reasons, it has implications for the monitoring and reporting requirements subrecipients and pass-through entities must adhere to as outlined in this subsection and detailed further within section 6.

The final rule and related regulation make clear that both recipients and subrecipients of SLFRF funding are permitted to “transfer” SLFRF funds to any entity to carry out eligible activities on their behalf, so long as the entity receiving this transfer of SLFRF funds (i.e. the “transferee”) complies with all related requirements outlined and discussed in this guidance document.⁵⁴ This may also include any additional requirements, beyond those outlined in the final rule and related guidance, that the subrecipient may decide to also mandate at their discretion (such as additional reporting requirements). The final rule and related federal guidance provide a non-exhaustive list of entities to which SLFRF funding may be transferred to including, but not limited to:



LWDBs that plan to use SLFRF funds in this manner must still serve an important role by providing oversight and ongoing monitoring of funding to ensure the delivery of eligible programs and services on their behalf (in this instance, the LWDBs would formally be serving as a “transferor” according to federal guidance).

Once a transfer of SLFRF funds is received, the transferee (in this instance the entity an LWDB has agreed will deliver programs or services on their behalf) is required to abide by all the requirements applicable to the subrecipient (i.e. the LWDB). Put more plainly, SLFRF funds are not only transferred to this entity to provide eligible services and programs—the requirements outlined in this guidance document pertaining to subrecipients are also passed on to the entity as well. As mentioned earlier, this includes reporting requirements outlined in the next section (section 6).

As discussed in subsection 3.1, these requirements remain in place throughout the period of performance (i.e. until all funds have been expended which, in accordance with the final rule, must occur no later than December 31, 2026). During this period of performance (also known as the covered period), LWDBs must continue to provide oversight and monitoring of the entities it has contracted with to deliver eligible services and programs on their behalf ensuring their compliance with the requirements outlined throughout this guidance document.

⁵³ This is a main point of emphasis throughout related federal guidance. See discussion of this topic here: <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, Pps 4393–4394.

⁵⁴ <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, Pp 4434.

Given LWDBs have considerable experience in contracting for workforce development services under WIOA, one potential strategy for managing procurement efforts—mostly as a contractor, but also as a subrecipient in some instances—is to make use of state or local eligible training provider lists (ETPLs) which are developed and maintained as part of this federal law. In this way, LWDBs can ensure entities contracted to provide apprenticeship and employment training programs as well as related services have been vetted prior to SLFRF funds being used for these purposes. This strategy may also aid in the subsequent monitoring of these funds, including desired outcomes reporting. Using existing strategies and approaches such as this will also assist subrecipients in ensuring they are complying with state or local procurement, contracting, or conflict-of-interest requirements not outlined in the final rule or related federal guidance.

5.11 Eligibility of Certain Capital Expenditures

Although capital expenditures are not explicitly identified in HB 588 as an enumerated use of funds, the final rule and related guidance identify such expenditures as an allowable usage of SLFRF funds. Specifically, capital expenditures that help respond to identified economic harms experienced by prospective beneficiaries are permitted in certain circumstances. The final rule and related guidance explicitly identify expenditures related to “workforce training centers” as an enumerated usage of SLFRF funds.⁵⁵ As with all SLFRF uses of funds, capital expenditures must align with federal Uniform Guidance requirements applicable to all federal awards.⁵⁶

Generally, projects costing more than \$1 million will be required to provide additional analysis, beyond that described in subsection 5.7, to justify a capital expenditure. Projects costing less than \$1 million are not required to undergo additional analysis beyond the justification framework outlined in subsection 5.7. As discussed in subsection 5.7, any capital expenditure falling within this category must be reasonably proportional to the identified economic harm and be targeted to address the harm for a specified eligible beneficiary or class of beneficiaries.⁵⁷ For instance, improvements to a job training center or one-stop facility may be permissible so long as a subrecipient can reasonably demonstrate that such an expenditure meets the requirements outlined in subsection 5.7.

Before attempting to use SLFRF funds in this fashion, it is strongly encouraged that LWDBs consult with MDDOL regarding the potential use of these resources for this purpose. Given this is not explicitly enumerated in HB 588, prior approval from MDDOL will likely be required before such projects and related expenditures can be undertaken.

