THE STATE OF TEXAS §
§ **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF FORT BEND §

NON-PROFIT PARTNERSHIP GRANT PROGRAM
FY 2021 AMERICAN RESCUE PLAN ACT (ARPA)
FUNDING AGREEMENT

This Agreement is made and entered by and between Fort Bend County, a body corporate and politic under the laws of the State of Texas, acting by and through its Commissioners Court, (“County”) and Catholic Charities of the Archdiocese of Galveston-Houston, (“Non Profit”). The Non Profit and the County may be referred to collectively as the “Parties”.

RECITALS

WHEREAS, the American Rescue Plan Act (ARPA) provides $350 billion in aid to state, local, Tribal, and territorial governments to be used for economic relief in response to the COVID-19 pandemic for “assistance to households, small businesses, and non-profits, or aid to impacted industries such as tourism, travel and hospitality;”

WHEREAS, Fort Bend County received an allocation of $157 million of which a portion has been budgeted for the non-profit partnership grant Program (“Program”);

WHEREAS, the Program funds Special Projects related to providing post COVID-19 Programs for Fort Bend residents;

WHEREAS, Non Profit applied to the Program and was approved for Program funding, as will be more fully described herein;

WHEREAS, County has determined that the Program to be provided by Non Profit serves a public purpose; and

WHEREAS, this Agreement is not for an expenditure under Texas Local Government Code Chapter 262, but an Agreement to transfer grant funds from County to a private Non- Profit entity, as specifically authorized by 42 USC 803 (b) (3) (c) (3) for the purpose of meeting ARPA’ s goals.

NOW, THEREFORE, for and in consideration of the mutual covenants, agreements and benefits to both Parties, it is agreed as follows:

I. BASIC SCOPE OF AGREEMENT

A. County shall transfer the Funds to the Non Profit subject to the terms of this Agreement.

05/31/2022 Original (e) sent to Olivia Rios / Krystle Sanchez, Purchasing

B. Non Profit accepts the Funds, all on and subject to the terms herein set forth, and the Non Profit shall manage and expend the Funds on the public purpose Project described in Exhibit "A" ("Project"). Non Profit shall make any adjustments necessary to bring the Services to be provided within the amount of funding awarded.

II. FUNDING STANDARDS

A. The following Funding Standards are hereby approved and imposed upon the Funds (the "Funding Standards"):

B. Use of Funds. Non Profit agrees to only use funding in accordance with this Agreement, the application submitted to Project (incorporated and attached as Exhibit A) and as allowed by 31 CFR Part 35 (incorporated and attached as Exhibit B).

C. Documentation of Expenditures. The Non Profit shall track and document the expenditure of the Funds in order to substantiate that the Funds were, in fact, expended only on the Project.

D. Unauthorized Expenditure of Funds. If, at any time during the term of this Agreement, the Non Profit expends any portion of the Funds for a purpose that is inconsistent with these Funding Standards (hereinafter referred to as an "Unauthorized Expenditure"), the Non Profit shall immediately reimburse the County for the entire amount of the Unauthorized Expenditure.

E. Discontinuance of Project. In the event the Non Profit ceases or otherwise discontinues the Project during the term of this Agreement or if this Agreement is otherwise terminated prior to the expiration of the term of this Agreement, the portion of any unexpended Funds shall be immediately returned to the County.

F. Federal funds. Non Profit understands and acknowledges that this Agreement may be totally or partially funded with federal funds. As a condition of receiving these funds, Non Profit represents that it is and will remain in compliance with all federal terms as stated in Exhibit C. These terms flow down to all third party contractors and their subcontracts at every tier that exceed the simplified acquisition threshold, unless a particular award term or condition specifically indicates otherwise. Non Profit shall require that these clauses shall be included in each covered transaction at any tier.

III. TERM OF AGREEMENT

Except as otherwise set forth herein, this Agreement is effective as of the date executed by both Parties and shall terminate on the sooner of the expenditure of funds or December 31, 2024 (unless sooner terminated in accordance with this Agreement).

IV. TERMINATION

If the Non Profit fails to fulfill its obligations under this Agreement in a timely and proper manner, or if the Non Profit violates any of the terms, agreements or stipulations of this Agreement, the County shall thereupon have the right to terminate this Agreement by giving written notice to the Non Profit of such termination, specifying the default or defaults, and stating that this Agreement shall be terminated 30 days after the giving of such notice unless such default or defaults are remedied within such cure period. In the event of such termination, the Non Profit shall promptly repay to the County the full amount of the Funds.

V. AMOUNT OF THE FUNDS

A. The County shall transfer and the non Profit hereby agrees to accept the Funds in the amount of Forty-five Thousand Five Hundred Seventy-six and 0/100 dollars **($45,576.00)** for performance of the public purpose Project described in the attached Exhibit "A." This is the total maximum funding the County shall have available specifically allocated to fully discharge any and all liabilities that may be incurred by the County under this Agreement.

B. The County is not obligated to provide Non Profit with any further funds beyond the amounts stated herein or provide any other sources of funding or reimbursements.

VI. COUNTY'S RIGHT TO AUDIT

A. County's Right to Audit. Non Profit shall allow inspection of all documentation and records related to its expenditure of funding by the County or the U.S. Department of Treasury upon reasonable request, and retain such for a minimum of four (4) years from the date of Non Profit's final receipt of it portion of the funding; and

B. Non Profit Reports and Independent Audit Report. Provide the County with a report which includes success meeting Project objectives, the total number of persons and agencies directly served, and the number of County citizens served.

VII. NOTICES

All notices and communications under this Agreement shall be mailed by certified mail, return receipt requested, or delivered to the following addresses:

County:	Fort Bend County Attention: County Judge 401 Jackson Street Richmond, Texas 77469
With a copy to:	Fort Bend County Attention: County Auditor 301 Jackson Street, Suite 701 Richmond, Texas 77469

Non Profit: Catholic Charities of the Archdiocese of
Galveston-Houston
2900 Louisiana St.
Houston, Texas 77006

VIII. GENERAL TERMS AND CONDITIONS

A. Interest of County Officials. No member of the governing body of the County, no officer, employee, official or agent of the County, or other local public official who exercises any functions or responsibilities in connection with the review, approval or carrying out of the Project to which this Agreement pertains, shall have any private interest, direct or indirect, in this Agreement.

B. Conflict of Interest. The Non Profit covenants that it has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of the Project to be undertaken through this Agreement. The Non Profit further covenants that in the performance of this Agreement, no person having such an interest shall be employed by the Non Profit.

C. Assignment; Successors and Assigns. The Non Profit shall not assign or transfer any interest in this Agreement without the prior written approval of the County. Any assignment made without such consent shall be void. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

D. Force Majeure. The County may, in its sole discretion, grant relief from the performance of this Agreement if the Non Profit is prevented from performance by an act of war, order of legal authority, act of God, or other unavoidable cause not attributable to the fault or negligence of the Non Profit. The burden of proof for the need of such relief shall rest upon the Non Profit. To obtain a release based on force majeure, the Non Profit shall file a written request with the County.

E. Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof, but rather this entire Agreement will be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligation of the parties shall be construed and enforced in accordance therewith. The parties acknowledge that if any provision of this Agreement is determined to be invalid or unenforceable, it is the desire and intention of each that such provision be reformed and construed in such a manner that it will, to the maximum extent practicable, give effect to the intent of this Agreement and be deemed to be validated and enforceable.

F. Illegality. If the purpose of this Agreement or if the performance of any of the terms of this Agreement is found, by a court of competent jurisdiction, to be illegal, either party may immediately terminate this Agreement. In that event, the Non Profit shall refund all of the Funds that were tendered by the County to the Non Profit prior to such finding.

<u>I. NON PROFIT SHALL INDEMNIFY AND DEFEND COUNTY AGAINST ALL LOSSES, LIABILITIES, CLAIMS, CAUSES OF ACTION, AND OTHER EXPENSES, INCLUDING REASONABLE ATTORNEYS FEES, ARISING FROM ACTIVITIES OF NON PROFIT, ITS AGENTS, SERVANTS OR EMPLOYEES, PERFORMED UNDER THIS AGREEMENT THAT RESULT FROM THE NEGLIGENT ACT, ERROR, OR OMISSION OF NON PROFIT OR ANY OF NON PROFIT'S AGENTS, SERVANTS OR EMPLOYEES.</u>

J. <u>Venue and Governing Law.</u> Each party to this Agreement hereby agrees and acknowledges that venue and jurisdiction of any suit, right, or cause of action arising out of or in connection with this Agreement shall lie exclusively in either Fort Bend County, Texas. Furthermore, except to the extent that this Agreement is governed by the laws of the United States, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas, excluding, however, its choice of law rules.

K. <u>No Third-Party Beneficiaries.</u> This Agreement is for the sole and exclusive benefit of the parties hereto and nothing in this Agreement, express or implied, is intended to confer or shall be construed as conferring upon any other person any rights, remedies or any other type or types of benefits.

L. <u>Compliance with Laws.</u> Each party to this Agreement shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals in any matter affecting the performance of this Agreement, including, without limitation, Worker's Compensation laws, salary and wage statutes and regulations, licensing laws and regulations.

M. <u>Incorporation of Exhibits.</u> All of the Exhibits referred to in this Agreement are incorporated by reference as if set forth verbatim herein.

N. <u>Construction.</u> Each party to this Agreement acknowledges that it and its counsel have reviewed this Agreement and that the normal rules of construction are not applicable and there will be no presumption that any ambiguities will be resolved against the drafting party in the interpretation of this Agreement.

O. <u>Relationship of the Parties.</u> Each party to this Agreement, in the performance of this Agreement, shall act in an individual capacity and not as agents, employees, partners, joint ventures or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other patty for any purposes whatsoever.

P. <u>No Waiver of Immunities.</u> Nothing in this Agreement shall be deemed to waive, modify or amend any legal defense available at law or in equity to County, its past or present officers, employees, or agents or employees, nor to create any legal rights or claim on behalf of any third party. County does not waive, modify, or alter to any extent whatsoever the availability of the defense of governmental immunity under the laws of the State of Texas and of the United States.

Q. No Waiver. The failure or delay of any party to enforce at any time or any period of time any of the provisions of this Agreement shall not constitute a present or future waiver of such provisions, nor the right of either party to enforce each and every provision. Furthermore, no term or provision hereof shall be deemed waived, and no breach excused unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether expressed or implied, shall not constitute consent to, waiver of or excuse for any other, different or subsequent breach.

R. Entire Agreement. This Agreement represents the entire and integrated agreement between the parties hereto and supersedes all prior negotiations, representations, or agreements, either oral or written. This Agreement may be amended only by written instrument signed by each party to this Agreement. NO OFFICIAL, EMPLOYEE, AGENT, OR REPRESENTATIVE OF THE COUNTY HAS ANY AUTHORITY, EITHER EXPRESS OR IMPLIED, TO AMEND THIS CONTRACT, EXCEPT PURSUANT TO SUCH EXPRESS AUTHORITY AS MAY BE GRANTED BY THE FORT BEND COUNTY COMMISSIONERS COURT.

S. Conflict. In the event there is a conflict between this Agreement and the attached exhibits, priority shall be given as follows (from first to last) to Exhibit B, then this document titled NON-PROFIT PARTNERSHIP GRANT PROGRAM FY 2021 AMERICAN RESCUE PLAN ACT (ARPA) FUNDING AGREEMENT AND LAST TO EXHIBIT A.

{Remainder of page intentionally left blank}

{Execution page to follow}

IX. EXECUTION

IN WITNESS WHEREOF, the Parties have executed this Agreement in multiple counterparts, each of which shall be deemed to be an original

FORT BEND COUNTY

KP George

County Judge KP George

KP George
County Judge

May 24, 2022
Date

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON-HOUSTON

Authorized Agent- Signature

Bart J. Ferrell
Authorized Agent- Printed Name

Chief Operating Officer
Title

May 13, 2022
Date

COMMISSIONERS COURT FORT BEND COUNTY, TEXAS

ATTEST:

Laura Richard

Laura Richard, County Clerk

Date: May 24, 2022

AUDITOR'S CERTIFICATE

I hereby certify that funds are available in the amount of $ 45,576.00 to accomplish and pay the obligation of Fort Bend County under the terms of this Agreement.

Robert Ed Sturdivant, Fort Bend County Auditor

Exhibit A: Project Application
Exhibit B: 31 CFR Part 35
Exhibit C: Federal Clauses

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Exhibit A:
Project Application

FORT BEND COUNTY, TEXAS
FY 2021 AMERICAN RESCUE PLAN ACT (ARPA)
NON-PROFIT PARTNERSHIP GRANT PROGRAM

Notice of Intent to Participate

APPLICATION	
Submitted by	**Entity Name:** Catholic Charities of the Archdiocese of Galveston-Houston
Project Information	**Project Title:** Drive Through Food Distributions - Carports **Total Project Costs: $** $47,975
Contact Person	**Name:** Matt Johns **Title:** Senior Development Officer **Email Address:** mjohns@CatholicCharities.org **Area Code & Telephone:** 832-278-8309

Authorized Signature	Date
Cynthia N. Colbert	March 4, 2022

Mamie George Community Center

Fort Bend Non-Profit Partnership Grant Program: FY 2021

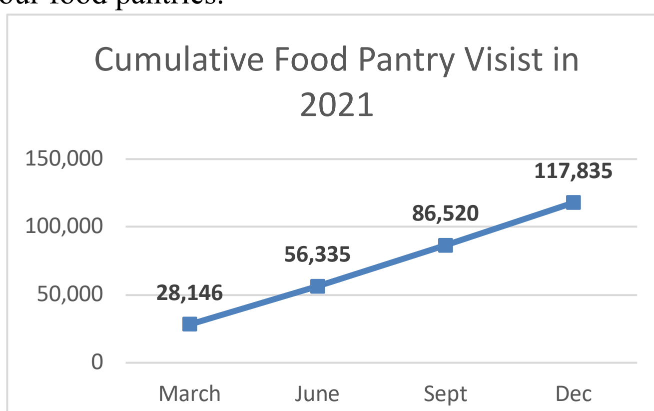
Throughout this past year, Catholic Charities has continued to provide an unprecedented level of service to people and families in need throughout the Greater Houston Area. This past year we touched the lives of nearly 400,000 individuals with our services in Fort Bend County at the Mamie George Community Center leading the way.

In addition to the ongoing pandemic, 2021 saw many ups and downs. A refugee crisis, supply chain issues, and the end of many public assistance programs brought new challenges and opportunities to our programs and clients. In response we have provided food, shelter, support, and so much more to hundreds of thousands of our most vulnerable neighbors. However, these additional challenges have only exacerbated the problems of those disproportionately impacted by financial and healthcare disparities.

Catholic Charities once again set a new service record in 2021, providing help and hope to nearly 400,000 individuals, with food remaining at the forefront of services accessed. This staggering number is testament to the incredible needs that persist in our community, and show no sign of slowing down. In fact needs have continued to increase year-over-year since the beginning of the pandemic:

	Direct Services (unduplicated)	**Outreach/Food fairs/Information** (may have duplication)	**Total** (may have duplication)
CY20	59,363	304,415	363,778
CY21	65,707	334,130	399,837

Food and financial assistance continue to be at the forefront of our efforts to combat the long-term and compounding impacts of the ongoing COVID-19 pandemic. The loss of income, wages, and savings over the past two years have left many families unable to meet their most basic needs. Families who were struggling before the pandemic are suffering more than ever, and even many families who never needed assistance before are finding themselves joining their neighbors in line at our food pantries.



The Mamie George Community Center was one of the first food distribution centers open at the start of the pandemic, and we continue to provide large-scale food distributions and direct food assistance through our food pantry today. Over the course of the past year, our agency's food pantries saw more than 117,000 visits from families experiencing hunger and hopelessness.

The vast majority of these visits occurred in Fort Bend County at the Mamie George Community Center which served as the Fort Bend service hub for the Houston Food Bank. It was the longest-running and regarded to be the most efficient operation for the Food Bank throughout the pandemic. Over 4 million pounds of food have been distributed over the last two years which is 400% of our typical distribution in that time.

The clients seeking food assistance come from many different walks of life. Some were financially stable before the pandemic but were forced to use all of their savings to stay afloat while they were unable to make an income. Most clients struggle to get by each day. We have many immigrants and low-income families who come through regularly. Single mothers frequently share their appreciation for this service which allows them to focus their limited income on their families' other immediate needs. Of course, a large population of seniors also rely on the food provided through the distributions to ensure that have healthy food to eat.

The pantry is slowly reopening to accommodate seniors and families with unique needs and are unable to go to the grocery store. However, the need for drive-through distributions continues and will continue indefinitely. We are currently making preparations for this reality. Last year, we purchased tents to shelter volunteers and the food being distributed from the elements.

This was a temporary solution, and we need a permanent way to maintain our drive-through distributions in an efficient way that ensures the safety of food, volunteers, staff, and clients. Funds from Fort Bend County's Non-Profit Partnership Grant Program will be used to purchase and install permanent carport over our drive-through food distribution area.

These carports will shelter volunteers and food daily, and will also increase work efficiency for volunteers and staff who will no longer need to set-up and take down multiple tents in the distribution area. They will also make our facility disaster-ready to serve the needs of the community in the unfortunate occasion of a natural or man-made disaster. Catholic Charities is always one of the first organizations providing immediate, emergency disaster recovery services such as food, water, and other critical supplies Having a permanent structure at our mobile distribution site will enhance our ability to serve those in need in the aftermath of a disaster.

We have seen the impact that these food distributions have on families. Catholic Charities was able to make 2021 an incredible year of service despite the many challenges faced by our clients and community. We are hopeful that 2022 will bring some resolution the ongoing pandemic, and with the help of this grant, we believe that we will be able to continue helping struggling families and seniors have access to food and be prepared to serve them in future disaster events.

PROGRAM BUDGET 2022-2023

REVENUE		
Unrestricted Donations*	$	47,975
TOTAL	**$**	**47,975**
EXPENSES		
(4) Carports (Weekly Food Drive)$8250/each plus labor	$	33,000
Carport Electrical outlets plus labor	$	14,975
TOTAL	**$**	**47,975**
SURPLUS/(DEFICIT)	**$**	**-**

*At this time there are no additional outstanding or secured grant awards or pledges for this program.
However, MGCC receives unrestricted donations that may be applied to the $33,000 balance of the program cost.

CARPORTS UNLIMITED OF TEXAS

6412 Patridge, Pearland, TX – 281-387-1989

CARPORTS • PATIO COVERS • SIDING • STORE FRONTS • FENCES • DECKS

Purchaser: Catholic Charities Address: 1111 Collins Road

City: Richmond Zip: 77469 Phone: ____________

QTY.	LENGTH	WIDTH	DESCRIPTION	UNIT PRICE		TOTAL	
4 ea	20'	30'	8" galvanized frame (14 gauge)	$8,250	.00	$33,000	.00
			5" galvanized posts (10 gauge)				
			26 gauge MBCI PBR panels; polar white sheets and trimmed with your choice of color				
			No gutter				
			Size of each build is 20' L x 30' W x 9' H				

NOTICE: PURCHASER HEREBY ASSUMES ALL RISK RESULTING FROM SEEPAGE OF WATER UNDERNEATH ANY WALL INSTALLED BY CARPORTS UNLIMITED WHERE WALL SECTIONS ARE CONTRUCTED AT ANY LOCATION ON THE SLAB OTHER THAN THE EDGE. CARPORTS UNLIMITED DOES NOT RECOMMEND THIS PRACTICE.

Materials and Labor Total Cost	$33,000.00
Deposit with Order	$16,500.00
Unpaid Balance Due upon Completion	$16,500.00

Purchaser (being all of Undersigned, jointly and severally) hereby purchases the above described property for the above price, terms and conditions from Carports Unlimited, hereinafter called "Carports Unlimited."

Remarks:

____

During the construction of this job, Carports Unlimited agrees to maintain public liability and property damage insurance covering property other than the property being purchased hereunder. This contract shall not be valid until accepted and signed by an authorized representative of Carports Unlimited who is not the sales representative. Thereafter, purchaser agrees the merchandise specified by this order to be specially manufactured for the purchaser according to the above terms. specifications. PURCHASER ACKNOWLEDGES THAT THIS CONTRACT IS COMPLETE AS WRITTEN; THAT THE SPECIFICATIONS OF THE MATERIALS AS SHOWN ABOVE ARE SATISFACTORY TO HIM AS PRESENTED; THAT THERE ARE DIFFERENT OR ADDITIONAL SPECIFICATION OR CONDITIONS CONSTITUTING ANY PART OF THIS AGREEMENT; THAT THERE ARE NO ORAL REPRESENTATIONS, CHANGES OR CONDITIONS RELIED UPON BY HIM, AND THAT THIS WRITTEN INSTRUMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN PURCHASER AND CARPORTS UNLIMITED. If this contract is cancelled by the purchaser before manufacture of materials has begun, purchaser agrees to pay Carports Unlimited 25% of the total contract price in compensation for services rendered to date.