⁵⁵ <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, Pp 4369.

⁵⁶ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. 2 C.F.R. § 200.

⁵⁷ Further discussion of the various requirements for capital expenditures can be found here: <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, Pps 4389-4393.200.

6. SLFRF Reporting Requirements

Recipients and subrecipients of SLFRF funding have several reporting requirements that must be adhered to in accordance with the final rule and related federal guidance when using funds to support employment training and apprenticeship programs. To address these requirements, the state of Maryland has made six reporting assurances under the category of job training to the U.S. Treasury Department as part of its Recovery Plan Performance Report submitted in the summer of 2021.⁵⁸ These six specific state-level reporting requirements are central focus of this section.

While the final rule and related guidance outline reporting and monitoring requirements that are applicable to entities other than states such as Maryland (such as cities, counties, or NEUs receiving separate tranches of SLFRF funding), these reporting requirements do not apply in the context of this guidance document. This is because the SLFRF funding examined throughout this resource is the state of Maryland's and not these separate tranches of SLFRF funding that may be available to these entities separately.⁵⁹ For example, in FY22 MDDOL awarded Prince George's County's LWDB over \$5.9 million in state SLFRF funding as part of HB 588.⁶⁰ However, the county also received nearly \$177 million in local-level SLFRF funding separate and apart from funds provided to the county's LWDB by the state.⁶¹

LWDBs are serving as subrecipients of state-level SLFRF funding for the purposes of this guidance document. This section therefore focuses on the reporting requirements likely to be required by the state of Maryland to fulfill its obligations under expenditure category EC 2.I (Job Training) –as an SLFRF funding recipient—to the U.S. Treasury Department.

Specifically, this section focuses on ensuring LWDBs and other potential subrecipients of the state-level SLFRF funding examined throughout this guidance document are capturing the necessary information needed by the state to fulfill its federal obligations for the SLFRF program. In addition, this section describes the information that could be requested by the state to fulfill requirements derived from HB 588. Additionally and where applicable, this section also discusses how subrecipients should provide the appropriate level of monitoring and oversight of SLFRF funds provided to other subrecipients when transferring funds and primarily acting as a pass-through entity.

58 Recovery Plan Performance Report - Annual Report #1 https://home.treasury.gov/system/files/136/Maryland_2021-Recovery-Plan_SLT-0958.pdf. Pp. 71. In addition, the state also reports that LWDBs receiving funding must develop "... metrics consistent with the use of funding outlined in its applications for funding." Pp. 45.

59 The final rule and related guidance permit recipients, and with their permission subrecipients, to pool, braid, or otherwise blend SLFRF funds for eligible purposes in certain circumstances. Should an LWDB elect to pursue this flexibility, additional reporting requirements will be applicable that differ from the ones examined in this section. While this flexibility is not a focal point of this guidance document, they are discussed in further detail in related federal guidance released in conjunction with the final rule here: <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, Pps 4434-4435.

60 See Appendix C for further information regarding this allocation.

61 <https://www.princegeorgescountymd.gov/4089/American-Rescue-Plan-Act>.

6.1 Distinguishing Between Recipients, Subrecipients, and Beneficiaries

Definitions for contractors, recipients, subrecipients, and beneficiaries as well as related discussion about roles and responsibilities can be found in subsections 2.3, 2.7, 2.29, 2.31, and 5.10 of this guidance document, respectively. As discussed elsewhere, LWDBs receiving SLFRF funding from the state of Maryland are generally considered to be subrecipients given they have received a subaward of the state of Maryland's SLFRF funding to carry out the SLFRF program on behalf of the state. In this way, MDDOL is acting as a pass-through entity by providing subawards to LWDBs acting as subrecipients for this purpose. The state of Maryland, in this instance, is therefore acting as the SLFRF recipient with MDDOL, acting as the State's pass-through entity, providing subawards to LWDBs to carry out the activities authorized by HB 588 on its behalf.

When LWDBs contract with or provide grants to eligible third-party entities to deliver eligible programs, services, and activities as outlined in subsections 5.2 and 5.8, these entities are then either considered subrecipients under this framework or contractors depending on the aforementioned determination made by an LWDB in alignment with 2 CFR 200.331. When LWDBs provide SLFRF funds to entities as a subaward, LWDBs are acting as the pass-through entity. The primary role of pass-through entities is to ensure subrecipients remain in compliance with all the requirements of the SLFRF funding as outlined in this guidance document.