After the manufacture of the materials has begun, the entire contract shall be due and payable by Purchaser. Any payment not made when due will be subject to a later charge of 25¢ per one dollar, per day. IN WITNESS WHEREOF, the parties have hereunto signed the names this day of ____________________.

Sales Representative ____________________ Signed ____________________

Purchaser

This order is not valid until accepted by an official of Carports Unlimited who is not the sales representative. If rejection is not communicated to Purchaser within 72 hours, Carports Unlimited shall be conclusively presumed to have accepted this contract. Carports Unlimited:
Accepted by:

____

The following notice of right of cancellation applied only to home solicitation transactions and not to over the counter sales:
*YOU THE BUYER, MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS TRANSACTION.

Signed ____________________

Purchaser

*All warranties on the products sold hereby are limited to those set out on the reverse side of this contract.
*The Seller Carports Unlimited hereby expressly disclaims all other warranties, either express or implied, including any implied warranty of merchandise or fitness for a particular purpose, and Carports Unlimited neither assumes nor authorizes any person to assume for it any liability in connection with the sale of said products.
*I have carefully read and agree to all terms set out above and on the reverse side of this contract.

Signed ____________________

Purchaser

Signed ____________________

Purchaser

DO NOT WRITE BELOW THIS LINE

Date Application Phoned to Bank ____________________ Date Approved ____________________

Date Ordered from Factory ____________________ Date Received from Factory ____________________

PROPOSAL

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Acceptance of Proposal -

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: FDJ>GPMB ______________________________

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Catholic Charities of the Archdiocese of Galveston Houston

Compliance Statement

Catholic Charities receives and manages government and private grants valued in excess of $40,000,000 annually. The organization utilizes Efforts to Outcomes social services database to track and report on client service numbers and outcomes.

The Quality and Compliance department regularly reviews and audits case files, compliance and reporting requirements, and ensures accurate tracking of client services. The Finance department utilized Financial Edge accounting software to track revenue and expenses for all grants and contracts, and has dedicated staff for grant expenditures and financial compliance.

The agency undergoes an annual independent audit to ensure that our financials are reliable, transparent, and in compliance with our funding contracts. Catholic Charities has a long history and extensive experience with grant compliance requirements and maintains related policies and procedures.

Catholic Charities is actively in compliance with 2 CPF 200 as is demonstrated through our annual single audit. Because we are a recipient of more than $750k annually from the federal government, our external auditors regularly test our programs each year to ensure we are in compliance. The agency is currently classified as a “low-risk” auditee in this area indicating that we have not had any findings of non-compliance in more than two years.

Internal Revenue Service

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Date: October 31, 2006

Person to Contact:
Richard E. Owens 31-07974
Customer Service Representative
Toll Free Telephone Number:
877-829-5500
Federal Identification Number:
74-1109733
Group Exemption Number:
0928

CATHOLIC CHARITIES OF THE DIOCESE OF
GALVESTON-HOUSTON
2900 LOUISIANA ST
HOUSTON TX 77006-3435 005

Dear Sir or Madam:

This is in response to your request of October 31, 2006 regarding your organization's tax-exempt status.

Our records indicate your organization is exempt under section 501(c)(3) of the Internal Revenue Code. Your organization is included in the group ruling issued to the United States Conference of Catholic Bishops, which is not a private foundation within the meaning of 509(a) of the Code because it is described in sections 509(a)(1) and 170(b)(1)(A)(i).

The United States Conference of Catholic Bishops is listed in Publication 78. Donors may deduct contributions to your organization under section 170 of the code.

As your organization is included in a group ruling, there is not an individual exemption letter for it. The group exemption letter applies to all of the subordinate organizations on whose behalf the United States Conference of Catholic Bishops has applied for recognition of exemption. If you want a copy of the group exemption letter, please contact your central organization.

If you are operating an educational organization that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on, you are required to file Form 5578, *Annual Certification of Racial Nondiscrimination for a Private School Exempt From Federal Income Tax.* Form 5578 is due annually by the 15th day of the 5th month following the end of the organization's accounting period.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

Janna K. Skufca

Janna K. Skufca, Director, TE/GE
Customer Account Services

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: November 2, 2020

Person to Contact:
R. Meyer ID# 0110429
Toll Free Telephone Number:
877-829-5500

United States Conference of Catholic Bishops
3211 4th Street, NE
Washington, DC 20017-1194

Group Exemption Number:
0928

Dear Sir/Madam:

This responds to your July 23, 2020, request for information regarding the status of your group tax exemption.

Our records indicate that you were issued a determination letter in March 1946, that you are currently exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, and are not a private foundation within the meaning of section 509(a) of the Code because you are described in sections 509(a)(1) and 170(b)(1)(A)(i).

With your request, you provided a copy of the *Official Catholic Directory for 2020*, which includes the names and addresses of the agencies and instrumentalities and the educational, charitable, and religious institutions operated by the Roman Catholic Church in the United States, its territories, and possessions that are subordinate organizations under your group tax exemption. Your request indicated that each subordinate organization is a non-profit organization, that no part of the net earnings thereof inures to the benefit of any individual, and that no substantial part of their activities is for promotion of legislation. You have further represented that none of your subordinate organizations is a private foundation under section 509(a), although all subordinates do not all share the same sub-classification under section 509(a). Based on your representations, the subordinate organizations in the *Official Catholic Directory for 2020* are recognized as exempt under section 501(c)(3) of the Code under GEN 0928.

Donors may deduct contributions to you and your subordinate organizations as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to them or for their use are deductible for federal estate and gifts tax purposes if they meet the applicable provisions of section 2055, 2106, and 2522 of the Code.

Subordinate organizations under a group exemption do not receive individual exemption letters. Subordinate organizations are not listed in Tax Exempt Organization Search (Pub 78 data), and many are not listed in the Exempt Organizations Business Master

File extract, or EO BMF. Donors may verify that a subordinate organization is included in your group exemption by consulting the *Official Catholic Directory*, the official subordinate listing approved by you, or by contacting you directly. IRS does not verify the inclusion of subordinate organizations under your group exemption. *See* IRS Publication 4573, *Group Exemption*, for additional information about group exemptions.

Each subordinate organization covered in a group exemption should have its own EIN. Each subordinate organization must use its own EIN, not the EIN of the central organization, in all filings with IRS.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

stephen a. martin

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

·ALABAMA·COLORADO·ARIZONA·MAINE·TEXAS·UTAH·ALASKA·GEORGIA·DELAWARE·ILLINOIS·KANSAS·NORTH CAROLINA·OREGON·NEBRASKA·KENTUCKY

·IOWA·LOUISIANA·WISCONSIN·TENNESSEE·IDAHO·NEW HAMPSHIRE·NEW JERSEY·NEW MEXICO·CONNECTICUT·FLORIDA·MASSACHUSETTS

1817 2020

The Official Catholic Directory

Anno Domini 2020

Published Annually by

P. J. Kenedy & Sons

·INDIANA·OKLAHOMA·RHODE ISLAND·MONTANA·

·HAWAII·WASHINGTON·VIRGINIA·VERMONT·WYOMING·OHIO·

CALIFORNIA·MICHIGAN·MINNESOTA·MISSISSIPPI·MISSOURI·WEST VIRGINIA·NEW YORK·NEVADA

NORTH DAKOTA·PENNSYLVANIA·SOUTH CAROLINA·SOUTH DAKOTA·MARYLAND·ARKANSAS

Archdiocese of Galveston-Houston

(Archidioecesis Galvestoniensis Houstoniensis)

His Eminence

DANIEL CARDINAL DINARDO

Archbishop of Galveston-Houston; ordained July 16, 1977; appointed Coadjutor Bishop of Sioux City August 19, 1997; consecrated October 7, 1997; appointed Bishop of Sioux City November 28, 1998; appointed Coadjutor Bishop of Galveston-Houston January 16, 2004; installed March 26, 2004; appointed Coadjutor Archbishop December 29, 2004; succeeded to the See February 28, 2006; elevated to Cardinal November 24, 2007. *Mailing Address: P.O. Box 907, Houston, TX 77001-0907.* Tel: 713-659-5461.

Chancery Office: P.O. Box 907, Houston, TX 77001-0907. Tel: 713-659-5461; Fax: 713-759-9151.

Most Reverend

JOSEPH A. FIORENZA, D.D.

Retired Archbishop of Galveston-Houston; ordained May 29, 1954; appointed Bishop of San Angelo September 4, 1979; consecrated and installed October 25, 1979; appointed Bishop of Galveston-Houston December 18, 1984; installed February 18, 1985; appointed Archbishop December 29, 2004; retired February 28, 2006. *Mailing Address: P.O. Box 907, Houston, TX 77001-0907.* Tel: 713-659-5461.

Most Reverend

GEORGE A. SHELTZ

Auxiliary Bishop of Galveston-Houston; ordained May 15, 1971; appointed Auxiliary Bishop of Galveston-Houston February 21, 2012; ordained May 2, 2012. *Mailing Address: P.O. Box 907, Houston, TX 77001-0907.* Tel: 713-659-5461.

Most Reverend

VINCENT M. RIZZOTTO, J.C.L.

Retired Auxiliary Bishop of Galveston-Houston; ordained May 26, 1956; appointed Auxiliary Bishop of Galveston-Houston June 22, 2001; ordained July 31, 2001; retired November 6, 2006.

ESTABLISHED IN 1847.

Square Miles 8,880.

Redesignated Diocese of Galveston-Houston on July 25, 1959; created Archdiocese December 29, 2004.

Comprises the Counties of Austin, Brazoria, Fort Bend, Galveston, Grimes, Harris, Montgomery, San Jacinto, Walker and Waller in the State of Texas.

For legal titles of parishes and archdiocesan institutions, consult the Chancery Office.

STATISTICAL OVERVIEW

Personnel	
Cardinals	1
Retired Archbishops	1
Auxiliary Bishops	1
Retired Bishops	1
Priests: Diocesan Active in Diocese	145
Priests: Diocesan Active Outside Diocese	1
Priests: Diocesan in Foreign Missions	1
Priests: Retired, Sick or Absent	49
Number of Diocesan Priests	196
Religious Priests in Diocese	195
Total Priests in Diocese	391
Extern Priests in Diocese	33
Ordinations:	
Diocesan Priests	7
Transitional Deacons	3
Permanent Deacons	42
Permanent Deacons in Diocese	376
Total Brothers	11
Total Sisters	395
Parishes	
Parishes	146
With Resident Pastor:	
Resident Diocesan Priests	100
Resident Religious Priests	42
Without Resident Pastor:	
Administered by Priests	3
Missions	7
Welfare	
Health Care Centers	8
Total Assisted	119,082
Homes for the Aged	4
Total Assisted	510
Residential Care of Children	5
Total Assisted	1,117
Specialized Homes	5
Total Assisted	6,032
Special Centers for Social Services	10
Total Assisted	96,930
Educational	
Seminaries, Diocesan	1
Students from This Diocese	19
Students from Other Diocese	44
Diocesan Students in Other Seminaries	17
Seminaries, Religious	5
Students Religious	5
Total Seminarians	41
Colleges and Universities	1
Total Students	3,523
High Schools, Private	10
Total Students	5,294
Elementary Schools, Diocesan and Parish	43
Total Students	11,058
Elementary Schools, Private	5
Total Students	1,923
Catechesis/Religious Education:	
High School Students	18,463
Elementary Students	56,540
Total Students under Catholic Instruction	96,842
Teachers in the Diocese:	
Priests	11
Brothers	1
Sisters	26
Lay Teachers	1,802
Vital Statistics	
Receptions into the Church:	
Infant Baptism Totals	8,532
Minor Baptism Totals	8,482
Adult Baptism Totals	3,204
Received into Full Communion	1,735
First Communions	18,978
Confirmations	13,766
Marriages:	
Catholic	2,536
Interfaith	582
Total Marriages	3,118
Deaths	3,793
Total Catholic Population	1,700,000
Total Population	7,247,207

Former Bishops—Rt. Revs. J. M. ODIN, C.M., D.D., ordained May 4, 1823; cons. Bishop of Claudiopolis and Vicar-Apostolic of Texas, March 6, 1842; transferred to Galveston 1847; promoted to New Orleans in 1861; died in Ambierle, France, May 25, 1870; C. M. DUBUIS, D.D., ordained June 1, 1844; cons. Nov. 23, 1862; resigned 1881; remained Titular Bishop of Galveston till 1892, when he was promoted to an Archbishopric i.p.i.; died May 21, 1895; at Vernaison, France; P. DUFAL, C.S.C., D.D., ordained Sept. 29, 1852; cons. Nov. 25, 1860; Bishop of Delcon, and Vicar-Apostolic of Eastern Bengal; transferred to Galveston; as Coadjutor of Rt. Rev. C. M. Dubuis, cum jure successionis, May 14, 1878; resigned 1880; died in Paris 1898; NICHOLAS A. GALLAGHER, D.D., ordained Dec. 25, 1868; consecrated Titular Bishop of Canopus, April 30, 1882; succeeded to Galveston, Dec. 16, 1892; died Jan. 21, 1918; Most Revs. CHRISTOPHER E. BYRNE, D.D., appt. July 18, 1918; cons. Nov. 10, 1918; made Assistant at the Pontifical Throne, May 8, 1941; died April 1, 1950; WENDELIN J. NOLD, S.T.D., appt. Nov. 29, 1947; consecrated Feb. 25, 1948; died Oct. 1, 1981; JOHN L. MORKOVSKY, S.T.D., ord. Dec. 5, 1933; Titular Bishop of Hieron and Auxiliary Bishop of Amarillo; appt. Dec. 22, 1955; cons. Feb. 22, 1956; succeeded to See Aug. 18, 1958; transferred to Galveston-Houston as Titular Bishop of Tigava and Coadjutor and Apostolic Administrator "cum jure successionis" April 1963; installed June 11, 1963; succeeded to the See of Galveston-Houston, April 22, 1975; retired Aug. 16, 1984; died March 24, 1990; JOSEPH A. FIORENZA, ord. May 29, 1954; appt. Bishop of San Angelo Sept. 4, 1979; cons. and installed Oct. 25, 1979; appt. Bishop of Galveston-Houston Dec. 18, 1984; installed Feb. 18, 1985; appt. Archbishop Dec. 29, 2004; retired Feb. 28, 2006.

Chancery Office—1700 San Jacinto St., Houston, 77002-8291. Mailing Address: P.O. Box 907, Houston, 77001-0907. Tel: 713-659-5461;
Fax: 713-759-9151. Office Hours: Mon.-Fri. 8:30-4:30.

Chancellor and Moderator of the Curia—Most Rev. GEORGE A. SHELTZ, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Vice Chancellor and Associate General Counsel—MS. CHRISTINA DEAJON, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Vicar General—Most Rev. GEORGE A. SHELTZ.

Personal Secretary to the Office of the Cardinal—Rev. JEFFERY BAME.

Vicar for Clergy—Rev. ITALO DELL`ORO, C.R.S., Tel: 713-652-8241.

Ethnic Vicars—Rev. REGINALD W. SAMUELS, Vicar, African American Catholics; VACANT, Vicar, Hispanic Catholics; Revs. THU NGOC NGUYEN, J.C.L.; EDMUND P. EDUARTE, Vicar of Filipino Catholics.

Vicar for Religious—2403 Holcombe, Houston, 77021. Tel: 713-741-8733. Sr. FRANCESCA KEARNS, C.C.V.I.

Episcopal Vicars and Deans—

Central Vicariate—Revs. ALBERT ZANATTA, C.R.S., Episcopal Vicar, Tel: 281-447-6381; PAUL G. FELIX, V.F., Central Deanery, Tel: 713-222-2289; MIGUEL A. SOLORZANO, Northeast Deanery, Tel: 713-692-6303; J. ABELARDO COBOS, Southeast Deanery, Tel: 713-645-6673.

Northern Vicariate—Revs. NORBERT J. MADUZIA JR., D.Min., Tel: 281-370-3401; PHILIP A. WILHITE, S.T.L., Northern Deanery, Tel: 936-756-8186; TERENCE P. BRINKMAN, S.T.D., V.F., Eastern Deanery, Tel: 281-837-8180; THOMAS F. RAFFERTY, V.F., San Jacinto Deanery, Tel: 281-296-2800.

Southern Vicariate—Revs. HOWARD E. DRABEK, E.V., Episcopal Vicar, Tel: 281-332-3031; CHACKO PUTHUMAYIL, V.F., Galveston-Mainland Deanery, Tel: 409-938-7000; WENCIL C. PAVLOVSKY, V.F., Bay Area Deanery, Tel: 281-333-3891; JOHN KARE TAOSAN, V.F., Southern Deanery, Tel: 281-331-3751.

Western Vicariate—Rev. Msgr. DANIEL L. SCHEEL, Episcopal Vicar, Tel: 713-468-9555; Rev. JOHN E. CAHOON, J.C.L., V.F., Western Deanery, Tel: 281-778-0400; Rev. Msgr. BILL YOUNG, V.F., Southwest Deanery, Tel: 713-667-9111; Revs. SEAN P. HORRIGAN, V.F., Northwest Deanery, Tel: 281-469-5533; ERIC J. PITRE, M.Div., V.F., Bluebonnet Deanery, Tel: 979-885-3868.

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Secretariat For Administration—Most Rev. GEORGE A. SHELTZ, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Secretariat For Clergy Formation and Chaplaincy Services—Rev. ITALO DELL'ORO, C.R.S., 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

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Secretariat For Finance—1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461. MR. AAD DE LANGE, Dir.

Secretariat For Pastoral and Educational Ministries—MR. JIM BARRETTE, Dir., 2403 Holcombe, Houston, 77021-2098. Tel: 713-741-8786.

Secretariat for Catholic Schools—DEBRA HANEY, Supt., 2403 Holcombe Blvd., Houston, 77021. Tel: 713-741-8704.

Secretariat for Social Concerns—VACANT, Dir., 2403 Holcombe, Houston, 77021-2098. Tel: 713-741-8769.

Tribunal Judicial—

Metropolitan Tribunal—Rev. R. LUCIEN (LUKE) MILLETTE, J.C.L., Judicial Vicar. Mailing Address: P.O. Box 907, Houston, 77001-0907. Tel: 713-807-9286; Fax: 713-807-9296; Email: tribunal@archgh.org.

Adjutant Judicial Vicar—Rev. RICHARD A. WAHL, C.S.B., J.C.L., Mailing Address: P.O. Box 907, Houston, 77001-0907. Tel: 713-807-9286; Fax: 713-807-9296; Email: tribunal@archgh.org.

Director of the Tribunal—MS. ANNE BRYANT, J.C.L.

Archdiocesan Judges—Revs. TRUNG V. NGUYEN, J.C.L.; THU NGOC NGUYEN, J.C.L.; Very Rev. LAWRENCE W. JOZWIAK, J.C.L.; Rev. RICHARD A. WAHL, C.S.B., J.C.L.; MS. ANNE BRYANT, J.C.L.

Promoter of Justice—Rev. JOHN E. CAHOON, J.C.L., V.F.

Defenders of the Bond—Revs. EDWIN A. COREAS, J.C.L.; JOSE ISIDORE GARCIA, O.M.I., J.C.L.; RYAN FITZGERALD, J.C.L.

Archdiocesan Councils, Commissions and Committees

Archdiocesan Presbyteral Council—1700 San Jacinto St., Houston, 77002-8291.

Presbyteral Council—His Eminence DANIEL CARDINAL DINARDO, D.D., S.T.L., Pres. Ex Officio Members: Most Rev. GEORGE A. SHELTZ, Vicar Gen.; Rev. ITALO DELL'ORO, C.R.S., Vicar for Clergy & Dir. Secretariat for Clergy. Appointees: Revs. HOWARD E. DRABEK, E.V.; ALBERT ZANATTA, C.R.S.; Rev. Msgrs. DANIEL L. SCHEEL; CHESTER L. BORSKI; Rev. NORBERT J. MADUZIA JR., D.Min. Elected Members: Revs. JOHN ROONEY, Educational; JOSEPH BARBIERI, C.P., Spiritual/ Administrative. Area Representatives: Revs. PHILIP A. WILHITE, S.T.L., Northern, Western and Bluebonnet; JUDE E. EZUMA, Galveston-Mainland and Southern; REGINALD W. SAMUELS, Bay Area and Southeast; SEAN P. HORRIGAN, Southwest and Northwest; FELIX I. OSASONA, M.S.P., Eastern and San Jacinto; JOSE CARMEN HERNANDEZ-ANGULO, C.S., Central and Northeast.

College of Consultors—Rev. Msgr. DANIEL L. SCHEEL; Most Rev. GEORGE A. SHELTZ; Rev. Msgr. CHESTER L. BORSKI; Revs. NORBERT J. MADUZIA JR., D.Min.; ALBERT ZANATTA, C.R.S.; HOWARD E. DRABEK, E.V.

Priests Personnel Committee—His Eminence DANIEL CARDINAL DINARDO, D.D., S.T.L.; Most Rev. GEORGE A. SHELTZ; Revs. ITALO DELL'ORO, C.R.S., Chairperson, Tel: 713-659-5461, Ext. 6241 ; FRANCIS M. MACATANGAY; EUREL MANZANO; DAT HOANG; PHIL (SKIP) NEGLEY, M.S.; PHILIP A. WILHITE, S.T.L.; RICHARD R. HINKLEY.

Building and Planning Commission—Rev. NORBERT J. MADUZIA JR., D.Min.; Most Rev. GEORGE A. SHELTZ; MS. CHRISTINA DEAJON; Rev. Msgr. WILLIAM L. YOUNG; DEANNA ENNIS; LETICIA RODRIGUEZ; MR. STEVE FAUGHT, Chm., 2403 Holcombe Blvd., Houston, 77021. Tel: 713-652-4456.

Ecumenism and Interreligious Affairs Commission—Rev. ORRIN HALEPESKA, Chm., c/o Holy Rosary Church, Rosenberg, 1416 George St., Rosenberg, 77471-3198. Tel: 281-342-3089.

Liturgical Commission—Rev. RICHARD R. HINKLEY, Chm., 625 Nottingham Oaks Tr., Houston, 77079. Tel: 281-497-1500.

Secretariat for Administration—Most Rev. GEORGE A. SHELTZ, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Archives and Current Records—MS. LISA MAY, Dir., 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Catholic Cemeteries—Gulf Fwy. at Hughes Rd., P.O. Box 965, Dickinson, 77539. Tel: 281-337-1641; Tel: 409-948-1455. MR. RAYMOND ALBRECHT, Dir.

Construction/Preventative Maintenance—MR. STEVE FAUGHT, Dir.; DEANNA ENNIS, Assoc. Dir. Preventive Maintenance, 2403 Holcombe Blvd., Houston, 77021. Tel: 713-652-4456.

Information Services—MR. RORY MURPHY, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Internal Auditor—MS. MARGARET THOMPSON, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Legal Services—MR. FRANK RYND, Dir., Gen. Counsel, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Real Estate—MR. KEN SYKES, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Human Resources—CHARLIE PAVLOVSKY, Dir., 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Secretariat for Clergy Formation and Chaplaincy Services—Rev. ITALO DELL'ORO, C.R.S., 1700 San Jacinto St., Houston, 77002-8291. Mailing Address: P.O. Box 907, Houston, 77001-0907. Tel: 713-659-5461.

Apostleship of the Sea (Port Ministry)—Revs. JAN KUBISA; CARLOS V. DE LA TORRE, Mailing Address: Houston International Seaman's Center, P.O. Box 9506, Houston, 77261. Tel: 713-672-0511; Tel: 713-923-5843; MRS. KAREN PARSONS, Galveston, P.O. Box 2742, League City, 77574. Tel: 409-762-0026; Fax: 409-762-1436.

Catholic Chaplain Corps (Hospital Chaplains)—4206 MacGregor Way S., Houston, 77021-1598. Tel: 713-747-8445. DENICK FOOSE.

Catholic Relief Services—MRS. HILDA OCHOA, Dir., 1700 San Jacinto St., Houston, 77002-8921. Tel: 713-659-5461.

Correctional Ministries (Jail Chaplains)—(Chaplain Office at Harris County Jail) *Office and Mailing Address: 2403 E. Holcombe, Houston, 77021-2098.* Tel: 713-741-8745; Tel: 713-755-5326 (Jail).

Director of Ministry to Priests—Rev. PHIL (SKIP) NEGLEY, M.S., 1700 San Jacinto St., Houston, 77002-8921. Tel: 713-659-5461.

Diaconal Formation/Diaconal Ministry—9845 Memorial Dr., Houston, 77024. Deacons PHILLIP JACKSON, Dir. Office of Diaconate, Tel: 713-686-4345, Ext. 268; DOMINIC ROMAGUERA, Dir. Diaconate Admission & Scrutinies, Tel: 713-686-4345, Ext. 419; GEORGE SILVA, Dir. Diaconate Formation, Tel: 713-686-4345, Ext. 240.

Mission Office—MS. HILDA OCHOA, Dir., 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461. Holy Childhood, Propagation of the Faith.

Seminarian Support—1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461. Rev. RICHARD MCNEILLIE, Dir.

Vocations Office—1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461. Rev. RICHARD MCNEILLIE, Dir.

Secretariat for Communication—JONAH DYCUS, Dir., 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Radio—MRS. MADELINE JOHNSON, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Texas Catholic Herald—REBECCA TORRELLAS, Editor, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461; Fax: 713-659-3444.

Secretariat for Finance—1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461. MR. AAD DE LANGE, Dir.

Accounting Department—ROSE MICHALEC, Controller, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Development Office—1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461. MICHAEL SCHILLACI, Dir.

Insurance & Risk Manager—J. KIRK JENINGS, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.

Claims Risk Manager—1700 San Jacinto St., Houston, 77002-8291. Tel: 713-652-4469; Tel: 800-856-4040; Fax: 713-739-0214. ANDREW RAUSCH, Dir.

Parish Accounting Services (PAS)—1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461. MRS. MARGARET WOODRUM, Dir.

Secretariat for Pastoral and Educational Ministries—MR. JIM BARRETTE, Dir., 2403 Holcombe Blvd., Houston, 77021-2098. Tel: 713-741-8786.

Aging Ministry—MRS. KATHY BINGHAM, Dir., 2403 Holcombe Blvd., Houston, 77021-2098. Tel: 713-741-8712.

Boy and Girl Scouts—Rev. PATRICK STUART GARRETT, 26777 Glen Loch Dr., The Woodlands, 77381-2921.

Campus Ministry and Young Adults—MRS. GABRIELA KARASZEWSKI, Dir., 2403 Holcombe Blvd., Houston, 77021-2098. Tel: 713-741-8780.

Evangelization and Catechesis—JULIE BLEVINS, Dir., 2403 Holcombe Blvd., Houston, 77021-2098. Tel: 713-741-8796.

Circle Lake Retreat Center—MRS. GLORIA BUSTILLO, Dir., Mailing Address: P.O. Box 1410, Pinehurst, 77362-1410. Tel: 281-356-6764, Ext. 201; Fax: 281-356-6678; Email: circlelake@sbcglobal.net.

Deaf Apostolate—Rev. LEONARD R. BRONIAK, C.Ss.R., Dir., 2403 Holcombe Blvd., Houston, 77021-2098. Tel: 713-741-8721.

Family Life Ministry—2403 Holcombe Blvd., Houston, 77021-2098. Tel: 713-741-8710. VACANT, Dir.

Resource Center—Tel: 713-741-8781. RICHARD LOWELL, Dir.

Pro-Life Activities—JULIE FRITSCH, Dir., 2403 E. Holcombe Blvd., Houston, 77021-2098. Tel: 713-741-8728.

Worship—MRS. SANDRA HIGGINS, Dir., 2403 Holcombe Blvd., Houston, 77021-2098. Tel: 713-741-8760.

Adolescent Catechesis and Evangelization—2403 Holcombe Blvd., Houston, 77021-2098. Tel: 713-741-8723. TIM COLBERT, Dir.

Special Youth Services (Juvenile Detention Ministry)—MS. FRANCHELLE LEE STEWART, Dir., 2403 Holcombe Blvd., Houston, 77021-2098. Tel: 713-527-1894; Tel: 713-741-8725.

Secretariat for Catholic Schools—2403 Holcombe Blvd., Houston, 77021. Tel: 713-741-8704. DEBRA HANEY, Supt.

Catholic School Office—2403 Holcombe Blvd., Houston, 77021-2098. Tel: 713-741-8704. DEBRA HANEY, Supt.

School of Environmental Education Camp Kappe—7738 Camp Kappe Rd., Plantersville, 77363. Tel: 936-894-2141. RANDY ADAMS, Dir. Camp Kappe; MICHAEL RICHMOND, Dir. School Environmental Educ.

Secretariat for Social Concerns—VACANT, Dir., 2403 Holcombe Blvd., Houston, 77021-2098. Tel: 713-741-8769.

Campaign for Human Development—Deacon SAM DUNNING, Dir., 2403 Holcombe Blvd., Houston, 77021-2098. Tel: 713-741-8731.

Catholic Charities of the Archdiocese of Galveston-Houston—CYNTHIA NUNES COLBERT, M.S.W., Pres. & CEO, 2900 Louisiana St., Houston, 77006. Tel: 713-526-4611; Fax: 713-526-1546. Mailing Address: P.O. Box 66508, Houston, 77266.

Chief Financial Officer—Tel: 713-874-6713. BART FERRELL.

Chief Operating Officer—Tel: 713-874-6777. NYLA K. WOODS.

Vice President of Development & Stewardship—Tel: 713-874-6624. BRIAN GILLEN.

Communications—Tel: 713-874-6751. BETSY BALLARD.

St. Jerome Emiliani's Home for Children—Tel: 713-874-6301. CHANICA BROWN.

Senior Vice President of Programs—NATALIE WOOD, Tel: 713-874-6731.

Vice President of Case Management and Poverty Alleviation—Tel: 713-874-6772. SHANNON STROTHER.

Vice President of Counseling and Special Populations—Tel: 713-874-6512. ERNESTO LOPEZ.

Vice President, Disaster Recovery—Tel: 713-874-6745. BRIGID DELOACH.

St. Frances Cabrini Center for Immigrant Legal Assistance—Tel: 713-874-4145. ZENOBIA LAI.

Refugee Resettlement Services—ARDIANE ADEMI, Tel: 713-874-6516.
St. Michael's Homes for Children—
Tel: 713-526-4611. SERGIO CRUZ.
Galveston County Center—Basic Needs Southern Region ELIZABETH KINARD, Dir. Galveston County - Bay Area; NORMA ROCHE, Coord. Galveston, Tel: 409-762-2064; ANNIE CAZARES, Coord. Texas City, Tel: 409-948-0405.
Mamie George Community Center/Fort Bend County—Tel: 281-202-6200. GLADYS BRUMFIELD JAMES, Dir.
Justice and Peace—Deacon SAM DUNNING, Dir., 2403 E. Holcombe, Houston, 77021-2099. Tel: 713-741-8730.
**St. Vincent de Paul Society*—MS. ANN SCHORNO, Exec. Dir., 2403 Holcombe, Houston, 77021-2099. Tel: 713-741-8783.
Council of Catholic Women—Rev. Msgr. DANIEL L. SCHEEL, Archdiocesan Moderator, 8825 Kempwood Dr., Houston, 77080. Tel: 713-468-9555.
Cursillos in Christianity—Deacon HECTOR MORALES, Admin.; Rev. EUGENE CANAS, O.M.I., Spiritual Dir., St. Paul Cursillo Center, 4000 Belk St., Houston, 77087. Tel: 713-643-7682.
Disaster Relief—J. KIRK JENINGS, 1700 San Jacinto, Houston, 77002. Tel: 713-659-5461.
Rural Life Bureau—VACANT, 1700 San Jacinto St., Houston, 77002-8291. Tel: 713-659-5461.
Victim Assistance Coordinator—
Tel: 713-659-5461, Ext. 499; Tel: 713-654-5799; Email: vac@archgh.org. DIANE VINES.

CLERGY, PARISHES, MISSIONS AND PAROCHIAL SCHOOLS

CITY OF GALVESTON

(GALVESTON COUNTY)

1—ST. MARY'S CATHEDRAL BASILICA (1840)
2011 Church St., Galveston, 77550-2091. Tel: 409-762-9611; Fax: 406-765-8585.

2—HOLY FAMILY aka Holy Family Parish (2009)
1010 35th St., Galveston, 77550. Tel: 409-762-9646; Fax: 409-765-7636; Email: theofficehfp@gmail.com; Web: www.holyfamilygb.com. Revs. Jude E. Ezuma; Jorge Cabrera, Parochial Vicar; Stephen J. Payne, Parochial Vicar; Deacons Robert Standridge; John Pistone; Douglas Matthews; Sam Dell'Olio; Kimble Nobles.
School—Holy Family School, 2601 Ursuline Ave., Galveston, 77550. Tel: 409-765-6607; Fax: 409-765-5154; Email: rhesse@hfcsgalv.org. Rita Hesse, Prin. Lay Teachers 15; Students 101.
Catechesis Religious Program—Mrs. Tammy Juarez, D.R.E. Students 375.

3—HOLY ROSARY (1888) Closed. For parish records contact the Archives of Galveston-Houston.

4—OUR LADY OF GUADALUPE, Closed. August 1992. Contact St Patrick, Galveston for further information.

5—ST. PATRICK (1870) Closed. For parish records contact the Archives of Galveston-Houston.

6—ST. PETER THE APOSTLE (1965) Closed. For parish records contact the Archives of Galveston-Houston.

7—SACRED HEART (1884) Closed. For parish records contact the Archives of Galveston-Houston.

CITY OF HOUSTON

(HARRIS COUNTY)

1—ST. ALBERT OF TRAPANI (1970)
11027 S. Gessner Dr., 77071-3599. Tel: 713-771-3596. Rev. Vincent Vu Tran; Deacons Pedro Salas; Alvaro Casas Jr.; Edwin F. Gosline.
Catechesis Religious Program—Peggy Popkey, D.R.E. Students 265.

2—ALL SAINTS (1908)
215 E. 10th St., 77008-7025. Tel: 713-864-2653; Fax: 713-864-0761;
Email: lupe.padilla@allsaints.us.com;
Web: www.allsaintsheights.us.com. Revs. Williams A. Oliver; Ronald F. Cloutier, In Res.; Deacons Gary Hilbig; Rodolfo Cerda; Juan Pareja.
Catechesis Religious Program—John Guzman, D.R.E. Students 92.

3—ST. ALPHONSUS (1966)
9217 E. Ave. L, 77012-2727. Tel: 713-923-5843. Rev. Carlos V. de la Torre.
Catechesis Religious Program—Mrs. Mary Elizondo, C.R.E. Students 345.

4—ST. AMBROSE (1958)
4213 Mangum Rd., 77092-5599. Tel: 713-686-3497. Revs. Benjamin Smaistrla; Juan G. Pineda, (Colombia) Parochial Vicar.
School—St. Ambrose School, Tel: 713-686-6990; Fax: 713-686-6902; Email: jfritsch@sashornets.org. Judy A. Fritsch, Prin. Lay Teachers 29; Students 284.
Catechesis Religious Program—
Email: mthompson@stambrosehouston.org. Miguel Vences, D.R.E. Students 498.

5—ST. ANDREW KIM (1977) (Korean)
1706 Bingle Rd., 77055-2336. Tel: 713-465-2682; Email: standrewkimhouston@yahoo.com. Rev. Bong Ho Ko; Deacon Emmanuel Gwak.
Rectory—8557 Hiridge St., 77055. Tel: 713-465-2926.

6—ST. ANNE (1925)
2140 Westheimer, 77098-1419. Tel: 713-526-3276; Web: www.saintanne.org. Revs. Alvin A. Sinasac, C.S.B.; Jay Francis Walsh, C.S.B., Parochial Vicar; David J. Zapalac, C.S.B., Parochial Vicar; Deacons Jean-Paul Budinger; Thaddeus Kudela; Eduardo Rivera; Jose Saucedo.
School—St. Anne School, 2120 Westheimer, 77098. Tel: 713-526-3279; Email: dmartinez@stannecs.org. Dawn Martinez, Prin. Lay Teachers 36; Students 513.
Catechesis Religious Program—Tel: 713-525-4273. Scott Harr, Dir. Catechesis, Children. Students 415.

7—ST. ANNE DE BEAUPRE (1948)
2810 Link Rd., 77009-1196. Tel: 713-869-1319. Rev. Felix Elosi, M.S.P.
Catechesis Religious Program—Pamela McCarthy, C.R.E. Students 14.

8—THE CHURCH OF THE ANNUNCIATION (1869)
1618 Texas Ave., 77002. Tel: 713-222-2289; Fax: 713-222-2280; Email: info@annunciationcc.org; Web: www.acchtx.org. P.O. Box 214, 77001-0214. Rev. Paul G. Felix, V.F.
Catechesis Religious Program—Tel: 571-447-1734. Tammy Zanovello, D.R.E. Students 59.

9—ASCENSION CHINESE MISSION (1988) (Chinese)
4605 Jetty Ln., 77072-1222. Tel: 281-575-8855; Fax: 281-575-6940. Deacons Patrick Cheung; Paul Kiang; Benny Chang.
Catechesis Religious Program—Tel: 832-275-8178. Bonnie Lee, D.R.E. Students 62.

10—ASSUMPTION (1948)
901 Rose Ln., 77037-4699. Tel: 281-447-6381; Fax: 281-447-6382. Revs. Albert Zanatta, C.R.S.; Franco Cecchini, C.R.S., Parochial Vicar; Deacons Mario Ortega; Will Hunter.
School—Assumption School, 801 Rose Ln., 77037. Tel: 281-447-2132;
Email: dpalomino@houstonassumption.org;
Email: jbates@houstonassumption.org. John William Bates, Prin. Lay Teachers 12; Students 217.
Catechesis Religious Program—Tel: 281-445-1268. Deacon Mario Ortega, D.R.E. Students 1,105.

11—ST. AUGUSTINE (1955)
5560 Laurel Creek Way, 77017-6746.
Tel: 713-946-8968; Fax: 713-946-0080;
Email: sacc@staugustinecc.com. 5438 Laurel Creek Way, 77017. Rev. Paul A. Foltyn; Deacon Benito Meza.
School—St. Augustine School, (Grades PreK-8), 5500 Laurel Creek Way, 77017. Tel: 713-946-9050; Fax: 713-943-3444; Email: drios@staugustinecs.org. Denise P. Rios, Prin. Lay Teachers 3; Students 192; Sister Teachers 2; Priest Teacher 1.
Catechesis Religious Program—Diana Ramirez, D.R.E. Students 159.

12—ST. BENEDICT THE ABBOT (1963)
4025 Grapevine St., 77045-6320. Tel: 713-433-9836; Fax: 713-433-3949;
Email: stbenedictabbotcc@sbcglobal.net;
Web: www.stbenedicthouston.org. Revs. Brandon Nguyen; Huy Dinh, Parochial Vicar.
Rectory—3931 Grapevine, 77045.

13—ST. BERNADETTE SOUBIROUS (1977)
15500 El Camino Real, 77062-5793.
Tel: 281-486-0337; Fax: 281-218-9440. Rev. Robert S. Barras, V.F.; Deacon Bob Rumford.
Rectory—959 El Dorado Blvd., 77062.
Catechesis Religious Program—
Tel: 281-486-0337, Ext. 112. Barbara Aubuchon, D.R.E. (K-5). Students 553.

14—BLESSED SACRAMENT (1910)
4015 Sherman, 77003-2695. Tel: 713-224-5291; Fax: 713-224-5292. Rev. Rudolfo Rudy Sanchez, Admin.
Catechesis Religious Program—Students 176.

15—ST. CATHERINE OF SIENA (1975)
10688 Shadow Wood Dr., 77043-2826.
Tel: 713-467-8170; Fax: 713-467-7149. Rev. Niall Nolan.
Rectory—1902 Stebbins Dr., 77043-2417.
Catechesis Religious Program—Robin Hayes, D.R.E. Students 76.

16—ST. CECILIA (1956)
11720 Joan of Arc Dr., 77024-2602.
Tel: 713-465-3414; Email: pastor@saintcecilia.org; Web: www.saintcecilia.org. Revs. Francis M. Macatangay; Michael A. Barrosa, D.S., Parochial Vicar; Preston Quintela, Parochial Vicar; Deacons Gregory Evans; Sam Mancuso; Frank Davis.
Rectory—11701 Joan of Arc Dr., 77024.
School—St. Cecilia School, 11740 Joan of Arc Dr., 77024. Tel: 713-468-9515; Fax: 713-468-4698;
Email: ceverling@saintcecilia.org;
Web: www.saintceciliacatholicschool.org. Dr. Carol Ann Everling, Prin. Lay Teachers 40; Students 582; Clergy / Religious Teachers 2.

17—ST. CHARLES BORROMEO (1962)
501 Tidwell, 77022-2121. Tel: 713-692-6303; Fax: 713-692-6314. Revs. Miguel A. Solorzano; Michael McFall, Parochial Vicar; Deacons Charles R. Conant; Rodrigo Lozano; Thomas Gandara; Nwoko Kingsley.
Catechesis Religious Program—Tel: 832-297-1315. Sr. Esmeralda Alejo, D.J., D.R.E. Students 429.

18—CHRIST THE KING (1928)
4419 N. Main St., 77009-5199. Tel: 713-869-1449; Fax: 713-869-1491. Revs. Julian Gerosa, C.R.S.; Varghese Arattukulam, Parochial Vicar; Italo Dell'Oro, C.R.S., In Res.
Catechesis Religious Program—Tel: 832-338-3867. Deacon Tomas Cano. Students 571.