Individuals and households receiving direct benefits from the SLFRF funding explored throughout this guidance document (i.e. apprenticeship or employment training programs and related services) are known as beneficiaries. Related federal guidance explains that if a recipient or subrecipient, ". . . is providing funds to [an] individual or entity for the purpose of directly benefitting the individual or entity as a result of experiencing a public health impact or negative economic impact of the pandemic, the individual or entity is acting as a beneficiary." For instance, if an LWDB is providing funding to an employer to provide an employment training program, the individuals who are receiving training services are the beneficiary, not the participating employer.⁶² Importantly, beneficiaries are not subject to monitoring and reporting requirements placed on recipients or subrecipients of SLFRF funding.⁶³

As noted in the previous section, it is incumbent on all subrecipients to determine the eligibility of beneficiaries in order to provide them with corresponding services and programs to respond to the identified economic harms they have experienced. Whenever making use of SLFRF funding it is important to keep these distinctions in mind as they will help determine the related reporting and monitoring requirements applicable or not applicable (as is the case for beneficiaries) to each of these entities.

Ultimately, recipients (in this instance the state of Maryland) are accountable to the U.S. Treasury Department for overseeing and ensuring that all subrecipients of the funding explored in this guidance document complies with statutory text of the SLFRF program, the

⁶² Although this is not an allowable use under HB 588, SLFRF may be provided to certain private-sector employers or nonprofits that have experienced negative economic harms themselves. In these instances, the employer or nonprofit entity would be considered the beneficiary as they are being provided a direct SLFRF-funded benefit.

⁶³ <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, Pp 4394.

SLFRF Program's Award Terms and Conditions,⁶⁴ the final rule, applicable federal statutes, regulations, and reporting requirements.⁶⁵ The remainder of this section therefore focuses on the necessary information and data that should be collected or otherwise documented by the recipient, subrecipient and any pass-through entities in order for the state of Maryland to fulfill this important obligation.

6.2 Reporting & Monitoring Collections

The primary responsibility of LWDBs serving as subrecipients for Maryland's SLFRF program is to monitor, collect, and report performance information necessary for the state to complete its "Recovery Plan Performance Report" (Performance Report). This report is required by the U.S. Treasury Department to be completed on an annual basis.⁶⁶ SLFRF Performance Reports are to be submitted by the state of Maryland, serving as the SLFRF recipient, no later than July 31 each year during the covered period. Federal SLFRF program monitoring and reporting guidance broadly directs recipients of SLFRF funding to develop and make use of both "output and outcome" measures.⁶⁷

This guidance further stipulates specific performance measures for each of the eligible use of funds categories authorized by the SLFRF program. As mentioned at the beginning of this section, all of the allowable uses of funds examined in this guidance document pertain to the "responding to negative economic impacts experienced by households" expenditure category.⁶⁸ Subrecipients should therefore give consideration to measures that will demonstrate the impact SLFRF funding has had on the workforce and, especially, the specific populations that SLFRF-funded programs and services have benefitted.⁶⁹

Generally, subrecipients of the SLFRF funding examined throughout this document should plan to collect information necessary to report on six indicators of performance, as applicable. Three of these measures are mandated federally, while the other three are required by the state of Maryland. In addition, and as will be discussed briefly at the end of this subsection, subrecipients may also collect and report on additional measures should they choose to do so. Additional reporting requirements must be developed in collaboration with MDDOL directly when a subrecipient applies for and receives SLFRF funding. As noted in Maryland's SLFRF performance report, the state has indicated that "Each LWDB is developing metrics consistent with the use of funding outlined in its application for [SLFRF] funding."⁷⁰ Presumably, this is intended to ensure that any measures a subrecipient monitors and reports on are aligned, to the greatest extent possible, to the individual projects being funded with SLFRF resources.⁷¹

64 <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>, Pp 28.

65 <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>, Pp 33.

66 <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>, Pps 28-34. These reports are to be submitted by recipients, like the state of Maryland, no later than July 31 each year during the period of performance.

67 <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>, Pp 32.