19—CHRIST THE REDEEMER (1980)
11507 Huffmeister Rd., 77065-1051.
Tel: 281-469-5533; Email: office@ctrcc.com;
Web: www.ctrcc.com. Revs. Sean P. Horrigan, V.F.; Ralph O. Roberts, Parochial Vicar; Vincent Trinh Tran, Parochial Vicar; Deacons Phillip Jackson; Lupe Trevino; Greg Hall; William Bradley; Kerry Bourque; Jack Alexander; Jay Gause; Stephen Moses; Jeff Speight; Jeffrey Willard.
School—Christ the Redeemer Catholic School, 11511 Huffmeister Rd., 77065. Tel: 281-469-8440; Fax: 281-894-9669;
Email: dan.courtney@ctrschool.com. Dan Courtney, Prin. Lay Teachers 27; Students 395.
Catechesis Religious Program—Ms. Kathy Kelley, D.R.E. Students 541.

20—CHRIST, THE INCARNATE WORD (1997) (Vietnamese)
8503 S. Kirkwood Rd., 77099-4056.
Tel: 281-495-8133; Fax: 281-568-1833. Revs. Thu Ngoc Nguyen, J.C.L.; Joseph T.P. Bui, Parochial Vicar; Deacons Cuong Nguyen; Joseph Si Bach Nguyen.
Catechesis Religious Program—Tel: 281-495-3741. Hien Le, D.R.E. Students 693.

21—ST. CHRISTOPHER (1924)
8150 Park Place Blvd., 77017-3033.
Tel: 713-645-6614; Fax: 713-649-1030;
Email: dtorres@stchristopherhouston.org;
Web: www.stchristopherhouston.org. Rev. Joseph Thu Le; Deacons Allan Fredericksen; Benito Tristan.
School—St. Christopher School, 8134 Park Place Blvd., 77017. Tel: 713-649-0009; Fax: 713-649-1104;
Email: principal@sccs1939.org;
Web: www.sccs1939.org. JoAnn Prater, Prin. Lay Teachers 13; Students 171; Clergy / Religious Teachers 2.
Catechesis Religious Program—Tel: 713-645-6142. Maria Fernandez, D.R.E. Students 210.

22—ST. CLARE OF ASSISI (1990)
3131 El Dorado Blvd., 77059-5100. Tel: 281-286-7729 ; Fax: 281-286-1256. Rev. Vincent Vuong-Quoc Nguyen; Deacons John H. Dean; Robert Hebert; Jose Trevino.
Rectory—15906 Laurelfield, 77059.
School—St. Clare of Assisi School, Tel: 281-286-3395 ; Email: al.varisco@stclarehouston.org. Dr. Al Varisco, Prin. Lay Teachers 23; Students 192.
Catechesis Religious Program—Tel: 281-486-0874. Sandra Trevino, Dir. Intergenerational Faith Formation. Students 332.

23—CO-CATHEDRAL OF THE SACRED HEART (1896)
1111 St. Joseph Pkwy., 77002-8127.
Tel: 713-659-1561; Fax: 713-651-1365. Very Rev. Lawrence W. Jozwiak, J.C.L.; Rev. Alfonso Tran; Deacons Daniel Addis; Johnny Salinas; Leonard P. Lockett; John Carrara.
Res.: 2016 Main St. #2603, 77002.
Email: office@sacredhearthouston.org;
Web: www.sacredhearthouston.org.
Catechesis Religious Program—Mrs. Selma DeMarco, Dir. Faith Formation. Students 209.

24—CORPUS CHRISTI (1956)
9900 Stella Link Rd., 77025-4718. Tel: 713-667-0497; Fax: 713-668-4742; Web: ccparishhuston.org. Revs. Thomas Smithson, S.S.S.; RaviEarnest Sebastin, Parochial Vicar; Peter Tuong, Chap.; Deacon William Castro.
School—Corpus Christi School, 4005 Cheena St., 77025. Tel: 713-664-3351; Fax: 713-664-6095;
Web: www.corpuschristihouston.org. Dr. Mazie McCoy, Prin. Lay Teachers 16; Students 208.
Catechesis Religious Program—Claudia Sereno, D.R.E. Students 418.

25—ST. CYRIL OF ALEXANDRIA (1963)

Form **W-9** (Rev. October 2018) Department of the Treasury Internal Revenue Service

Request for Taxpayer Identification Number and Certification

▶ Go to *www.irs.gov/FormW9* for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

Print or type. See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

Catholic Charities of the Archdiocese of Galveston-Houston

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☑ Other (see instructions) ▶ **Not for Profit Organization**

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any)

Exemption from FATCA reporting code (if any)

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.

2900 Louisiana Street

Requester's name and address (optional)

6 City, state, and ZIP code

Houston, TX 77006

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN,* later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

☐☐☐ – ☐☐ – ☐☐☐☐

or

Employer identification number

7 4 – 1 1 0 9 7 3 3

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here **Signature of U.S. person ▶** Cynthia N. Colbert **Date ▶** 2/1/22

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/FormW9.*

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, *later.*

EXTENDED TO MAY 17, 2021

Form **990** (Rev. January 2020) Department of the Treasury Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047 **2019** Open to Public Inspection

A For the 2019 calendar year, or tax year beginning JUL 1, 2019 and ending JUN 30, 2020

B Check if applicable: [ ] Address change [ ] Name change [ ] Initial return [ ] Final return/terminated [ ] Amended return [ ] Application pending

C Name of organization: CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Doing business as

Number and street (or P.O. box if mail is not delivered to street address): 2900 LOUISIANA ST. Room/suite

City or town, state or province, country, and ZIP or foreign postal code: HOUSTON, TX 77006

D Employer identification number: 74-1109733 **-***9733

E Telephone number: 713-526-4611

G Gross receipts $ 44,757,323.

F Name and address of principal officer: CYNTHIA COLBERT SAME AS C ABOVE

H(a) Is this a group return for subordinates? [ ] Yes [X] No

H(b) Are all subordinates included? [ ] Yes [ ] No If "No," attach a list. (see instructions)

I Tax-exempt status: [X] 501(c)(3) [ ] 501(c) ( ) ◀ (insert no.) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ WWW.CATHOLICCHARITIES.ORG

H(c) Group exemption number ▶

K Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ▶

L Year of formation: 1952 M State of legal domicile: TX

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: GUIDED BY GOD'S LOVE, CATHOLIC CHARITIES HELPS PEOPLE IN SOUTHEAST TEXAS BY [CONT'D ON SCH O]

2 Check this box ▶ [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	27
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	27
5	Total number of individuals employed in calendar year 2019 (Part V, line 2a)	5	547
6	Total number of volunteers (estimate if necessary)	6	4147
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	59,563.
b	Net unrelated business taxable income from Form 990-T, line 39	7b	58,563.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	36,946,316.	42,842,845.
	9	Program service revenue (Part VIII, line 2g)	445,319.	489,422.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-4,298,619.	544,204.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	489,910.	720,299.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	33,582,926.	44,596,770.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	12,093,269.	14,872,374.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	23,191,283.	24,462,978.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 1,540,078.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	8,981,938.	7,964,676.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	44,266,490.	47,300,028.
	19	Revenue less expenses. Subtract line 18 from line 12	-10,683,564.	-2,703,258.

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	45,105,111.	47,983,372.
	21	Total liabilities (Part X, line 26)	2,941,618.	8,172,642.
	22	Net assets or fund balances. Subtract line 21 from line 20	42,163,493.	39,810,730.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here ▶ Cynthia N. Colbert — Signature of officer — Date 5/10/2021

▶ CYNTHIA COLBERT, PRESIDENT AND CEO — Type or print name and title

Paid Preparer Use Only				
Print/Type preparer's name: BRUCE S. PRENDERGAST, MS,	Preparer's signature	Date	Check [ ] if self-employed	PTIN P00151746
Firm's name ▶ LAPORTE, APAC			Firm's EIN ▶ **-***8864	
Firm's address ▶ 1770 ST. JAMES PLACE, SUITE 250 HOUSTON, TX 77056-3432			Phone no. 713-963-8008	

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [ ] No

SEE SCHEDULE O FOR ORGANIZATION MISSION STATEMENT CONTINUATION

Part III | Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III [X]

1 Briefly describe the organization's mission:
GUIDED BY GOD'S LOVE, CATHOLIC CHARITIES HELPS PEOPLE IN SOUTHEAST TEXAS BY PROVIDING CARING, COMPASSIONATE SERVICES AND ADVOCATING FOR SOCIAL JUSTICE IN COLLABORATION WITH PARISHES AND COMMUNITIES.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [X] No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 11,487,696. including grants of $ 2,727,891.) (Revenue $)
IMMIGRATION AND REFUGEE SERVICES: PROVIDES HELP TO GOVERNMENT-APPROVED REFUGEES TO BECOME SELF-SUFFICIENT BY PROVIDING EDUCATION, HOUSING, FOOD, FINANCIAL ASSISTANCE, CULTURAL ORIENTATION, JOB DEVELOPMENT, AND FAMILY REUNIFICATION SERVICES. THE AGENCY PROVIDES A RANGE A LEGAL SERVICES, INCLUDING EDUCATION, ASSESSMENT COUNSELING, REPRESENTATION AND ADVOCACY FOR IMMIGRANTS, REFUGEES, AND VICTIMS OF HUMAN TRAFFICKING AND OTHER VIOLENT CRIMES. ST. FRANCES CABRINI CENTER FOR IMMIGRATION LEGAL ASSISTANCE IS DEDICATED TO PROVIDING HIGH QUALITY, LOW-COST, AND PRO BONO LEGAL SERVICES TO IMMIGRANTS AND REFUGEES WHO WOULD OTHERWISE NOT BE ABLE TO OBTAIN LEGAL REPRESENTATION.

4b (Code:) (Expenses $ 10,332,822. including grants of $ 4,280,450.) (Revenue $)
DISASTER RELIEF AND RESPONSE: DISASTER RECOVERY PROVIDES SUPPORT TO ALL THOSE IN NEED WITH A PRIORITY FOCUS ON LOW-INCOME POPULATIONS, INCLUDING SENIORS AND THOSE LIVING AT OR BELOW THE POVERTY LINE IN THE WAKE OF DISASTERS SUCH AS HURRICANE HARVEY,FLOODS, OTHER HURRICANES AND THE COVID 19 PANDEMIC. THE AGENCY PROVIDES A VARIETY OF DISASTER RECOVERY SERVICES INCLUDING: DISTRIBUTION OF DONATED GOODS SUCH AS HOUSEHOLD ITEMS, CLEANING ITEMS, GROCERY AND GAS CARDS, DIAPERS, ETC.; INTAKES AND NEEDS ASSESSMENTS FOR DISASTER VICTIMS; BASIC NEEDS SERVICES SUCH AS FOODS DISTRIBUTION, TEMPORARY AND EMERGENCY SHELTER ASSISTANCE, RENTAL ASSISTANCE, AND MEDICATION ASSISTANCE; HOME REPAIR ASSISTANCE; RELOCATION AND FURNITURE/HOUSEHOLD GOODS REPLACEMENTS; SHORT-TERM AND LONG-TERM CASE MANAGEMENT, INCLUDING ASSISTANCE WITH

4c (Code:) (Expenses $ 7,721,231. including grants of $ 1,067,649.) (Revenue $)
NURTURING AND CARING FOR CHILDREN SERVICES: ASSISTS YOUNG PARENTS AND THEIR FAMILIES DURING PREGNANCY AND THE BABY'S FIRST YEAR OF LIFE BY PROVIDING MEDICAL REFERRALS, EDUCATION, COUNSELING SERVICES, PARENTING, AND LIFE SKILLS COACHING. THE AGENCY PROVIDES A NURTURING HOME ENVIRONMENT FOR UNACCOMPANIED REFUGEE CHILDREN AND YOUTH IN THE HOMES OF FOSTER FAMILIES WHERE THEY ARE PROVIDED WITH EDUCATION, MEDICAL CARE, LIFE SKILLS, ENGLISH CLASSES, ONGOING FAMILY TRACING, AND LEGAL ASSISTANCE. IN ADDITION, THE AGENCY WORKS WITH THE U.S. OFFICE OF REFUGEE RESETTLEMENT TO REUNITE CHILDREN, WHO HAVE ENTERED THE COUNTRY LACKING PROPER DOCUMENTATION AND HAVE BEEN DETAINED BY IMMIGRATION OFFICES, WITH RELATIVES IN THE U.S. OR IN THEIR COUNTRY OF ORIGIN.

4d Other program services (Describe on Schedule O.)
(Expenses $ 13,446,689. including grants of $ 6,796,384.) (Revenue $ 489,422.)

4e Total program service expenses ▶ 42,988,438.

SEE SCHEDULE O FOR CONTINUATION(S)

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors*?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? *If "Yes," complete Schedule D, Part V*	10	X	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments - other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		X
c	Did the organization report an amount for investments - program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	X	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	X	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	X	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		X
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		
21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		X

Part IV Checklist of Required Schedules *(continued)*

		Line	Yes	No
22	Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22	X	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		X
26	Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part II*	26		X
27	Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions, for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of any individual described in line 28a? *If "Yes," complete Schedule L, Part IV*	28b		X
c	A 35% controlled entity of one or more individuals and/or organizations described in lines 28a or 28b? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29	X	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	X	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		X
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note:** All Form 990 filers are required to complete Schedule O	38	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V ☐

				Line	Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	684			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance *(continued)*

				Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a 547			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	X	
	Note: If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a	X	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation on Schedule O*		3b	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		X
b	If "Yes," enter the name of the foreign country ▶				
	See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the sponsoring organization make any taxable distributions under section 4966?		9a		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state?		13a		
	Note: See the instructions for additional information the organization must report on Schedule O.				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation on Schedule O*		14b		
15	Is the organization subject to the section 4960 tax on payment(s) of more than $1,000,000 in remuneration or excess parachute payment(s) during the year?		15		X
	If "Yes," see instructions and file Form 4720, Schedule N.				
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income?		16		X
	If "Yes," complete Form 4720, Schedule O.				

Part VI | Governance, Management, and Disclosure *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI [X]

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 27			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.				
b	Enter the number of voting members included on line 1a, above, who are independent	1b 27			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?		3		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		X
6	Did the organization have members or stockholders?		6	X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a	X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?		8a	X	
b	Each committee with authority to act on behalf of the governing body?		8b	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses on Schedule O*		9		X

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	12c	X	
13	Did the organization have a written whistleblower policy?	13	X	
14	Did the organization have a written document retention and destruction policy?	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	X	
b	Other officers or key employees of the organization	15b	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	X	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		X

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶TX

18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
[X] Own website [X] Another's website [X] Upon request [ ] Other *(explain on Schedule O)*

19 Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records ▶
CARISSA HILL - 713-874-6713
2900 LOUISIANA ST., HOUSTON, TX 77006

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

• List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

• List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.

• List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.

• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

See instructions for the order in which to list the persons above.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) ELLEN GINTY CHAIR	2.00	X		X				0.	0.	0.
(2) STEVE GILLILAND VICE CHAIR	2.00	X		X				0.	0.	0.
(3) GRETCHEN PENNY TREASURER	2.00	X		X				0.	0.	0.
(4) ELIZABETH HUSSEINI SECRETARY	2.00	X		X				0.	0.	0.
(5) KEVIN K. RECH PAST CHAIR	2.00	X						0.	0.	0.
(6) DANIEL CARDINAL DINARDO DIRECTOR	2.00	X						0.	0.	0.
(7) ALEXANDER GEORGE BORLENGHI DIRECTOR	1.00	X						0.	0.	0.
(8) DAVID DOHERTY DIRECTOR	1.00	X						0.	0.	0.
(9) ALICIA REGGIE FREYSINGER DIRECTOR	1.00	X						0.	0.	0.
(10) JOHN GILLESPIE DIRECTOR	1.00	X						0.	0.	0.
(11) CHUCK GREMILLION DIRECTOR	1.00	X						0.	0.	0.
(12) DAVID HARVEY, JR. DIRECTOR	1.00	X						0.	0.	0.
(13) TOMMY HERNANDEZ DIRECTOR	1.00	X						0.	0.	0.
(14) DEBBIE KEMPLE DIRECTOR	1.00	X						0.	0.	0.
(15) PAUL LAYNE DIRECTOR	1.00	X						0.	0.	0.
(16) PATRICK LEUNG DIRECTOR	1.00	X						0.	0.	0.
(17) CHERYL MALDEN DIRECTOR	1.00	X						0.	0.	0.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(18) STAN MAREK DIRECTOR	1.00	X						0.	0.	0.
(19) WILLIAM "BILL" NEESON, III DIRECTOR	1.00	X						0.	0.	0.
(20) GENE REED DIRECTOR	1.00	X						0.	0.	0.
(21) JOHN ROSSETTIE DIRECTOR	1.00	X						0.	0.	0.
(22) MARK SERVICE DIRECTOR	1.00	X						0.	0.	0.
(23) JIM STEVENSON DIRECTOR	1.00	X						0.	0.	0.
(24) SUSANNE H. SULLIVAN DIRECTOR	1.00	X						0.	0.	0.
(25) BICHLAN N. THAI DIRECTOR	1.00	X						0.	0.	0.
(26) GREG TURNER DIRECTOR	1.00	X						0.	0.	0.
1b Subtotal								0.	0.	0.
c Total from continuation sheets to Part VII, Section A								743,765.	0.	63,847.
d Total (add lines 1b and 1c)								743,765.	0.	63,847.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 5

		Yes	No
3 Did the organization list any **former** officer, director, trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
GUARDS ON DEMAND, INC. PO BOX 572, BLUE SPRINGS, MO 64013	SECURITY	141,902.
M.A. FLOOR DESIGNS, LLC, 10125 N. 10TH ST., SUITE 6, MCALLEN, TX 78504	CONTRACTOR	128,143.
MOE'S TECHNIQUE 743 SHADOWGLEN, CHANNELVIEW, TX 77530	CONTRACTOR	111,167.

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 3

SEE PART VII, SECTION A CONTINUATION SHEETS

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(27) KAREN B. WHITE DIRECTOR	1.00	X						0.	0.	0.
(28) CYNTHIA COLBERT PRESIDENT/CEO	50.00			X				193,612.	0.	17,137.
(29) NYLA WOODS CHIEF OPERATING OFFICER	45.00			X				161,422.	0.	356.
(30) BART FERRELL CHIEF FINANCIAL OFFICER	45.00			X				120,493.	0.	20,506.
(31) BRIAN GILLEN VP OF DEVELOPMENT & STEWARDSHIP	45.00					X		148,982.	0.	5,139.
(32) NATALIE WOOD SENIOR VP OF PROGRAMS	45.00					X		119,256.	0.	20,709.
Total to Part VII, Section A, line 1c								743,765.		63,847.