68 To do this, it is recommended that subrecipients collect demographic information of participating beneficiaries wherever possible.

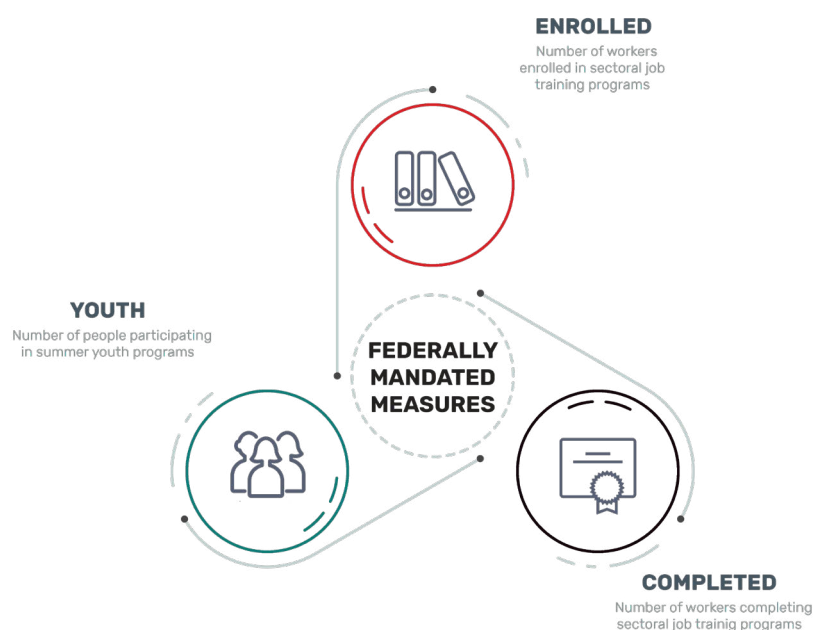
69 <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf> Pps 32-33.

70 https://home.treasury.gov/system/files/136/Maryland_2021-Recovery-Plan_SLT-0958.pdf, Pp 45.

71 In a similar vein, this is also to allow subrecipients to develop measures that are most applicable to their SLFRF-funded activities.

While the cadence of reporting this information is ultimately determined by MDDOL, subrecipients are generally advised to plan to collect and share this information on at least an annualized basis ahead of July 31 each year during the period of performance. Most significantly, MDDOL grant guidance requires that all performance information be submitted to the state within 60 days of closing out an SLFRF grant.⁷²

The three federally-required performance measures for the eligible uses of funds explored throughout this document include the following which would be reported under Expenditure Category 2 (EC 2) of the SLFRF performance report:⁷³



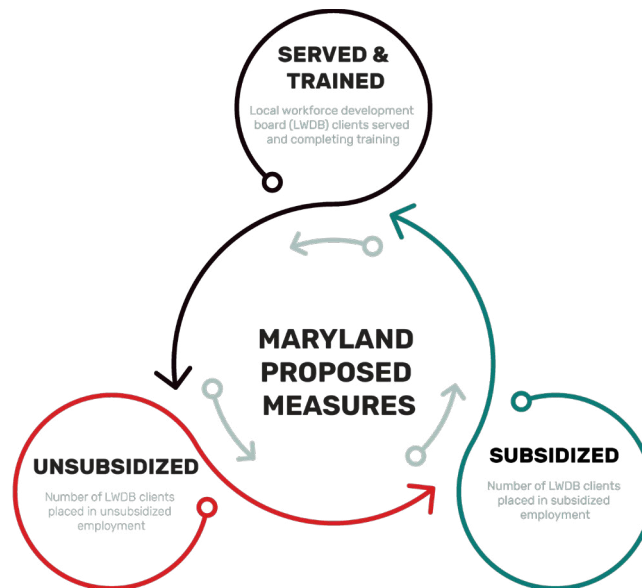
Given each SLFRF award provided to the state is pursuing a different initiative, some or all of these measures may or may not be applicable. Generally, subrecipients are advised to interpret “sectoral job training programs” to have the same general meaning as employment training programs defined in subsection 2.13. In this way, subrecipients will capture and measure the number of individuals being served by these programs as well as the number of those completing these SLFRF-funded experiences. If a subrecipient is pursuing a summer youth employment program, and has been granted permission to do so from MDDOL using the funds examined here, the subrecipient should similarly plan to report on the number of individuals participating in this type of program.

In addition to these federally-mandated measures, the state of Maryland has also proposed the following state-level measures as part of its most recent SLFRF Performance Report:⁷⁴

⁷² <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf> Pp 28.

⁷³ <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>, Pp 33.

⁷⁴ https://home.treasury.gov/system/files/136/Maryland_2021-Recovery-Plan_SLT-0958.pdf, Pp 71. Please note there are other measures in addition to those examined here proposed by the state of Maryland. However, these are clearly not applicable to LWDBs and likely are intended to relate to Community College SLFRF reporting.



Generally, subrecipients are advised to interpret the “training” component of the first measure noted above to have the same general meaning as an employment training program as defined in subsection 2.13. As with all of these six required measures, subrecipients should plan to collect data and related information on each of these measures as applicable to the project(s) the LWDB is pursuing. For instance, if a subrecipient is providing an employment training program that leads only to unsubsidized employment outcomes for eligible beneficiaries, the subrecipient should not plan to report on subsidized employment outcomes given this is not a focus of the SLFRF-funded project.

As noted elsewhere, the SLFRF funding provided to subrecipients and explored throughout this guidance document was distributed using federal WIOA allocation formulas. If desired, LWDBs are encouraged to make use of existing performance reporting and monitoring processes already used for other similar purposes whenever possible. In this way, SLFRF funding for employment training and apprenticeship programs can leverage the structures and strategies already in place under WIOA if desired. In this way, subrecipients will be able to produce output and outcome measures that support the state of Maryland’s required reporting requirements for the U.S. Treasury Department, as well as other relevant metrics that are custom and consistent with the use of SLFR funding.

In addition to these required measures, subrecipients also have the ability to track, monitor, and subsequently report on additional performance measures as agreed to with MDDOL during the initial allotment of funds.⁷⁵ As mentioned, these measures should directly relate to the SLFRF-funded projects being undertaken by a subrecipient and, to the greatest extent possible, demonstrate projects’ impact on groups of eligible beneficiaries.

75 https://home.treasury.gov/system/files/136/Maryland_2021-Recovery-Plan_SLT-0958.pdf, Pp 45.

7. Ineligible Uses of SLFRF Funding

The final rule and related federal guidance explicitly outline several ineligible uses of SLFRF funds. Broadly, these identified unallowable uses of SLFRF funds do not pertain to the activities examined in this guidance document given these activities are not likely to be pursued by LWDBs and/or are located far outside the scope of the initial state allotment of funds. Ineligible uses of SLFRF funds identified in the final rule and related guidance include:⁷⁶

- Contributions to pension funds;
- Offsetting tax revenue (i.e. using SLFRF funds to support reductions in state or local tax liabilities);
- Servicing existing debts or reserves (i.e. contributions to so-called “rainy day funds” are prohibited);
- Payments for adverse court settlements or judgments;
- Any activity that conflicts with the purpose of the ARP which aims to reduce the spread of COVID-19 (i.e. anything that would undermine public health recommendations or wider efforts to mitigate or limit the spread of COVID-19)

In addition to these explicit limitations, SLFRF recipients and subrecipients must ensure that all SLFRF-funded activities align with existing state laws and regulations (such as HB 588), the SLFRF Award Terms and Conditions⁷⁷ (applicable to direct recipients of SLFRF funding, such as the state of Maryland for the purposes of this guidance document), and the Office of Management and Budget’s Uniform Guidance (i.e. Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 C.F.R. § 200 which are applicable to all federal awards and grant programs including the SLFRF program), particularly elements regarding conflict of interest and self-dealing.

8. Program and Service Examples

The following examples of programs and services are non-exhaustive and are meant to spur further discussion regarding how your organization can most effectively meet the needs of your community. These examples were developed using this guidance document as well as programs and services implemented by other local workforce development boards using SLFRF funds across the country.

Each example adheres to the ARP SLFRF statutory uses, related federal and state regulations, and Maryland’s FY22 State Budget specifying SLFRF utilization to “...expand apprenticeship and employment training programs.” It is also assumed that participants in the examples are eligible beneficiaries, impacted entities, or another designated class in conjunction with SLFRF guidance (as described throughout section 5).