Part VIII | Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a	1,125,662.				
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	902,500.				
	e Government grants (contributions)	1e	24,821,816.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	15,992,867.				
	g Noncash contributions included in lines 1a-1f	1g $	4,142,405.				
	h **Total.** Add lines 1a-1f		▶	42,842,845.			
Program Service Revenue			Business Code				
	2 a LEGAL SERVICES & COUNSELING		624100	482,192.	482,192.		
	b WORKSHOP FEES		624100	7,230.	7,230.		
	c						
	d						
	e						
	f All other program service revenue						
	g **Total.** Add lines 2a-2f		▶	489,422.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		▶	544,389.		59,563.	484,826.
	4 Income from investment of tax-exempt bond proceeds		▶				
	5 Royalties		▶				
		(i) Real	(ii) Personal				
	6 a Gross rents (6a)	30,890.					
	b Less: rental expenses (6b)	0.					
	c Rental income or (loss) (6c)	30,890.					
	d Net rental income or (loss)		▶	30,890.	30,890.		
	7 a Gross amount from sales of assets other than inventory (7a)	(i) Securities	(ii) Other 4,418.				
	b Less: cost or other basis and sales expenses (7b)		4,603.				
	c Gain or (loss) (7c)		-185.				
	d Net gain or (loss)		▶	-185.			-185.
	8 a Gross income from fundraising events (not including $ ______ of contributions reported on line 1c). See Part IV, line 18	8a	801,384.				
	b Less: direct expenses	8b	155,950.				
	c Net income or (loss) from fundraising events		▶	645,434.			645,434.
	9 a Gross income from gaming activities. See Part IV, line 19	9a					
	b Less: direct expenses	9b					
	c Net income or (loss) from gaming activities		▶				
	10 a Gross sales of inventory, less returns and allowances	10a	4,747.				
	b Less: cost of goods sold	10b	0.				
	c Net income or (loss) from sales of inventory		▶	4,747.	4,747.		
Miscellaneous Revenue			Business Code				
	11 a MISCELLANEOUS INCOME		900099	39,228.	39,228.		
	b						
	c						
	d All other revenue						
	e **Total.** Add lines 11a-11d		▶	39,228.			
	12 **Total revenue.** See instructions		▶	44,596,770.	564,287.	59,563.	1,130,075.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22	14,872,374.	14,872,374.		
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	809,427.	142,616.	509,559.	157,252.
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	18,944,489.	17,148,595.	1,170,083.	625,811.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	437,670.	402,374.	23,107.	12,189.
9 Other employee benefits	2,738,821.	2,427,015.	202,585.	109,221.
10 Payroll taxes	1,532,571.	1,344,775.	127,345.	60,451.
11 Fees for services (nonemployees):				
a Management				
b Legal	176,406.	105,844.	70,562.	
c Accounting	69,416.	41,650.	27,766.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	20,014.		20,014.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	2,259,901.	2,200,200.	26,881.	32,820.
12 Advertising and promotion	235,061.	73,163.	6,668.	155,230.
13 Office expenses	225,285.	204,470.	15,481.	5,334.
14 Information technology				
15 Royalties				
16 Occupancy	2,703,272.	2,368,140.	221,823.	113,309.
17 Travel	443,009.	408,925.	30,360.	3,724.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	40,620.	25,860.	8,936.	5,824.
20 Interest	7,488.	4,326.	2,995.	167.
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	526,821.	399,758.	108,195.	18,868.
23 Insurance				
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a UNRELATED BUSINESS INCO	13,830.			13,830.
b EQUIPMENT RENTAL & MAIN	557,273.	395,399.	125,589.	36,285.
c PRINTING & COPYING	236,648.	127,728.	14,784.	94,136.
d STAFF RECRUITMENT & DEV	196,770.	164,659.	29,505.	2,606.
e All other expenses	252,862.	130,567.	29,274.	93,021.
25 **Total functional expenses.** Add lines 1 through 24e	47,300,028.	42,988,438.	2,771,512.	1,540,078.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X | Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X ☐

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	21,241,299.	1	22,827,933.
	2	Savings and temporary cash investments	363,950.	2	368,314.
	3	Pledges and grants receivable, net	1,934,533.	3	2,274,576.
	4	Accounts receivable, net	4,186,194.	4	4,639,442.
	5	Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	14,409.	8	2,626.
	9	Prepaid expenses and deferred charges	421,360.	9	284,987.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D 10a 21,241,568.			
	b	Less: accumulated depreciation 10b 8,626,136.	12,892,211.	10c	12,615,432.
	11	Investments - publicly traded securities	3,394,938.	11	3,932,014.
	12	Investments - other securities. See Part IV, line 11	527,640.	12	517,450.
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	128,577.	15	520,598.
	16	**Total assets.** Add lines 1 through 15 (must equal line 33)	45,105,111.	16	47,983,372.
Liabilities	17	Accounts payable and accrued expenses	2,871,556.	17	2,801,043.
	18	Grants payable		18	
	19	Deferred revenue	34,251.	19	864,108.
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	4,478,600.
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	35,811.	25	28,891.
	26	**Total liabilities.** Add lines 17 through 25	2,941,618.	26	8,172,642.
Net Assets or Fund Balances		**Organizations that follow FASB ASC 958, check here ▶ X and complete lines 27, 28, 32, and 33.**			
	27	Net assets without donor restrictions	28,666,282.	27	27,879,497.
	28	Net assets with donor restrictions	13,497,211.	28	11,931,233.
		Organizations that do not follow FASB ASC 958, check here ▶ ☐ and complete lines 29 through 33.			
	29	Capital stock or trust principal, or current funds		29	
	30	Paid-in or capital surplus, or land, building, or equipment fund		30	
	31	Retained earnings, endowment, accumulated income, or other funds		31	
	32	Total net assets or fund balances	42,163,493.	32	39,810,730.
	33	Total liabilities and net assets/fund balances	45,105,111.	33	47,983,372.

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI [X]

1	Total revenue (must equal Part VIII, column (A), line 12)	1	44,596,770.
2	Total expenses (must equal Part IX, column (A), line 25)	2	47,300,028.
3	Revenue less expenses. Subtract line 2 from line 1	3	-2,703,258.
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	42,163,493.
5	Net unrealized gains (losses) on investments	5	-1,019.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	351,514.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	39,810,730.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII [X]

			Yes	No
1	Accounting method used to prepare the Form 990: [ ] Cash [X] Accrual [ ] Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
	If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: [ ] Separate basis [ ] Consolidated basis [ ] Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
	If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: [X] Separate basis [ ] Consolidated basis [ ] Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	X	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits	3b	X	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047
2019
Open to Public Inspection

Name of the organization CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number **-***9733

Part I **Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ).)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state:

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

9 ☐ An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university:

10 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)

11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

12 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.

a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**

b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**

c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**

d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**

e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations

g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document? Yes	No	(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
Total						

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	35695737.	39297804.	63093109.	36946316.	42842845.	217875811
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3	35695737.	39297804.	63093109.	36946316.	42842845.	217875811
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4.						217875811

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
7 Amounts from line 4	35695737.	39297804.	63093109.	36946316.	42842845.	217875811
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources	120,086.	97,544.	41,384.	235,293.	575,464.	1069771.
9 Net income from unrelated business activities, whether or not the business is regularly carried on	35,770.	40,443.	46,864.	65,002.	59,563.	247,642.
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)					39,227.	39,227.
11 **Total support.** Add lines 7 through 10						219232451

12 Gross receipts from related activities, etc. (see instructions) 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2019 (line 6, column (f) divided by line 11, column (f)) 14 99.38 %

15 Public support percentage from 2018 Schedule A, Part II, line 14 15 99.63 %

16a **33 1/3% support test - 2019.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ [X]

b **33 1/3% support test - 2018.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

17a **10% -facts-and-circumstances test - 2019.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

b **10% -facts-and-circumstances test - 2018.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ ☐

Part III | Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support.** (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 **Total support.** (Add lines 9, 10c, 11, and 12.)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2019 (line 8, column (f), divided by line 13, column (f))	15	%
16	Public support percentage from 2018 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2019** (line 10c, column (f), divided by line 13, column (f))	17	%
18	Investment income percentage from **2018** Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2019.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3% support tests - 2018.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

			Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? *If "No," describe in* **Part VI** *how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.*	1		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in* **Part VI** *how the organization determined that the supported organization was described in section 509(a)(1) or (2).*	2		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer (b) and (c) below.*	3a		
b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in* **Part VI** *when and how the organization made the determination.*	3b		
c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? *If "Yes," explain in* **Part VI** *what controls the organization put in place to ensure such use.*	3c		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.*	4a		
b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in* **Part VI** *how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.*	4b		
c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in* **Part VI** *what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.*	4c		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in* **Part VI,** *including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).*	5a		
b	**Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b		
c	**Substitutions only.** Was the substitution the result of an event beyond the organization's control?	5c		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? *If "Yes," provide detail in* **Part VI.**	6		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	7		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	8		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? *If "Yes," provide detail in* **Part VI.**	9a		
b	Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in* **Part VI.**	9b		
c	Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? *If "Yes," provide detail in* **Part VI.**	9c		
10a	Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer 10b below.*	10a		
b	Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)*	10b		

Part IV Supporting Organizations *(continued)*

			Yes	No
11	Has the organization accepted a gift or contribution from any of the following persons?			
a	A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?	11a		
b	A family member of a person described in (a) above?	11b		
c	A 35% controlled entity of a person described in (a) or (b) above? *If "Yes" to a, b, or c, provide detail in* **Part VI.**	11c		

Section B. Type I Supporting Organizations

			Yes	No
1	Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in* **Part VI** *how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.*	1		
2	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in* **Part VI** *how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.*	2		

Section C. Type II Supporting Organizations

			Yes	No
1	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in* **Part VI** *how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).*	1		

Section D. All Type III Supporting Organizations

			Yes	No
1	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	1		
2	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in* **Part VI** *how the organization maintained a close and continuous working relationship with the supported organization(s).*	2		
3	By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in* **Part VI** *the role the organization's supported organizations played in this regard.*	3		

Section E. Type III Functionally Integrated Supporting Organizations

1 *Check the box next to the method that the organization used to satisfy the Integral Part Test during the year* **(see instructions).**

a ☐ The organization satisfied the Activities Test. *Complete* **line 2** *below.*

b ☐ The organization is the parent of each of its supported organizations. *Complete* **line 3** *below.*

c ☐ The organization supported a governmental entity. *Describe in* **Part VI** *how you supported a government entity (see instructions).*

			Yes	No
2	Activities Test. **Answer (a) and (b) below.**			
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in* **Part VI identify those supported organizations and explain** *how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*	2a		
b	Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in* **Part VI** *the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*	2b		
3	Parent of Supported Organizations. **Answer (a) and (b) below.**			
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in* **Part VI.**	3a		
b	Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? *If "Yes," describe in* **Part VI** *the role played by the organization in this regard.*	3b		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1		
2 Recoveries of prior-year distributions	2		
3 Other gross income (see instructions)	3		
4 Add lines 1 through 3.	4		
5 Depreciation and depletion	5		
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7 Other expenses (see instructions)	7		
8 **Adjusted Net Income** (subtract lines 5, 6, and 7 from line 4)	8		

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a Average monthly value of securities	1a		
b Average monthly cash balances	1b		
c Fair market value of other non-exempt-use assets	1c		
d **Total** (add lines 1a, 1b, and 1c)	1d		
e **Discount** claimed for blockage or other factors (explain in detail in **Part VI**):			
2 Acquisition indebtedness applicable to non-exempt-use assets	2		
3 Subtract line 2 from line 1d.	3		
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4		
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6 Multiply line 5 by .035.	6		
7 Recoveries of prior-year distributions	7		
8 **Minimum Asset Amount** (add line 7 to line 6)	8		

Section C - Distributable Amount			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2 Enter 85% of line 1.	2		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4 Enter greater of line 2 or line 3.	4		
5 Income tax imposed in prior year	5		
6 **Distributable Amount.** Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6		

7 ☐ Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).

Part V | Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations *(continued)*

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in **Part VI**). See instructions.	
7 **Total annual distributions.** Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in **Part VI**). See instructions.	
9 Distributable amount for 2019 from Section C, line 6	
10 Line 8 amount divided by line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2019	(iii) Distributable Amount for 2019
1 Distributable amount for 2019 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2019 (reasonable cause required- explain in **Part VI**). See instructions.			
3 Excess distributions carryover, if any, to 2019			
a From 2014			
b From 2015			
c From 2016			
d From 2017			
e From 2018			
f **Total** of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2019 distributable amount			
i Carryover from 2014 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2019 from Section D, line 7: $			
a Applied to underdistributions of prior years			
b Applied to 2019 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2019, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in **Part VI.** See instructions.			
6 Remaining underdistributions for 2019. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in **Part VI**. See instructions.			
7 **Excess distributions carryover to 2020.** Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2015			
b Excess from 2016			
c Excess from 2017			
d Excess from 2018			
e Excess from 2019			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2019

Name of the organization: CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number: **-***9733

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	[X] 501(c)(3) (enter number) organization
	[ ] 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	[ ] 527 political organization
Form 990-PF	[ ] 501(c)(3) exempt private foundation
	[ ] 4947(a)(1) nonexempt charitable trust treated as a private foundation
	[ ] 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

[ ] For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling $5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

[X] For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** $5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

[ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than $1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

[ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than $1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling $5,000 or more during the year .... ▶ $ ______________

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization: CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number: **-***9733

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	UNITED WAY OF GREATER HOUSTON P.O. BOX 3247 HOUSTON, TX 77253	$ 1,025,114.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
2	ARCHDIOCESE OF GALVESTON-HOUSTON P.O. BOX 907 HOUSTON, TX 77001	$ 1,054,249.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
3	TEXAS EQUAL ACCESS TO JUSTICE FOUNDATION P.O. BOX 12886 AUSTIN, TX 78711	$ 1,343,189.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
4	US DEPARTMENT OF HEALTH AND HUMAN SERVICES 200 INDEPENDENCE AVE WASHINGTON, DC 20101	$ 18,467,408.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
5	US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT 451 7TH STREET SW WASHINGTON, DC 20410	$ 2,178,531.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
6	US DEPARTMENT OF HOMELAND SECURITY 2707 MARTIN LUTHER KING JR AVE SE WASHINGTON, DC 20528-0525	$ 3,144,577.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)

Name of organization
CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number
-*9733

Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

Name of organization: CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number: **-***9733

Part III **Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than $1,000 for the year from any one contributor.** Complete columns **(a)** through **(e)** and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of **$1,000 or less** for the year. (Enter this info. once.) ▶ $

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047
2019
Open to Public Inspection

Name of the organization CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number **-***9733

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate value of contributions to (during year)		
3	Aggregate value of grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

☐ Preservation of land for public use (for example, recreation or education)
☐ Preservation of a historically important land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

			Held at the End of the Tax Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ ____

4 Number of states where property subject to conservation easement is located ▶ ____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ ____

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ $ ____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1 ▶ $ ____

(ii) Assets included in Form 990, Part X ▶ $ ____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items:

a Revenue included on Form 990, Part VIII, line 1 ▶ $ ____

b Assets included in Form 990, Part X ▶ $ ____

Part III **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply):

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange program
e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV **Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII ☐

Part V **Endowment Funds.** Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	3,216,122.	1,303,503.	1,242,886.	3,515,740.	3,468,374.
b Contributions	98,797.	2,000,000.			
c Net investment earnings, gains, and losses	232,754.	-87,381.	72,240.	156,902.	53,167.
d Grants or scholarships					
e Other expenditures for facilities and programs			11,623.	2,429,756.	5,801.
f Administrative expenses					
g End of year balance	3,547,673.	3,216,122.	1,303,503.	1,242,886.	3,515,740.

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ▶ 60.67 %

b Permanent endowment ▶ 39.33 %

c Term endowment ▶ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

		Yes	No
(i) Unrelated organizations	3a(i)		X
(ii) Related organizations	3a(ii)		X
b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI **Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,746,439.		3,746,439.
b Buildings		15,948,805.	7,296,921.	8,651,884.
c Leasehold improvements		70,568.	67,431.	3,137.
d Equipment		1,408,490.	1,200,212.	208,278.
e Other		67,266.	61,572.	5,694.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10c.)* ▶				12,615,432.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) FUNDS HELD FOR OTHERS	28,891.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶	28,891.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII ... [X]

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	45,119,671.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains (losses) on investments	2a	-1,019.		
b	Donated services and use of facilities	2b	172,230.		
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII.)	2d	351,690.		
e	Add lines **2a** through **2d**			2e	522,901.
3	Subtract line **2e** from line **1**			3	44,596,770.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	0.
5	Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)*			5	44,596,770.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	47,472,257.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a	172,229.		
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines **2a** through **2d**			2e	172,229.
3	Subtract line **2e** from line **1**			3	47,300,028.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	0.
5	Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)*			5	47,300,028.

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART V, LINE 4:

THE AGENCY'S ENDOWMENT IS TO SUPPORT THE AGENCY'S PROGRAM SERVICES.

PART X, LINE 2:

ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE THE AGENCY'S MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE AGENCY AND RECOGNIZE A TAX LIABILITY IF THE AGENCY HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY THE INTERNAL REVENUE SERVICE. THE AGENCY'S MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE AGENCY, AND HAS CONCLUDED THAT AS OF JUNE 30, 2020, THERE ARE NO UNCERTAIN TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OR DISCLOSURE IN THE FINANCIAL STATEMENTS.

Part XIII Supplemental Information *(continued)*

THE AGENCY IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS; HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS. THE AGENCY WOULD RECOGNIZE INTEREST AND PENALTIES RELATED TO INCOME TAXES, IF ANY WERE INCURRED, IN PROFESSIONAL FEES.

PART XI, LINE 2D - OTHER ADJUSTMENTS:

PRIOR PERIOD ADJUSTMENT	351,514.
LOSS ON SALE OF ASSETS	176.
TOTAL TO SCHEDULE D, PART XI, LINE 2D	351,690.

SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" on Form 990, Part IV, line 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.

▶ **Attach to Form 990 or Form 990-EZ.**

▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

2019

Open to Public Inspection

Name of the organization: CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number: **-***9733

Part I **Fundraising Activities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a ☐ Mail solicitations
- b ☐ Internet and email solicitations
- c ☐ Phone solicitations
- d ☐ In-person solicitations
- e ☐ Solicitation of non-government grants
- f ☐ Solicitation of government grants
- g ☐ Special fundraising events

2 a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees, or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ Yes ☐ No

b If "Yes," list the 10 highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions? Yes	No	(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
Total ▶						

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

Part II **Fundraising Events.** Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than $15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than $5,000.

		(a) Event #1 SPIRIT OF CHARITY GALA (event type)	(b) Event #2 MISSION OF LOVE (event type)	(c) Other events 2 (total number)	(d) Total events (add col. (a) through col. (c))
Revenue	1 Gross receipts	382,566.	215,030.	203,788.	801,384.
	2 Less: Contributions				
	3 Gross income (line 1 minus line 2)	382,566.	215,030.	203,788.	801,384.
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs	56,968.	26,873.	31,915.	115,756.
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses	16,532.	5,926.	17,736.	40,194.
	10 Direct expense summary. Add lines 4 through 9 in column (d) ▶				155,950.
	11 Net income summary. Subtract line 10 from line 3, column (d) ▶				645,434.

Part III **Gaming.** Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	
	7 Direct expense summary. Add lines 2 through 5 in column (d) ▶				
	8 Net gaming income summary. Subtract line 7 from line 1, column (d) ▶				

9 Enter the state(s) in which the organization conducts gaming activities: ____

a Is the organization licensed to conduct gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain: ____

10a Were any of the organization's gaming licenses revoked, suspended, or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain: ____

11 Does the organization conduct gaming activities with nonmembers? ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust, or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No

13 Indicate the percentage of gaming activity conducted in:

a The organization's facility 13a %

b An outside facility 13b %

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶

Address ▶

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ ______ and the amount of gaming revenue retained by the third party ▶ $ ______

c If "Yes," enter name and address of the third party:

Name ▶

Address ▶

16 Gaming manager information:

Name ▶

Gaming manager compensation ▶ $ ______

Description of services provided ▶

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions:

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No

b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Supplemental Information. Provide the explanations required by Part I, line 2b, columns (iii) and (v); and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also provide any additional information. See instructions.

Part IV Supplemental Information *(continued)*

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.

▶ Attach to Form 990.

▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2019

Open to Public Inspection

Name of the organization CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number **-***9733

Part I **General Information on Grants and Assistance**

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? [X] Yes [ ] No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II **Grants and Other Assistance to Domestic Organizations and Domestic Governments.** Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section (if applicable)	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of noncash assistance	(h) Purpose of grant or assistance

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶

3 Enter total number of other organizations listed in the line 1 table ▶

LHA **For Paperwork Reduction Act Notice, see the Instructions for Form 990.** **Schedule I (Form 990) (2019)**

932101 10-26-19

Part III **Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of noncash assistance
BASIC NEEDS	150484	8,814,488.	5,455,884.	FAIR MARKET VALUE	FOOD, PERSONAL ITEMS, HOUSEHOLD GOODS & SUPPLIES, ETC.
FOSTER CARE SUPPORT	143	532,375.	0.		
LEGAL ASSISTANCE	5705	54,978.	0.		
TRAINING ASSISTANCE	4344	14,649.	0.		

Part IV **Supplemental Information.** Provide the information required in Part I, line 2; Part III, column (b); and any other additional information.

PART I, LINE 2:

GRANT FUNDS ARE MAINTANIED IN THEIR OWN COST CENTER WITHIN THE FINANCIAL REPORTING SYSTEM. CATHOLIC CHARITIES PERSONNEL REQUEST THE USE OF THOSE FUNDS BASED ON REQUIREMENTS SET BY THE AGENCIES THAT PROVIDE FUNDING. BUDGETS AND SPENDING ARE MONITORED BY PROGRAM MANAGEMENT AND ACCOUNTING. PROGRAMS ALSO MAINTAIN CASE FILES AND SUPPORTING DOCUMENTATION FOR COMPLIANCE.

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 23.**

▶ **Attach to Form 990.**

▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

2019

Open to Public Inspection

Name of the organization: CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number: **-***9733

Part I | Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax indemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (such as maid, chauffeur, chef)			
b	If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?	2		
3	Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☒ Approval by the board or compensation committee			
4	During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment?	4a		X
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		X
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		X
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.			
	Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.			
5	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		X
b	Any related organization?	5b		X
	If "Yes" on line 5a or 5b, describe in Part III.			
6	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		X
b	Any related organization?	6b		X
	If "Yes" on line 6a or 6b, describe in Part III.			
7	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III	7		X
8	Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		X
9	If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
(1) CYNTHIA COLBERT	(i)	193,612.	0.	0.	4,640.	12,497.	210,749.	0.
PRESIDENT/CEO	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) NYLA WOODS	(i)	161,422.	0.	0.	0.	356.	161,778.	0.
CHIEF OPERATING OFFICER	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) BRIAN GILLEN	(i)	148,982.	0.	0.	4,532.	607.	154,121.	0.
VP OF DEVELOPMENT & STEWARDSHIP	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
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	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶ Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047
2019
Open to Public Inspection

Name of the organization: CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number: **-***9733

Part I Types of Property

		(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1	Art - Works of art				
2	Art - Historical treasures				
3	Art - Fractional interests				
4	Books and publications				
5	Clothing and household goods	X		622,151.	FAIR MARKET VALUE
6	Cars and other vehicles	X	40	18,062.	
7	Boats and planes				
8	Intellectual property				
9	Securities - Publicly traded				
10	Securities - Closely held stock				
11	Securities - Partnership, LLC, or trust interests				
12	Securities - Miscellaneous				
13	Qualified conservation contribution - Historic structures				
14	Qualified conservation contribution - Other				
15	Real estate - Residential				
16	Real estate - Commercial				
17	Real estate - Other				
18	Collectibles				
19	Food inventory	X	12	3,433,512.	FOOD BANK INDUSTRY F
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ (PARKING)	X	0	67,500.	FAIR MARKET VALUE
26	Other ▶ (VOLUNTEER BAC)	X	0	1,180.	FAIR MARKET VALUE
27	Other ▶ ( )				
28	Other ▶ ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement ... 29

			Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which isn't required to be used for exempt purposes for the entire holding period?	30a		X
b	If "Yes," describe the arrangement in Part II.			
31	Does the organization have a gift acceptance policy that requires the review of any nonstandard contributions?	31	X	
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?	32a	X	
b	If "Yes," describe in Part II.			
33	If the organization didn't report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.			