76 <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>, Pps 4422-4431.

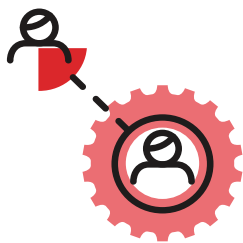
77 <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>, Pps 12-13.

The examples below are divided into two categories: Employment Training Programs and Apprenticeship Programs. Both “Employment Training Programs” and “Apprenticeship Programs” are defined in subsections 2.2 and 2.13. As mentioned elsewhere in this guidance document, supportive services are allowable uses of SLFRF funds in certain circumstances so long as they meet the related criteria outlined in subsections 2.2, 2.13, and 2.33. In a similar fashion, administrative costs as defined in subsection 2.1 are also allowable as discussed throughout this document. Finally, certain capital expenditures as discussed throughout section 5 and subsection 5.11 may be allowable uses of SLFRF funds as determined by MDDOL.

8.1 Employment Training Programs

Rapid Re-Employment

LWDB identified a large population of workers who lost their job due to the impact the



COVID-19 health emergency. Demand for workers in healthcare, manufacturing, technology, and construction are high within LWDB’s community, however, businesses cannot find workers with the necessary skill sets to fill vacancies and do not possess the financial capabilities needed to train new employees.

To create a pipeline of qualified workers and reemploy residents displaced by the public health emergency, LWDB creates a rapid

reemployment program to fill in-demand occupations with residents who possess transferable skills. Utilizing SLFRF funds, LWDB provides businesses with job vacancy grants covering a percentage of the new hire’s salary and related training costs for a three-month period.

Transportation Services



LWDB serves a rural portion of the state and public transportation is not robust. Many residents who already participate in TANF or SNAP cannot afford to buy a vehicle due to sharp nationwide price increases and the inability to qualify for a loan as a direct result of the COVID-19 pandemic. Thus, meeting the work requirements of other social programs such as TANF or SNAP remains difficult with inconsistent transportation

arrangements and participants are at risk of losing all social benefits.

LWDB creates a program called “Vehicles that Work,” in which they provide a no-interest loan (with a maximum threshold) to eligible residents. The loan requires a 50% payable portion over a two-year period with proceeds funneled back into the program to discharge more loans. Eligible beneficiaries are those defined in Section 5 of this document, are participating in a training or apprenticeship program funded through ARP, do not currently own a vehicle, possess a clean driving record, and are currently employed.

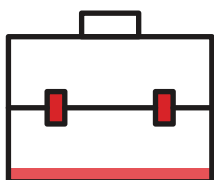
IT & Cyber Focus



The businesses in LWDB's region employ mostly workers in the professional services industries. In response to the public health emergency, many of these businesses adopted a virtual work-from-home model, investing heavily in IT and cyber infrastructure to support their company. Even as the immediate risk of pandemic-related infections subsides in the local area, local businesses largely have no plans requiring employees return to an in-person work environment.

To provide employment opportunities within these newly retooled fields, LWDB partners with an education or training provider to offer a range of IT and cyber credentialing to individuals who are seeking new employment opportunities with more potential for economic advancement. However, some participants do not possess the required technology needed to be successful in a virtual world. Thus, LWDB sets aside a percentage of program funds intended to pay for internet and technology services for individuals participating in the program.

Capital Expenditures

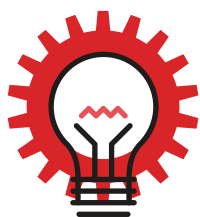


When the COVID-19 pandemic hit, LWDB had weak virtual capabilities that limited daily operations and restricted programs and services that could be provided. As the region continues a virtual trajectory, LWDB wants to upgrade IT infrastructure to include new equipment, software, and virtual programs and services development that can help them more effectively serve residents. The upgrades are estimated to cost \$300,000. According to LWDB's participant data, most serviced customers either lived within low-income households or were unemployed and looking for work during the past 12 months (most fall within the SLFRF eligibility requirements).

Even though the SLFRF final rule allows funds to be spent on certain capital expenditures, Maryland HB 588 does not explicitly identify capital expenditures as allowable. LWDB consults with MDDOL, presenting both qualitative and quantitative data demonstrating the proposed IT infrastructure, software, and virtual programs and services upgrades as reasonably proportional to the identified economic harm on LWDB's participants.

8.2 Apprenticeship Programs

Construction Apprenticeships



With the recently passed Infrastructure Investment and Jobs Act (IIJA), there has been a spike, and an anticipated future increase in demand for construction workers in LWDB's region. There is a small population residing within LWDB's region that possesses the required training to secure employment in construction.

LWDB partners with a construction registered apprenticeship program sponsor to expand the pool of qualified individuals in their area. The program is targeted towards individuals who are seeking new employment opportunities with more potential for economic advancement and prioritizes spots within the apprenticeship program for individuals who may have become unemployed due to the pandemic.

Youth Focused Apprenticeships

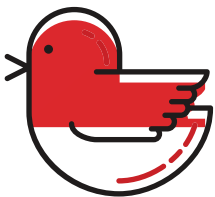


Many recent high school graduates in LWDB's region cannot go to college due to financial and family situations. These recent graduates often reside in low-income households and face generational poverty challenges, as many cannot find valuable employment due to a lack of experience and a limited pandemic labor market. Employees within the healthcare industry, who possess the necessary credentials and the domestic circumstances to work

second and third shifts have dwindled throughout the pandemic. LWDB already partners with multiple healthcare providers in their region.

To create the region's healthcare demand, LWDB leverages their existing partnerships to create and provide a registered apprenticeship program. This program will focus on individuals who have graduated high school within the last four years and reside in a low-income household. This age group is targeted specifically to fill the second and third shift demands within healthcare as they are more likely to possess scheduling flexibility. Further, the apprenticeship program will combine on-the-job training and classroom education, both bolstering the participants' employability and financial standing.

Childcare Services



An LWDB analysis showed that adult women within low-income families were less likely to return to work after the COVID-19 pandemic. Due to a large spike in demand for childcare and a declining supply of employees, the cost of childcare started to outweigh the earnings a woman with just a high school education would receive in the region. Thus, many women decided to forgo

employment to reduce financial burdens and ensure their children were supervised while at home. LWDB supports an array of apprenticeship programs that specifically target women. However, women participants have decreased since the beginning of the pandemic.

To attract more women into apprenticeship programs, LWDB offers Childcare Scholarships to any woman who is participating in an apprenticeship program and falls within the eligibility outlined by the SLFRF. These scholarships would be disbursed directly to women over a three-month period that have children enrolled with a licensed childcare provider. Further, for women just entering an apprenticeship program, services to connect them with a licensed childcare provider can be offered.

APPENDIX

Appendix A

Below are a number of relevant primary source resources that were used to develop this guide.