Part II **Supplemental Information.** Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

SCHEDULE M, LINE 32B:

WE USE A THIRD PARTY TO HANDLE AUTO DONATIONS.

CHARITABLE ADULT RIDES AND SERVICES

4663 MURPHY CANYON ROAD

SUITE 100

SAN DIEGO, CA 92123

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047
2019
Open to Public Inspection

Name of the organization	Employer identification number
CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON	**-***9733

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:
PROVIDING CARING, COMPASSIONATE SERVICES AND ADVOCATING FOR SOCIAL JUSTICE IN COLLABORATION WITH PARISHES AND COMMUNITIES.

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:
REGISTERING FOR AND RECEIVING FEDERAL [CONT'D ON SCH O] DISASTER ASSISTANCE AND OTHER ASSISTANCE PROGRAMS; MENTAL HEALTH SERVICES FOR VICTIMS OF DISASTER.

FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES:
SENIORS, VETERANS, AND OTHER VULNERABLE ADULT SERVICES: PROVIDES SUPPORT FOR SENIORS. THE AGENCY SUPPORTS SENIORS IN THEIR EFFORTS TO STAY HEALTHY AND ACTIVE, VOLUNTEER, BUILD FRIENDSHIPS, AND LIVE INDEPENDENTLY FOR AS LONG AS POSSIBLE. MAMIE GEORGE COMMUNITY CENTER IS A PLACE WHERE FORT BEND SENIORS CAN MEET NEW FRIENDS, SOCIALIZE, LEARN, AND ENJOY ACTIVITIES THAT PROMOTE HEALTHY LIVING. THE AGENCY SERVES FREE LUNCH DAILY FOR SENIORS OVER THE AGE OF 60, AND PROVIDES OTHER PROGRAMS FOR LOW-INCOME SENIORS AND FAMILIES. THE VILLA ASSISTS WOMEN VETERANS AND THEIR YOUNG CHILDREN WHO ARE IN NEED OF STABLE HOUSING AND CASE MANAGEMENT SERVICES TO REBUILD THEIR LIVES AFTER FACING THE CHALLENGES OF HOMELESSNESS, DOMESTIC VIOLENCE, AND OTHER LIFE-CHANGING EVENTS.
EXPENSES $ 7,322,355. INCL GRANTS OF $ 3,476,630. REVENUE $ 489,422.

STRENGTHENING FAMILY SERVICES: ASSISTS INDIVIDUALS AND FAMILIES WHO ARE CURRENTLY STRUGGLING TO ACCESS ADEQUATE FOOD, CLOTHING, AND LONG-TERM

Name of the organization: CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number: **-***9733

HOUSING AS WELL AS FINANCIAL ASSISTANCE. IN ADDITION, FAMILIES AND INDIVIDUALS ARE ABLE TO MAINTAIN STABLE HOMES THROUGH FINANCIAL ASSISTANCE FOR RENT AND UTILITIES, AND THOUSANDS OF FAMILIES RECEIVE EMERGENCY FOOD ASSISTANCE THROUGH A NETWORK OF FOOD PANTRIES.

EXPENSES $ 6,124,334. INCLUDING GRANTS OF $ 3,319,754. REVENUE $ 0.

FORM 990, PART VI, SECTION A, LINE 6:

ORGANIZATION'S SOLE MEMBER IS THE ARCHBISHOP OF THE ARCHDIOCESE OF GALVESTON-HOUSTON.

FORM 990, PART VI, SECTION A, LINE 7A:

SELECTION OF BOARD MEMBERS AND THE HIRING OF THE PRESIDENT/CEO IS SUBJECT TO THE APPROVAL OF THE ARCHBISHOP OF THE ARCHDIOCESE OF GALVESTON-HOUSTON.

FORM 990, PART VI, SECTION A, LINE 7B:

SELECTION OF BOARD MEMBERS AND THE HIRING OF THE PRESIDENT/CEO IS SUBJECT TO THE APPROVAL OF THE ARCHBISHOP OF THE ARCHDIOCESE OF GALVESTON-HOUSTON.

FORM 990, PART VI, SECTION B, LINE 11B:

THE FORM 990 IS REVIEWED BY MEMBERS OF THE AUDIT COMMITTEE. A COPY IS FURNISHED TO THE BOARD MEMBERS PRIOR TO FILING.

FORM 990, PART VI, SECTION B, LINE 12C:

BOARD MEMBERS ARE REQUIRED TO ANNUALLY DISCLOSE ALL CONFLICTS OF INTEREST. BOARD MEMBERS MUST EXCUSE THEMSELVES FROM VOTING ON DECISIONS WHICH INVOLVE A CONFLICT OF INTEREST. BUSINESS WITH BOARD MEMBERS IS DONE AT FAIR MARKET RATES COMPARABLE WITH OTHER PROVIDERS OF THE SAME SERVICE. ALL OFFICERS AND EMPLOYEES ARE ALSO REQUIRED TO DISCLOSE ANY CONFLICT OF INTEREST.

Name of the organization CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number **-***9733

FORM 990, PART VI, SECTION B, LINE 15:

COMPENSATION OF THE CEO IS DETERMINED BY THE BOARD OF DIRECTORS ANNUALLY UTILIZING PERFORMANCE REVIEWS AND CONDUCTING AN ANALYTICAL REVIEW OF SALARY DATA FOR SIMILARLY QUALIFIED PEOPLE IN FUNCTIONALLY COMPARABLE POSITIONS AT COMPARABLE ORGANIZATIONS.

FORM 990, PART VI, SECTION C, LINE 19:

GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST TO THE VP OF FINANCE.

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

NET ASSETS ADJUSTMENT 351,514.

FORM 990, PART XII, LINE 2C:

NO CHANGES FROM PRIOR YEARS.

SCHEDULE R (Form 990)

Department of the Treasury Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.

▶ Attach to Form 990.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2019

Open to Public Inspection

Name of the organization: CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON - HOUSTON

Employer identification number: **-***9733

Part I Identification of Disregarded Entities. Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
ARCHDIOCESE OF GALVESTON-HOUSTON - 74-6018777, 1700 SAN JACINTO, HOUSTON, TX 77002	CHURCH	TEXAS	501(C)(3)	LINE 1	N/A		X
CATHOLIC CHARITIES COMMUNITY DEVELOPMENT CORPORATION - 37-1548399, 2900 LOUISIANA, HOUSTON, TX 77006	MANAGE HOUSING PROGRAM	TEXAS	501(C)(3)	LINE 7	N/A		X

For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule R (Form 990) 2019

932161 09-10-19 LHA

Part III **Identification of Related Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	No	(k) Percentage ownership

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	No

Part V Transactions With Related Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note: Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.		Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity	1a		X
b Gift, grant, or capital contribution to related organization(s)	1b		X
c Gift, grant, or capital contribution from related organization(s)	1c	X	
d Loans or loan guarantees to or for related organization(s)	1d	X	
e Loans or loan guarantees by related organization(s)	1e		X
f Dividends from related organization(s)	1f		X
g Sale of assets to related organization(s)	1g		X
h Purchase of assets from related organization(s)	1h		X
i Exchange of assets with related organization(s)	1i		X
j Lease of facilities, equipment, or other assets to related organization(s)	1j		X
k Lease of facilities, equipment, or other assets from related organization(s)	1k		X
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		X
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		X
o Sharing of paid employees with related organization(s)	1o		X
p Reimbursement paid to related organization(s) for expenses	1p		X
q Reimbursement paid by related organization(s) for expenses	1q		X
r Other transfer of cash or property to related organization(s)	1r		X
s Other transfer of cash or property from related organization(s)	1s		X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) ARCHDIOCESE OF GALVESTON-HOUSTON	C	1,054,249.	ALLOCATION
(2) CATHOLIC CHARITIES COMMUNITY DEVELOPMENT CORPORATION	D	267,962.	LOAN BALANCE AT YEAR END
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership. Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners sec. 501(c)(3) orgs.? Yes	(e) No	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R. See instructions.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON-HOUSTON

Audits of Financial Statements

June 30, 2021 and 2020

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

LAPORTE

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Metairie, LA 70005
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Independent Auditor's Report

To the Board of Directors
Catholic Charities of the
Archdiocese of Galveston-Houston

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities of the Archdiocese of Galveston-Houston (a not-for-profit organization) (the Agency), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of the Archdiocese of Galveston-Houston as of June 30, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Metairie, LA
December 7, 2021

CATHOLIC CHARITIES OF THE
ARCHDIOCESE OF GALVESTON-HOUSTON
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	$ 10,367,082	$ 10,192,067
Restricted Cash and Cash Equivalents	4,056,790	7,627,548
Investments	9,491,568	5,795,284
Government Grants and Accounts Receivable	8,839,539	4,371,481
Pledges Receivable	3,368,368	2,274,576
Related-Party Receivable	-	267,962
Prepaid Expenses and Other Assets	358,604	442,748
Total Current Assets	36,481,951	30,971,666
Property and Equipment, Net	12,271,071	12,615,432
Other Assets		
Unemployment Trust	422,051	306,361
Beneficial Interest in Assets Held by Others	2,660,993	2,152,203
Beneficial Interest in Perpetual Trusts	577,301	483,138
Endowments		
Cash Equivalents	191,280	288,179
Beneficial Interest in Assets Held by Others	1,369,060	1,107,291
Investments	121,638	-
Security Deposits	94,652	59,102
Total Other Assets	5,436,975	4,396,274
Total Assets	$ 54,189,997	$ 47,983,372
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	$ 854,691	$ 682,473
Accrued Liabilities	2,555,946	2,118,570
Deferred Revenues	4,253,593	864,108
Funds Held for Others	36,657	28,891
Loan Payable - Paycheck Protection Program	-	634,877
Total Current Liabilities	7,700,887	4,328,919
Long-Term Liabilities		
Loan Payable - Paycheck Protection Program	-	3,843,723
Total Long-Term Liabilities	-	3,843,723
Total Liabilities	7,700,887	8,172,642
Net Assets		
Without Donor Restrictions	36,530,709	27,879,497
With Donor Restrictions	9,958,401	11,931,233
Total Net Assets	46,489,110	39,810,730
Total Liabilities and Net Assets	$ 54,189,997	$ 47,983,372

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON-HOUSTON
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Support			
Government Grants	$ 143,051,761	$ -	$ 143,051,761
Foundation Grants and Other Contributions	15,237,820	7,095,054	22,332,874
Support from Archdiocese	-	902,500	902,500
United Way Allocations	9,797	777,472	787,269
Special Events Contributions, Net of Direct Expenses of $170,423	1,613,804	63,957	1,677,761
Forgiveness of Loan Payable and Accrued Interest	4,486,088	-	4,486,088
Program Services Fees and Other	1,076,957	-	1,076,957
Investment Return, Net	643,012	370,670	1,013,682
	166,119,239	9,209,653	175,328,892
Net Assets Released from Restrictions	11,182,485	(11,182,485)	-
Total Revenues, Gains, and Support	177,301,724	(1,972,832)	175,328,892
Expenses			
Program Services			
Children's Services	7,145,871	-	7,145,871
Family Services	135,826,630	-	135,826,630
Immigration and Refugee Services	12,377,217		12,377,217
Disaster Relief and Response	6,083,358	-	6,083,358
Seniors and Vulnerable Adults Services	2,443,189	-	2,443,189
Supporting Services			
Management and General	3,084,856	-	3,084,856
Fundraising	1,679,371	-	1,679,371
Total Expenses	168,640,492	-	168,640,492
Loss on Sale of Other Assets	10,020	-	10,020
Total Expenses and Losses	168,650,512	-	168,650,512
Change in Net Assets	8,651,212	(1,972,832)	6,678,380
Net Assets, Beginning of Year	27,879,497	11,931,233	39,810,730
Net Assets, End of Year	$ 36,530,709	$ 9,958,401	$ 46,489,110

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES OF THE
ARCHDIOCESE OF GALVESTON-HOUSTON
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Support			
Government Grants	$ 24,821,816	$ -	$ 24,821,816
Foundation Grants and Other Contributions	10,970,045	5,192,352	16,162,397
Support from Archdiocese	-	902,500	902,500
United Way Allocations	-	1,125,662	1,125,662
Special Events Contributions, Net of Direct Expenses of $155,950	625,434	20,000	645,434
Program Services Fees and Other	918,500	-	918,500
Investment Return, Net	356,146	187,216	543,362
	37,691,941	7,427,730	45,119,671
Net Assets Released from Restrictions	10,137,127	(10,137,127)	-
Total Revenues, Gains, and Support	47,829,068	(2,709,397)	45,119,671
Expenses			
Program Services			
Children's Services	7,721,231	-	7,721,231
Family Services	6,124,334	-	6,124,334
Immigration and Refugee Services	11,487,696	-	11,487,696
Disaster Relief and Response	10,332,822	-	10,332,822
Seniors and Vulnerable Adults Services	7,304,827	-	7,304,827
Supporting Services			
Management and General	2,804,849	-	2,804,849
Fundraising	1,696,498	-	1,696,498
Total Expenses	47,472,257	-	47,472,257
Loss on Sale of Assets	177	-	177
Total Expenses and Losses	47,472,434	-	47,472,434
Change in Net Assets	356,634	(2,709,397)	(2,352,763)
Net Assets, Beginning of Year	27,522,863	14,640,630	42,163,493
Net Assets, End of Year	$ 27,879,497	$ 11,931,233	$ 39,810,730

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON-HOUSTON
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services						Supporting Services		
	Nurturing and Caring for Children Services	Strengthening Family Services	Immigration and Refugee Services	Disaster Relief and Response	Seniors, Veterans, and Other Vulnerable Adult Services	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries and Related Benefits	$ 5,457,985	$ 7,870,751	$ 8,496,699	$ 2,327,129	$ 1,357,605	$ 25,510,169	$ 1,873,700	$ 1,141,604	$ 28,525,473
Professional and Contracted Services	126,245	1,912,193	110,536	3,113	4,465	2,156,552	297,989	26,327	2,480,868
Supplies	56,262	98,999	63,649	15,132	2,928	236,970	25,873	3,561	266,404
Telephone and Internet	44,959	72,586	44,307	30,582	8,120	200,554	84,066	2,461	287,081
Postage and Shipping	11,481	32,745	54,069	1,642	767	100,704	6,982	39,373	147,059
Cost of Direct Donor Benefits	-	-	-	-	-	-	-	170,423	170,423
Occupancy	345,249	980,639	787,360	185,919	163,725	2,462,892	217,379	100,531	2,780,802
Equipment Rental and Maintenance	20,653	211,345	72,352	124,268	5	428,623	197,645	56,177	682,445
Printing and Copying	16,122	34,432	32,977	10,952	4,029	98,512	47,231	109,401	255,144
Travel and Automobile Expenses	140,873	12,784	56,718	6,996	26,475	243,846	73,660	1,148	318,654
Meetings	4	7,524	-	41	208	7,777	3,538	1,978	13,293
Specific Assistance to Individuals	836,135	124,101,142	2,566,060	3,357,607	860,484	131,721,428	95,218	5,286	131,821,932
Dues to Affiliated Organizations	15,261	3,658	6,640	25	309	25,893	20,998	4,654	51,545
Marketing, Events, and Recognition	2,711	714	-	-	-	3,425	363	134,335	138,123
Staff Recruitment and Development	44,959	39,117	35,138	1,250	6,453	126,917	106,235	1,305	234,457
Miscellaneous	5,003	30,424	12,660	-	105	48,192	24,308	45,818	118,318
Total Operating Expenses Before Depreciation	7,123,902	135,409,053	12,339,165	6,064,656	2,435,678	163,372,454	3,075,185	1,844,382	168,292,021
Depreciation Expense	21,969	417,577	38,052	18,702	7,511	503,811	9,671	5,412	518,894
Total Expenses by Function	7,145,871	135,826,630	12,377,217	6,083,358	2,443,189	163,876,265	3,084,856	1,849,794	168,810,915
Less: Costs of Direct Donor Benefits Included Within Revenues on the Statement of Activities	-	-	-	-	-	-	-	(170,423)	(170,423)
Total	$ 7,145,871	$135,826,630	$ 12,377,217	$ 6,083,358	$ 2,443,189	$163,876,265	$ 3,084,856	$ 1,679,371	$ 168,640,492

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON-HOUSTON
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services						Supporting Services		
	Nurturing and Caring for Children Services	Strengthening Family Services	Immigration and Refugee Services	Disaster Relief and Response	Seniors, Veterans, and Other Vulnerable Adult Services	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries and Related Benefits	$ 5,439,248	$ 2,228,778	$ 7,321,556	$ 3,422,072	$ 3,053,721	$ 21,465,375	$ 2,032,683	$ 964,923	$ 24,462,978
Professional and Contracted Services	135,956	39,846	190,651	1,909,981	71,259	2,347,693	145,224	32,820	2,525,737
Supplies	50,926	24,917	62,527	29,312	36,788	204,470	15,481	5,334	225,285
Telephone and Internet	56,441	12,546	49,617	64,869	42,408	225,881	26,743	4,856	257,480
Postage and Shipping	12,595	929	28,239	2,225	1,845	45,833	4,353	40,518	90,704
Cost of Direct Donor Benefits	-	-	-	-	-	-	-	155,950	155,950
Occupancy	539,005	356,613	538,669	386,096	473,438	2,293,821	208,853	115,342	2,618,021
Equipment Rental and Maintenance	64,366	29,327	182,518	53,556	65,632	395,399	125,583	36,285	557,273
Printing and Copying	19,741	14,088	46,402	16,973	30,524	127,728	14,784	94,136	236,648
Travel and Automobile Expenses	150,788	24,905	100,337	66,917	65,978	408,925	30,363	3,724	443,009
Meetings	2,771	4,500	5,306	4,834	8,449	25,860	8,936	5,824	40,620
Specific Assistance to Individuals	1,067,649	3,319,754	2,727,891	4,280,450	3,307,540	14,703,284	19,559	149,531	14,872,374
Dues to Affiliated Organizations	19,311	7,079	8,026	4,399	5,302	44,117	12,672	5,104	61,893
Marketing, Events, and Recognition	6,838	2,853	2,679	14,774	46,019	73,163	6,663	155,230	235,061
Staff Recruitment and Development	48,972	15,413	58,123	12,060	30,091	164,659	29,505	2,606	196,770
Interest Expense	791	592	1,203	1,010	730	4,326	2,995	167	7,488
Miscellaneous	2,760	1,970	22,453	4,082	9,353	40,618	12,247	61,230	114,095
Total Operating Expenses Before Depreciation	7,618,158	6,084,110	11,346,197	10,273,610	7,249,077	42,571,152	2,696,654	1,833,580	47,101,386
Depreciation Expense	103,073	40,224	141,499	59,212	55,750	399,758	108,195	18,868	526,821
Total Expenses by Function	7,721,231	6,124,334	11,487,696	10,332,822	7,304,827	42,970,910	2,804,849	1,852,448	47,628,207
Less: Costs of Direct Donor Benefits Included Within Revenues on the Statement of Activities	-	-	-	-	-	-	-	(155,950)	(155,950)
Total	$ 7,721,231	$ 6,124,334	$ 11,487,696	$ 10,332,822	$ 7,304,827	$ 42,970,910	$ 2,804,849	$ 1,696,498	$ 47,472,257

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON-HOUSTON
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	**$ 6,678,380**	$ (2,352,763)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities		
Investment Restricted for Permanent Endowment		
Depreciation	**518,894**	526,821
Loss on Sale of Assets	**10,020**	177
Net Appreciation in Fair Value of Investments	**(113,154)**	(39,810)
Forgiveness of Loan Payable	**(4,478,600)**	-
(Increase) Decrease in Assets		
Government Grants and Accounts Receivable	**(4,468,058)**	(440,635)
Pledges Receivable	**(1,093,792)**	(340,043)
Related Party Receivable	**267,962**	(12,614)
Prepaid Expenses and Other Assets	**74,124**	63,946
Security Deposits	**(35,550)**	(1,450)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities	**172,218**	(446,985)
Accrued Liabilities	**437,376**	376,472
Deferred Revenues	**3,389,486**	829,867
Funds Held for Others	**7,766**	(6,920)
Net Cash Provided by (Used in) Operating Activities	**1,367,071**	(1,843,947)
Cash Flows from Investing Activities		
Building Improvements and Purchases of Equipment	**(174,533)**	(250,219)
Distributions from Limited Partnership	**20,000**	50,000
Change in Unemployment Trust	**(40,997)**	(306,361)
Change in Beneficial Interests in Perpetual Trusts	**(864,722)**	(534,832)
Proceeds from Sales of Investments/Maturities	**5,304,093**	16,144,375
Purchases of Investments/Reinvestments	**(9,028,861)**	(12,694,224)
Net Cash (Used in) Provided by Investing Activities	**(4,785,020)**	2,408,739

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON-HOUSTON
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Financing Activities		
Proceeds from Borrowings	-	4,478,600
Net Cash Provided by Financing Activities	-	4,478,600
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(3,417,949)	5,043,392
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	18,107,794	13,064,402
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 14,689,845	$ 18,107,794

The accompanying notes are an integral part of these financial statements.

Note 1. Summary of Significant Accounting Policies

Organization

Catholic Charities of the Archdiocese of Galveston-Houston (the Agency) is both an Archdiocesan and an United Way Agency with the primary objective of providing social services to meet community needs. The Agency was founded in 1943. The Archbishop of the Archdiocese of Galveston-Houston (the Archdiocese) is the sole member of the Agency.

The Agency provides social services to the community in the following areas:

- Nurturing and Caring for Children Services assists young parents and their families during pregnancy and the baby's first five years of life by providing medical referrals, education, counseling services, parenting, and life skills coaching. The Agency provides a nurturing home environment for unaccompanied refugee children and youth in the homes of foster families where they are provided with education, medical care, life skills, English classes, ongoing family tracing, and legal assistance. In addition, the Agency works with the U.S. Office of Refugee Resettlement to reunite children, who have entered the country lacking proper documentation and have been detained by immigration offices, with relatives in the U.S. or in their country of origin.

- Strengthening Family Services assists individuals and families who are currently struggling to access adequate food, clothing, and long-term housing as well as financial assistance. In addition, families and individuals are able to maintain stable homes through financial assistance for rent and utilities, and thousands of families receive emergency food assistance through a network of food pantries. While COVID-19 affected nearly every impact area in different ways during the fiscal years 2021 and 2020, the largest financial impact is recorded in this area due to a significant increase in food, financial, and rental assistance.

- Immigration and Refugee Services provides help to government-approved refugees to become self-sufficient by providing education, housing, food, financial assistance, cultural orientation, job development, and family reunification services. The Agency provides a range of legal services, including education, assessment, counseling, representation and advocacy for immigrants, refugees, and victims of human trafficking and other violent crimes. St. Frances Cabrini Center for Immigration Legal Assistance is dedicated to providing high quality, low-cost, and pro bono legal services to immigrants and refugees who would otherwise not be able to obtain legal representation.

Note 1. Summary of Significant Accounting Policies (Continued)

Organization (Continued)

- Disaster Recovery provides support to all those in need with a priority focus on low-income populations, including seniors and those living at or below the poverty line in the wake of disasters such as floods and hurricanes. The Agency provides a variety of disaster recovery services including:
    - Distribution of donated goods such as household items, cleaning items, grocery and gas cards, diapers, etc.
    - Intakes and needs assessments for disaster victims
    - Basic needs services such as food distribution, temporary and emergency shelter assistance, rental assistance, and medication assistance
    - Home repair assistance
    - Relocation and furniture/household good replacements
    - Short-term and long-term case management, including assistance with registering for and receiving federal disaster assistance and other assistance programs
    - Mental health services for victims of disaster
- Seniors, Veterans, and Other Vulnerable Adult Services provides support for seniors.
    - The Agency supports seniors in their efforts to stay healthy and active, volunteer, build friendships, and live independently for as long as possible. Mamie George Community Center is a place where Fort Bend seniors can meet new friends, socialize, learn, and enjoy activities that promote healthy living. The Agency serves free lunch daily for enrolled seniors over the age of 60, and provides other programs for low-income seniors and families.
    - The Agency assists women veterans and their young children who are in need of stable housing and case management services to rebuild their lives after facing the challenges of homelessness, domestic violence, and other life-changing events.

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under this method, revenues are recognized when earned, and expenses are recorded when incurred. The Agency follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Net Asset Classification

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation. The Agency's property and equipment are included in this net asset class.

Net Assets With Donor Restrictions - include assets that are subject to donor- (or certain grantor-) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by either purpose or passage of time. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a purpose restriction is accomplished or a time restriction ends, net assets with donor restrictions are released to net assets without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include deposits in checking and savings accounts, money market accounts, and all highly liquid financial instruments with original maturities at time of purchase of three months or less that are not restricted for long-term purposes. Cash and cash equivalents that are restricted and are expected to be expended within one year are shown as current assets. Cash and cash equivalents that are restricted and not expected to be expended within one year are shown as long-term assets. As of June 30, 2021 and 2020, there were no cash and cash equivalents deemed to be long-term assets.

Government Grants and Accounts Receivable

Government grants and accounts receivable are reflected net of an estimated allowance for uncollectible accounts. An allowance for uncollectible accounts receivable is provided when it is believed that receivable balances may not be collected in full. The amount of bad debt expense recorded each year and the resulting adequacy of the allowance at the end of each year are determined using a combination of historical loss experience and circumstances which may affect the collectability of accounts receivable balances each year.

Note 1. Summary of Significant Accounting Policies (Continued)

Pledges Receivable
Pledges receivable expected to be collected within one year are recorded at net realizable value. Pledges receivable expected to be collected in future years are discounted to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts, if material, is included in contribution revenue and is reported within the asset class in which the pledge was originally reported. An allowance for uncollectible pledges is estimated by analyzing individual accounts using collection history and aging trends.

Property and Equipment
Property and equipment are recorded at cost if purchased and at fair value at the date of gift if donated. The Agency capitalizes additions and improvements that have a tangible future economic life of more than one year and a cost of more than $5,000. Depreciation is provided on a straight-line basis over estimated useful lives of 10 to 40 years for buildings and improvements, 3 to 10 years for furniture and equipment, and over the estimated useful life or term of the lease, whichever is shorter, for leasehold improvements.

Investments
Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are recorded at fair value. Investment return includes interest, dividends, and net appreciation/depreciation in fair value of investments, net of investment fees. Investment return is reported in the statements of activities and changes in net assets as an increase in net assets without donor restrictions unless the use of the income is limited by donor-imposed restrictions. Investment return whose use is restricted by the donor is reported as an increase in net assets with donor restrictions.

Beneficial Interest in Assets Held by Others
Beneficial interests in assets held by others represent custodial funds established with the Catholic Endowment Foundation of Galveston-Houston (the Foundation). The Agency maintains all variance power as it relates to the original restrictions or condition of distribution of funds. The funds represent the Agency's share of a pooled investment portfolio which consists of mainly equity securities, corporate bonds and notes, U.S. government agencies, mutual funds, and exchange traded funds. The fair value of the mutual funds is determined primarily by reference to quoted market prices. Pooled accounts are comprised of broad asset category types, such as common stock, mutual funds, and cash equivalents. The Agency's value is based on the net asset value of the pool units, which is based on the value of the underlying holdings of the pool. The underlying holdings are all based on unadjusted quoted market prices. Changes in the fair value are included in the accompanying statements of activities.

Note 1. Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Perpetual Trusts

Perpetual trusts held by others are two irrevocable perpetual funds held by an outside trustee. These funds are neither in the possession, nor under the control, of the Agency. Trust terms provide that the Agency is to receive annually a portion of the income earned by the trust assets. One fund includes the Agency as one of seven equal beneficiaries. Per the agreement, 90% of the earnings each year are to be disbursed in equal parts to each beneficiary, with the remaining 10% added to the principal and retained in the fund. The other fund includes the Agency as one of five beneficiaries with the Agency receiving 15% of income from the fund annually. The beneficial interests in the trusts are recognized as assets and contribution income at the date the Agency receives notice of the beneficial interest. Beneficial interests in the trusts are reported at the Agency's percentage of fair value of the trust's assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

Funds Held for Others

The Agency holds funds for several nonprofit agencies and clients. The Agency has limited discretion over the use of these funds. Funds held for others are included as an asset and as a liability of the Agency.

Compensated Absences

Vacation is granted based on time employed and employment status. Any accrued and unused vacation time is paid out at the time an employee leaves the Agency. Accumulated paid time off is payable upon termination of employment and is accrued. The Agency's obligation as of June 30, 2021 and 2020 totaled $533,775 and $534,475, respectively, which is included in accrued payroll and other expenses on the statements of financial position. Sick leave is based on accumulated services and employment status and is not paid out at the time an employee leaves the Agency.

Revenue and Revenue Recognition

The Agency records contributions and revenue on an accrual basis. The Agency records revenue from the following types of contributions, when they are received unconditionally, at their fair value: cash, promises to give, certain contributed materials, use of facilities and services, and gifts of long-lived and other assets. Contributions received with donor stipulations that limit their use are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional contributions, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (Continued)

A portion of the Agency's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

Revenue from special event sponsorships and program services received in advance are deferred and recognized in the period to which the sponsorships and fees relate.

Donated Materials, Use of Facilities, and Services

Donated materials and use of facilities are recorded at fair value as net assets without donor restrictions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets, (b) require specialized skills, are provided by individuals possessing those skills, and (c) would typically need to be purchased if not provided by donation. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration and fundraising for which no amount has been recorded in the financial statements because the services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Donated Other Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation among the programs and supporting services benefited. Management believes its allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, and other expenses are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done on the basis of estimates of time and effort.

Direct Donor Benefit

Direct donor benefits are recorded at cost. Costs represent the cost of goods and services received by attendees of the special event.

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Advertising Expense

The Agency uses advertising to promote operations and fundraising activities. The costs of advertising are expensed as incurred. For the years ended June 30, 2021 and 2020, advertising costs totaled $24,014 and $46,760, respectively.

Federal Income Taxes

The Agency is exempt from federal income tax under 501(c)(3) of the Internal Revenue Code and is further classified as a public charity under the group exemption of the United States Conference of Catholic Bishops.

Accounting principles generally accepted in the United States of America require the Agency's management to evaluate tax positions taken by the Agency and recognize a tax liability if the Agency has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Agency's management has analyzed the tax positions taken by the Agency, and has concluded that as of June 30, 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements. The Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Agency would recognize interest and penalties related to income taxes, if any were incurred, in professional fees.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on the previously reported net assets.

Recent Accounting Pronouncements - Adopted

In May 2014, the FASB issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to when products are transferred to customers. The updated standard replaces most existing revenue recognition guidance in generally accepted accounting principles in the United States of America and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Analysis of various provisions of this standard resulted in no significant changes in the way the Agency recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis.

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Not Yet Adopted

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2016-02 one year making it effective for annual reporting periods beginning after December 15, 2021, including interim periods within those fiscal years. Management is currently evaluating the impact ASU 2016-02 will have on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard addresses measurement of contributed nonfinancial assets recognized by not-for-profit organizations and enhances disclosures with respect to these contributions. The ASU will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The Agency is currently evaluating the impact of the pending adoption of the new standard on its financial statements.

Note 2. Cash, Cash Equivalents, and Restricted Cash

For purposes of the statements of cash flows, the Agency considers all highly liquid investments with an initial maturity of three months or less to be cash. The Agency places its cash with high credit quality financial institutions. The total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. At various times during the year, such balances may be in excess of the FDIC limit. See Note 16.

Cash, cash equivalents, and restricted cash are comprised of the following as of June 30, 2021 and 2020:

	2021	2020
Bank Deposits and Petty Cash	**$ 10,383,447**	$ 10,206,187
Certificates of Deposit	**3,663,045**	7,245,114
Archdiocesan Savings Accounts	**563,287**	557,696
Money Market Fund	**5,373**	98,797
Total Cash, Cash Equivalents, and Restricted Cash	**$ 14,615,152**	$ 18,107,794

Note 2. Cash, Cash Equivalents, and Restricted Cash (Continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

	2021	2020
Disaster Assistance	$ 3,987,945	$ 7,566,789
Endowments	191,280	288,179
Capital	32,188	31,868
Funds Held for Others	36,657	28,891
Total	**$ 4,248,070**	$ 7,915,727

Note 3. Pledges Receivable

Pledges receivable are comprised of the following as of June 30, 2021 and 2020:

	2021	2020
Immigration and Refugee Services	$ 164,897	$ 906,036
United Way	513,235	737,336
General	1,518,728	420,220
Children and Family Services	1,112,500	87,500
Disaster Relief and Response	20,000	84,476
Senior and Other Vulnerable Adult Services	39,008	39,008
Pledges Receivable, End of Year	**$ 3,368,368**	$ 2,274,576

Pledges receivable are expected to be collected as of June 30, 2021 and 2020:

	2021	2021
Amounts to be Collected within One Year	$ 2,718,368	$ 2,274,576
Amounts to be Collected within One to Five Years	650,000	-
Total	**$ 3,368,368**	$ 2,274,576

Uncollectible pledges receivable are expected to be minimal, and therefore, management determined no allowance was necessary for uncollectible amounts at June 30, 2021 or 2020.

Note 4. Investments

Investments consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Certificates of Deposit	**$ 8,892,025**	$ 5,277,834
Interest in Limited Partnerships	**588,243**	506,150
Other Investments	**11,300**	11,300
Total Investments	**$ 9,491,568**	$ 5,795,284

A portion Certificates of deposit are restricted for disaster assistance purposes.

Note 5. Property and Equipment

Property and equipment are comprised of the following as of June 30, 2021 and 2020:

	2021	2020
Buildings	**$ 16,068,079**	$ 15,948,805
Land	**3,746,439**	3,746,439
Furniture and Equipment	**1,441,842**	1,475,756
Leasehold Improvements	**159,741**	70,568
Total Property and Equipment, at Cost	**21,416,101**	21,241,568
Accumulated Depreciation	**(9,145,030)**	(8,626,136)
Total Property and Equipment, Net	**$ 12,271,071**	$ 12,615,432

Depreciation expense was $518,894 and $526,821 for the years ended June 30, 2021 and 2020, respectively.

Note 6. Deferred Revenue

At June 30, 2021 and 2020, deferred revenue consisted of the following:

	2021	2020
COVID-19 Grant Assistance	$ 3,124,818	$ -
Disaster Relief	1,056,880	862,643
Events	71,895	1,465
Total Deferred Revenue	$ 4,253,593	$ 864,108

Note 7. Line of Credit

The Agency has a $3,000,000 unused line of credit with a bank to be drawn upon as needed, with interest at 3.0% above the prime rate. The agreement calls for monthly payments of accrued and unpaid interest starting on February 1, 2021 with a final installment in the amount of all outstanding principal plus accrued and unpaid interest due on January 19, 2022. As of June 20, 2021 and 2020, there was no balance outstanding under the line of credit.

Note 8. Loan Payable - Paycheck Protection Program

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which established the Paycheck Protection Program (PPP). The PPP was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis. The Agency applied for a loan under the PPP and received from a financial institution a loan in the amount of $4,478,600 on April 29, 2020 with interest at 1.0%. The loan is unsecured and does not require personal guarantees. Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The Agency applied for forgiveness with the lender. On June 10, 2021, the lender received notice from the Small Business Administration (SBA) that the PPP loan qualified for full debt forgiveness; therefore, the lender considers the debt paid in full. The Agency has recognized the entire loan principal and accrued interest within revenues, gains, and support in the accompanying statement of activities for the year ended June 30, 2021.

Even upon the SBA's review and approval of the forgiveness amount, the SBA still has the right to audit the Agency's compliance with the PPP for a period of up to six years.

Note 9. Net Assets

Net assets without donor restrictions consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Unrestricted	**$ 20,116,995**	$ 11,910,472
Board Designated		
Board Reserve Quasi-Endowment	**2,660,993**	2,152,203
Capital Maintenance Reserve	**1,128,784**	848,524
Operating Reserve	**352,866**	352,866
Property and Equipment, Net	**12,271,071**	12,615,432
Total Net Assets Without Donor Restrictions	**$ 36,530,709**	$ 27,879,497

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Subject to Expenditure for Specified Purpose		
Disaster Relief and Response - Hurricane Harvey	**$ 1,533,954**	$ 4,987,021
Disaster Relief and Response	**2,228,284**	2,096,071
Immigration and Refugee Services	**523,277**	1,056,287
Senior and Other Vulnerable Adult Services	**621,184**	963,976
COVID-19	**1,003,062**	656,956
General Operations in Future Periods	**1,199,353**	173,706
Children and Family Services	**160,008**	61,941
Veterans Services	**430,000**	56,667
	7,699,122	10,052,625
Perpetual Endowments, Subject to Spending Policy and Appropriation		
Ann Larkin McConnell Fund, Original Gift $429,787	**1,560,340**	1,296,673
Rolke Family Endowment Fund, Original Gift $100,000	**110,265**	98,797
Bazan Endowment Fund, Original Gifts $10,000	**11,373**	-
Perpetual in Nature, Not Subject to Spending Policy or Appropriation		
Beneficial Interests in Perpetual Trusts	**577,301**	483,138
Total Net Assets With Donor Restrictions	**$ 9,958,401**	$ 11,931,233

Note 9. Net Assets (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Disaster Relief and Response - Hurricane Harvey	$ 3,469,239	$ 3,622,171
Disaster Relief and Response	217,625	466,260
Senior and Other Vulnerable Adult Services	1,329,686	1,730,573
COVID-19	2,677,109	1,106,050
Immigration and Refugee Services	761,660	843,446
General Operations in Future Periods	2,072,630	1,531,152
Veterans Services	281,667	417,537
Children and Family Services	372,869	369,938
Capital Campaign	-	50,000
Total Net Assets Released from Donor Restrictions	**$ 11,182,485**	$ 10,137,127

Note 10. Endowment and Quasi-Endowment Funds

The Agency has three donor-restricted endowment funds, which are classified as net assets with donor restrictions. The Board of Directors also designated a portion of the net assets without donor restrictions as a quasi-endowment fund. Board designations are not legal restrictions on the use of the net assets, and therefore, the net assets remain classified as net assets without donor restrictions. The quasi-endowment may be spent or designated to another purpose at the discretion of the Board of Directors.

The Agency follows the guidance of generally accepted accounting principles for the classification of donor-restricted endowment funds that are subject to the State of Texas Prudent Management of Institutional Funds Act (SPMIFA). The Board of Directors has determined that its donor-restricted endowment funds are subject to SPMIFA. The quasi-endowment is not subjected to SPMIFA because it was created by an action of the Board of Directors from net assets without donor restrictions. The Board of Directors of the Agency has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as net assets with donor restrictions - perpetual (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Note 10. Endowment and Quasi-Endowment Funds (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions - perpetual is classified as net assets with donor restrictions - purpose/time until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund,
2) The purposes of the organization and the donor-restricted endowment fund,
3) General economic conditions,
4) The possible effect of inflation and deflation,
5) The expected total return from income and the appreciation of investments,
6) Other resources of the organization, and
7) The investment policies of the organization.

The Board of Directors considers the same factors when deciding whether to spend from its quasi-endowment fund.

Endowment funds include:

Ann Larkin McConnell Endowment Fund
In 1992, the donor initially contributed $429,787 into the fund. All contributions and donations to the fund (including the initial deposit) were to be set aside to create a corpus for the fund (the Corpus). Each calendar year, the Agency may spend the income and/or interest earned on the Corpus during the calendar year and up to 5% of the principal amount of the Corpus (calculated as of December 31st of the previous calendar year). On December 31st of each year, any unspent interest and other earnings on the Corpus during the preceding 12 months should be added to the Corpus. Permitted expenditures include the care, upkeep, maintenance, and education of orphan children in the Diocese of Houston, Texas. In addition, permitted expenditures include providing assistance to orphan children in the form of providing counseling, housing, food, clothing, medical assistance, utility assistance, and any other form the Board of Director may determine fulfills the objective of the fund.

The funds for this endowment are maintained in a savings account at the Archdiocese as well as custodial fund at the Catholic Endowment Foundation of Galveston-Houston (the Foundation) which is an interest in pooled investments. The Foundation invests its assets to achieve long-term objectives and to meet current and future needs. Assets are invested in a mixture of mainly equity securities, corporate bonds and notes, U.S. government agencies, mutual funds, and exchange traded funds.