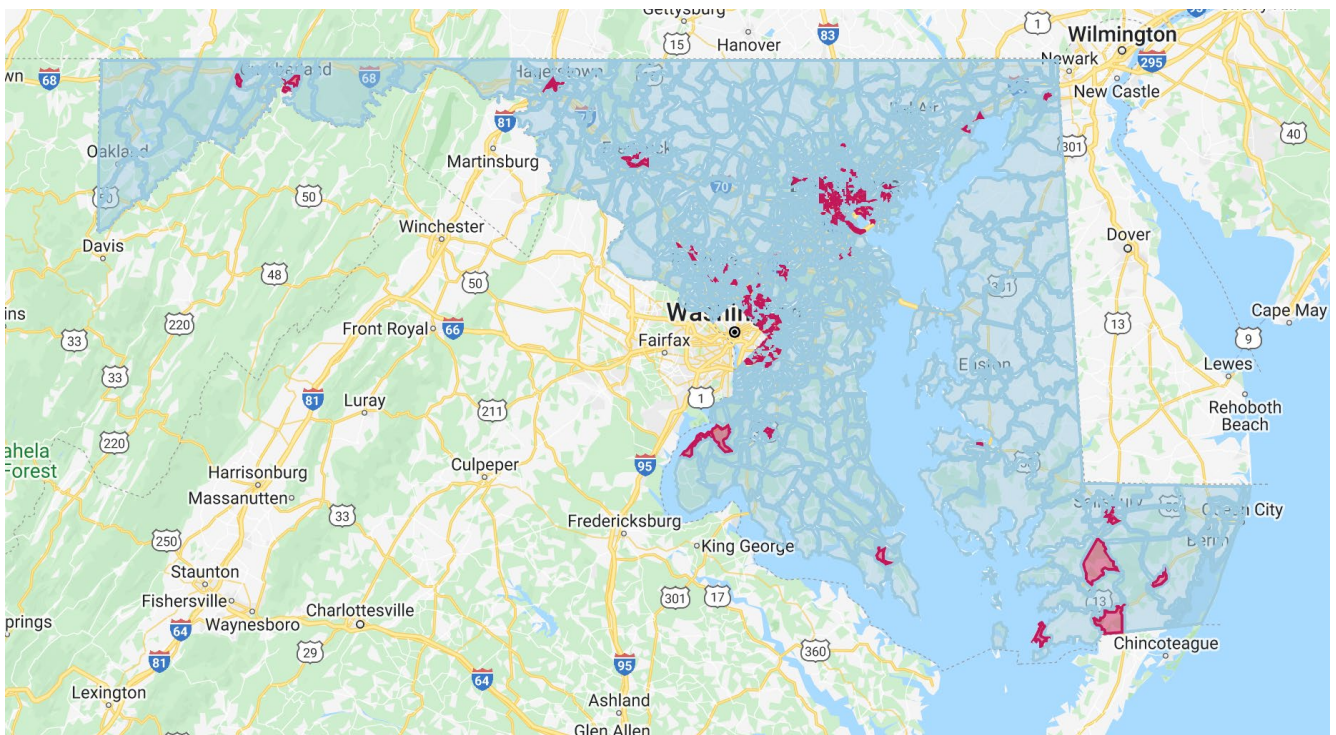
- [Interim Final Rule](#)
- [Final SLFRF Rule](#)
- [Federal Compliance & Reporting Guidance](#)
- [Federal Tool for Determining Household Income Thresholds](#)
- [Maryland HB 588](#)
- [Maryland Department of Labor GRANT Provisions](#)

Appendix B

Prince George's County is part of the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area, so all information presented here applies to all of the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area. HUD generally uses the Office of Management and Budget (OMB) area definitions in the calculation of income limit program parameters. However, to ensure that program parameters do not vary significantly due to area definition changes, HUD has used custom geographic definitions for the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area.

The Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area contains the following areas: District of Columbia, DC; Calvert County, MD; Charles County, MD; Frederick County, MD; Montgomery County, MD; Prince George's County, MD; Arlington County, VA; Clarke County, VA; Fairfax County, VA; Fauquier County, VA; Loudoun County, VA; Prince William County, VA; Spotsylvania County, VA; Stafford County, VA; Alexandria city, VA; Fairfax city, VA; Falls Church city, VA; Fredericksburg city, VA; Manassas city, VA; and Manassas Park city, VA.

See below map for QCTs for the state of Maryland.



Appendix C

MD DOL LWDB Distribution State FY22

Anne Arundel

\$2,467,500

Baltimore City

\$6,825,000

Baltimore

\$4,841,250

Carroll

\$1,263,750

Frederick

\$1,237,500

Howard

\$1,653,750

Lower Shore

\$1,950,000

Montgomery

\$4,241,250

Prince George's

\$5,943,750

Southern Maryland

\$1,638,750

Susquehanna

\$1,837,500

Upper Shore

\$1,406,250

Western Maryland

\$2,193,750

TOTAL

\$37,500,000

Source: https://home.treasury.gov/system/files/136/Maryland_2021-Recovery-Plan_SLT-0958.pdf, Pp 45.



**Prince George's County Workforce Development Board
Prince George's County American Job Center Community Network
Employ Prince George's, Inc.**

Address

1801 McCormick Drive
Suite 400
Largo, MD 20774

Phone & Fax

Phone : 301-618-8400

Online

Website : www.EmployPG.org
Website : www.PGCAJC.com



National Association of Workforce Boards

National Association of Workforce Boards

Address

1155 15th Street NW
Suite 350
Washington, DC 20005

Phone & Fax

Phone : 202-857-7900
Fax : 202-857-7955

Online

Email : nawb@nawb.org
Website : www.nawb.org