Note 10. Endowment and Quasi-Endowment Funds (Continued)

Rolke Family Endowment Fund
During the year ended June 30, 2020, a fund was established by a donor for the purpose of supporting the work of the Agency, specifically to provide food, clothing, emergency financial assistance, and other basic needs to vulnerable women, children, and/or families. The Agency may make distributions from the fund once per calendar year up to a cumulative limit of 4% of the value of the fund determined as of the preceding December 31st. Distributions are to be made from net investment income, net realized capital gains, and proceeds from the sale of investments. To support the preservation of the Corpus, the Agency may forego annual distributions if the value of the Corpus falls below the amount of initial donation to create the endowment.

Nicolas M. Bazan Endowment Fund
During the year ended June 30, 2021, contributions of $10,000 were collected to establish a perpetual fund in the memory of Nicolas M. Bazan. A percentage of the proceeds of the fund are to be used for specific programs or activities of the Agency as determined by the family of Mr. Bazan.

The endowment net asset composition by type of fund as of June 30, 2021 and 2020 was as follows:

June 30, 2021	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Donor-Restricted Endowments			
Ann Larkin McConnell Endowment Fund	**$ -**	**$ 1,560,340**	**$ 1,560,340**
Rolke Family Endowment Fund	**-**	**110,265**	**110,265**
Nicolas M. Bazan Endowment Fund	**-**	**11,373**	**11,373**
Board-Designated Endowment			
Board Reserve Fund	**2,660,993**	**-**	**2,660,993**
	$ 2,660,993	**$ 1,681,978**	**$ 4,342,971**

June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowments			
Ann Larkin McConnell Endowment Fund	$ -	$ 1,296,673	$ 1,296,673
Rolke Family Endowment Fund	-	98,797	98,797
Board-Designated Endowments			
Board Reserve Fund	2,152,203		2,152,203
	$ 2,152,203	$ 1,395,470	$ 3,547,673

Note 10. Endowment and Quasi-Endowment Funds (Continued)

The changes in endowment net assets for the years ended June 30, 2021 and 2020 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, July 1, 2020	**$ 2,152,203**	**$ 1,395,470**	**$ 3,547,673**
Investment Return, Net	**508,790**	**276,508**	**785,298**
Contributions	**-**	**10,000**	**10,000**
Amount Appropriated for Expenditures	**-**	**-**	**-**
Endowment Net Assets, June 30, 2021	**$ 2,660,993**	**$ 1,681,978**	**$ 4,342,971**

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, July 1, 2019	$ 2,000,000	$ 1,216,122	$ 3,216,122
Investment Return, Net	152,203	80,551	232,754
Contributions	-	98,797	98,797
Amount Appropriated for Expenditures	-	-	-
Endowment Net Assets, June 30, 2020	$ 2,152,203	$ 1,395,470	$ 3,547,673

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Agency to retain as a fund of perpetual duration (underwater). It is not customary for the Agency to spend from underwater endowments unless directed otherwise by the donor. There were no such deficiencies as of June 30, 2021 or 2020.

Return Objectives and Risk Parameters

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Note 10. Endowment and Quasi-Endowment Funds (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Note 11. In-Kind Contributions

Contributions of clothing, furniture, food, use of facilities, and services are utilized in the Agency's programs and are recognized in foundation and other contributions on the statements of activities and changes in net assets as follows at June 30, 2021 and 2020:

	2021	2020
Specific Assistance to Individuals	**$ 10,617,980**	$ 4,142,405
Other	**230,625**	172,230
Total Contributed Materials, Use of Facilities, and Services	**$ 10,848,605**	$ 4,314,635

Note 12. Government Grants

The Agency is party to contracts with federal, state, and non-profit agencies and local governments. Should these contracts not be renewed, a replacement for this source may not be forthcoming and related expenses would not be incurred. Sources of significant government grants include the following for the years ended June 30, 2021 and 2020:

	2021	2020
Federal Grants		
U.S. Department of Health and Human Services		
Unaccompanied Alien Children Program	**$ 12,462,310**	$ 12,256,975
Refugee and Entrant Assistance	**6,295,671**	5,980,513
Services to Survivors of Human Trafficking	**79,223**	106,528
Special Programs for Aging Nutrition Services	**45,504**	97,314
CBCAP Fatherhood Effect	**-**	26,078
U.S. Department of Housing and Urban Development		
Housing Opportunities and Rehousing	**2,064,176**	934,124
Continuum of Care Program	**1,142,700**	1,116,547
Emergency Solutions Grants Program	**923,662**	50,464
Community Development Block Grants/Entitlement Grants	**214,644**	77,396
U.S. Department of Homeland Security		
Emergency Food and Shelter Program	**333,674**	106,500
Disaster Assistance Projects	**218,128**	2,981,969
Naturalization Application Services	**123,794**	56,108
U.S. Department of Justice		
Crime Victim Assistance	**519,690**	419,995
U.S. Department of State		
U.S. Refugee Admissions Program	**280,027**	461,210
U.S. Department of Treasury		
COVID-19 - Emergency Direct Assistance Program	**67,567,120**	-
COVID-19 - Emergency Rental Assistance Program	**50,551,611**	-
Corporation for Community Service		
AmeriCorp	**-**	4,866
Total Federal Grants	**142,821,934**	24,676,587

Note 12. Government Grants (Continued)

	2021	2020
State Grants		
Texas Department of Housing and Community Affairs		
Passed through Gulf Coast Community Services Association	$ 125,000	$ -
Texas Health and Human Service Commission		
Passed through Easter Seals of Greater Houston, Inc.		
Texas Veterans & Family Alliance Project	65,670	49,770
Texas Access to Justice Foundation		
Crime Victims Civil Legal Services	39,157	55,657
Office of the Attorney General		
Crime Victim Assistance	-	39,802
Total State Grants	229,827	145,229
Total Government Grants	$ 143,051,761	$ 24,821,816

Government grants and accounts receivable is as follows at June 30, 2021 and 2020:

	2021	2020
U.S. Department of Treasury	$ 4,017,224	$ -
U.S. Department of Health and Human Services	3,408,202	3,661,992
U.S. Department of Housing and Urban Development	878,385	392,061
U.S. Department of State	512,168	17,686
Other Accounts Receivable	23,560	299,742
Grants and Accounts Receivable	$ 8,839,539	$ 4,371,481

Note 13. Fair Value Measurement

The Agency has estimated the fair value of its financial instruments as required by the *Fair Value Measurement and Disclosure* topic of FASB ASC 820. The Agency utilizes observable market data when available, or models that utilize observable market data to estimate fair value. In addition to market information, the Agency incorporates transaction specific details that, in management's judgment, market participants would utilize in fair value measurement.

The authoritative literature defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date (exit price). FASB ASC 820 characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable.

Note 13. Fair Value Measurement (Continued)

The three levels of the fair value hierarchy are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs based on quoted prices in non-active markets or in active markets for similar assets or liabilities. Inputs other than quoted prices that are observable, or inputs that are not directly observable, but are corroborated by observable market data.

Level 3 Significant unobservable inputs that are supported by little or no market activity and that are significant to the measurement of the assets or liabilities (including the Agency's own assumptions in determining fair value of investments).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in valuation methodologies at June 30, 2021.

Money Market Fund: Valued at net asset value (NAV) of $1.

Certificates of Deposit: Valued at the principal, which approximates fair value due to the short-term nature of these investments (terms of one year or less).

Beneficial Interest in Assets Held by Others: Valued at NAV as reported by the Foundation, as an estimate for measuring fair value. The Agency uses this estimation method because the units do not trade in the marketplace and the Foundation reports all its investment assets at fair value. NAV, determined by the Foundation quarterly, is the price at which the Agency can purchase or withdraw units from the Foundation.

Beneficial Interest in Assets Held by Others: Valued at the Agency's percentage of interest in fair value of the assets contributed to the trusts.

Common Stock and Exchange Traded Funds: Valued based on unadjusted quoted prices in active markets.

Partnership Interest: Valued at the fair value using the capital account value as of the most recently filed partnership tax return.

Time Share: Valued at cost which approximates fair value.

Jewelry: Noncash donations are recognized at their estimated fair values at the date of donation.

Note 13. Fair Value Measurement (Continued)

Fair values of the Agency's assets and liabilities measured on a recurring basis at June 30, 2021 and 2020 were as follows:

June 30, 2021	Level 1	Level 2	Level 3	Total
Certificates of Deposit	**$ 12,555,070**	**$ -**	**$ -**	**$ 12,555,070**
Beneficial Interest in Assets Held by Others	**-**	**2,660,993**	**-**	**2,660,993**
Beneficial Interest in Perpetual Trusts	**-**	**-**	**577,301**	**577,301**
Common Stocks	**110,265**	**-**	**-**	**110,265**
Exchange Traded Funds	**11,373**	**-**	**-**	**11,373**
Partnership Interests	**-**	**-**	**588,243**	**588,243**
Time Share	**-**	**-**	**11,300**	**11,300**
Endowment Assets				
Money Market Fund	**191,280**	**-**	**-**	**191,280**
Beneficial Interest in Assets Held by Others	**-**	**1,369,060**	**-**	**1,369,060**
Total	**$ 12,867,988**	**$ 4,030,053**	**$ 1,176,844**	**$ 18,074,885**

June 30, 2020	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ 12,522,947	$ -	$ -	$ 12,522,947
Beneficial Interest in Assets Held by Others	-	2,152,203	-	2,152,203
Beneficial Interest in Perpetual Trusts	-	-	483,138	483,138
Partnership Interests	-	-	506,150	506,150
Time Share	-	-	11,300	11,300
Jewelry	-	90,000	-	90,000
Endowment Assets				
Money Market Fund	288,179	-	-	288,179
Beneficial Interest in Assets Held by Others	-	1,107,291	-	1,107,291
Total	$ 12,811,126	$ 3,349,494	$ 1,000,588	$ 17,161,208

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2021 and 2020:

	Beneficial Interests in Perpetual Trusts	**Partnership Interest**	**Time Share**	**Total**
Balance at June 30, 2019	$ 178,816	$ 511,745	$ 15,895	$ 706,456
Investment Return, Net	7,867	44,405	(4,595)	47,677
Contributions	296,455	-	-	296,455
Distributions	-	(50,000)	-	(50,000)
Balance at June 30, 2020	483,138	506,150	11,300	1,000,588
Investment Return, Net	94,163	102,093	-	196,256
Contributions	-	-	-	-
Distributions	-	(20,000)	-	(20,000)
Balance at June 30, 2021	$ 577,301	$ 588,243	$ 11,300	$ 1,176,844

Note 14. Employee Benefit Plans

The Agency sponsored an existing defined contribution plan covering all Agency employees. The plan allowed eligible employees to contribute up to 100% of their annual compensation to the plan and defer federal income taxes on the contributions. The Agency matched 75% of the first 4% of employee contributions for a maximum Agency contribution of 3% of annual compensation. The Board of Directors approved the establishment of a new 403(b) plan during the year ended June 30, 2020, which resulted in a freeze of employee and employer contributions to the existing plan. Under the 403(b) plan, after one year of service, the Agency contributes 2% of salary on behalf of the employee and match dollar for dollar up to 3% of salary contributions from the employee. The Agency recorded plan contributions of $719,617 and $464,461 for the years ended June 30, 2021 and 2020, respectively.

The Agency offers a welfare benefit plan that includes group health, life, long-term disability, and dental insurance programs for employees working 30 hours per week or more. The Agency contributes a portion of the cost of the plan based upon the level of coverage selected by each employee. Welfare benefit plan expense recorded by the Agency amounted to $3,178,189 and $2,678,345 for the years ended June 30, 2021 and 2020, respectively.

Note 15. Commitments and Contingencies

Operating Leases

The Agency leases office equipment, autos, and facilities under operating leases. Future minimum lease commitments are as follows:

Year Ending June 30,	Amount
2022	$ 1,236,213
2023	617,179
2024	459,900
2025	425,640
Thereafter	886,750
Total	$ 3,625,682

Rental expense for the years ended June 30, 2021 and 2020 was approximately $1,139,000 and $1,016,000, respectively. In addition, the Agency recorded expense of $457,218 and $694,895, respectively, related to the Permanent Supportive Housing program funded by HUD.

Note 15. Commitments and Contingencies (Continued)

Grant Programs

The Agency receives significant financial assistance from federal and state government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits would become a liability of the Agency. However, in the opinion of management, potential disallowed claims, if any, would not have a material effect on the financial statements.

Self-Insurance

During the year ended June 30, 2020, the Agency began to self-insure its healthcare benefits. The Agency provides healthcare benefits primarily through employer contributions, participant contributions and excess loss insurance, and manages the program through third-party administrators. Self-insurance reserves, recorded in accrued liabilities, are determined on the basis of lagging claims analysis and historical loss experience. Reserves at June 30, 2021 and 2020 were $708,304 and $541,561, respectively, which are included in accrued liabilities on the statements of financial position.

In addition, the Agency self-insures for unemployment expenses via the Unemployment Services Trust (the Trust). The Trust balance per contract would be fully refunded to the Agency upon payment of all outstanding unemployment claims. The gross balance of the Trust as of June 30, 2021 and 2020 was $422,051 and $306,361, respectively. Self-insurance reserves, recorded in accrued liabilities, are determined on the basis of lagging claims analysis and historical loss experience. The reserve at June 30, 2021 and 2020 was $20,000 which are included in accrued liabilities on the statements of financial position.

While management believes these reserves are adequate, the ultimate liabilities may be more than the amounts provided.

Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Agency operates.

Note 16. Concentration of Credit Risk and Customer Risk

The Agency is subject to concentration of credit risk relating primarily to cash, expenses, and receivables. Catholic Charities' cash deposits at times exceed federal insured limits, but management believes this risk has been mitigated by the financial strength of the financial institution in which the deposits are held. As of June 30, 2021 and 2020, cash deposits not covered by federal depository insurance was $16,182,760 and $9,769,661, respectively.

The Agency maintains accounts with several stock brokerage firms. The accounts contain cash and securities. Balances are insured up to $500,000 (with a limit of $100,000 for cash) by the Securities Investor Protection Corporation.

For the year ended June 30, 2021, two major grantors comprise 67% of the Agency's total revenues. For the year ended June 30, 2020, one major grantor comprises 42% of the Agency's total revenues.

Note 17. Related-Party Transaction

During the years ended June 30, 2021 and 2020, the Agency received cash contributions from board members totaling $259,380 and $461,577, respectively.

During prior years, the Agency paid bills on behalf of Catholic Charities Community Development Corporation (CCDC), a related party. The total due from CCDC is $-0- and $267,962 on June 30, 2021 and 2020, respectively. The outstanding balance due from CCDC is included in related party receivable on the statements of financial position.

A board member of the Agency is a senior vice president of a financial institution with which the Agency maintains a banking relationship. The board member does not have oversight over the banking relationship and has agreed to recuse himself from any and all discussions or decisions relating to such banking relationship. The relationship includes four bank accounts, one loan (retired during 2019), CDARS investments and a line of credit.

Note 18. Liquidity and Availability of Resources

The following represents financial assets available to meet cash needs for general expenditures within one year as of June 30, 2021:

Financial Assets	
Cash, Cash Equivalents, and Restricted Cash	$ 14,615,152
Receivables	12,207,907
Investments (Including Certificates of Deposits)	9,491,568
Beneficial Interests in Assets Held by Others	4,030,053
Beneficial Interests in Perpetual Trusts	577,301
Total Financial Assets	40,921,981
Less Amounts Unavailable for General Expenditure within One Year	
Donor Restriction Cash	(4,056,790)
Endowment Assets	(1,681,978)
Perpetual Trusts Held by Others Not Convertible to Cash Within One Year	(577,301)
Board-Designated Endowment	(2,660,993)
Board-Designated Reserves for Capital Maintenance	(1,128,784)
Board-Designated Reserves for Operations	(352,866)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$ 30,463,269

The Agency has $4,142,643 of board-designated assets, that can be made available by action of the Board of Directors for normal operating expenditures. Additionally, the Agency has a $3,000,000 line of credit available to meet cash flow needs. As part of its liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds. Occasionally, the Board of Directors designates a portion of any operating surplus to its operating reserve.

Note 19. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 7, 2021, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

UNIFORM GUIDANCE SECTION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Board of Directors
Catholic Charities of the Archdiocese of Galveston-Houston

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Catholic Charities of the Archdiocese of Galveston - Houston (the Agency), which comprise the statement of financial position as of June 30, 2021, the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LaPorte

A Professional Accounting Corporation

Metairie, LA
December 7, 2021

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Directors
Catholic Charities of the Archdiocese of Galveston-Houston

Report on Compliance for Each Major Federal Program

We have audited Catholic Charities of the Archdiocese of Galveston-Houston's (the Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2021. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance
Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

This report is intended for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

LaPorte

A Professional Accounting Corporation

Metairie, LA
December 7, 2021

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON-HOUSTON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
Passed through Administration of Aging				
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	19-000129	$ -	$ 7,680
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	19-000129	-	37,824
			-	45,504
Passed through United States Catholic Conference				
Refugee and Entrant Assistance - Unaccompanied Minor Refugees and Entrants	93.566	1702TXRCMA	-	408,772
Refugee and Entrant Assistance - Unaccompanied Minor Refugees and Entrants	93.566	1702TXRCMA	-	1,288,427
			-	1,697,199
Passed through United States Catholic Conference				
Refugee and Entrant Assistance - State Administered Programs - RSIG	93.566	1702TXRSOC	-	54,364
Refugee and Entrant Assistance - State Administered Programs - RSIG	93.566	1702TXRSOC	-	153,993
			-	208,357
Passed through Young Men's Christian Association International Services				
Refugee and Entrant Assistance - Targeted Assistance Grants	93.566	TXCMA420002	-	630,134
Refugee and Entrant Assistance - Targeted Assistance Grants	93.566	TXCMA421002	-	1,664,742
Refugee Social Services Program	93.566	TXRSS420003	-	382,200
Refugee Social Services Program	93.566	TXRSS421003	-	1,066,173
			-	3,743,249
Passed through United States Catholic Conference				
Refugee and Entrant Assistance - Voluntary Agency Programs	93.567	1901DCRVMG	-	444,609
Passed through United States Catholic Conference				
Refugee and Entrant Assistance Discretionary Grants - Preferred Communities	93.576	90RP0111	-	202,257
Passed through U.S. Committee for Refugees and Immigrants (USCRI)				
Trafficking Victim Assistance Program	93.598	90ZV0136-01-00	-	79,223
Direct Funding				
Unaccompanied Alien Children Program	93.676	90ZU0306	-	3,271,376
Unaccompanied Alien Children Program	93.676	90ZU0306	-	2,540,992
			-	5,812,368
Passed through Vera Institute of Justice				
Unaccompanied Alien Children Program - Legal Services	93.676	HHSP233201500041C	-	4,330,160
Unaccompanied Alien Children Program - Legal Services	93.676		-	1,608,327
			-	5,938,487
Passed through Lutheran Immigrant Refugee Services				
Unaccompanied Alien Children Program	93.676	90ZU0318-01	-	190,378
Unaccompanied Alien Children Program	93.676		-	136,131
			-	326,509
Passed through United States Catholic Conference				
Unaccompanied Alien Children Program	93.676	90ZU0163	-	234,579
Unaccompanied Alien Children Program	93.676	90ZU0163	-	12,427
			-	247,006
Passed through United States Catholic Conference				
Safe Passages Program	93.676	90ZU0191	-	137,940
			-	137,940
Total U.S. Department of Health and Human Services			-	18,882,708
U.S. Department of Housing and Urban Development				
Passed through Fort Bend County				
Community Development Block Grants/Entitlement Grants	14.218	B-18-UC-48-0004	-	41,489
Passed through Child Care Council of Greater Houston				
Community Development Block Grants/Entitlement Grants	14.218	S-10-MC-48-0003	-	119,078
Community Development Block Grants/Entitlement Grants	14.218		-	54,077
			-	173,155
Passed through City of Houston				
Housing Opportunities for Persons with AIDS	14.241	4600015171	-	767,695
COVID-19: Housing Opportunities for Persons with AIDS/CV CARES	21.019	4600016166	-	154,430
COVID-19: Rapid Rehousing Program CARES	21.019	4600016277	-	1,142,051
			-	2,064,176
Passed through Texas Department of Housing and Urban Development				
Emergency Solutions Grants Program	14.231	44207000046	-	350,876
Emergency Solutions Grants Program	14.231	4420700047	-	572,786
			-	923,662
Direct Funding				
Continuum of Care Program - The Lotus Project	14.267	TX0302L6E001806	-	195,660
Continuum of Care Program - Permanent Supportive Housing	14.267	TX0302L6E001907	-	947,040
			-	1,142,700
Total U.S. Department of Housing and Urban Development			-	4,345,182

See notes to schedule of expenditures of federal awards.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF GALVESTON-HOUSTON
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2020

FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Justice				
Passed through Office of the Governor				
Counseling Services to Victims of Crime	16.575	3311702	-	216,197
Counseling Services to Victims of Crime	16.575	3311703	-	303,493
			-	519,690
Total U.S. Department of Justice			-	519,690
U.S. Department of State				
Passed through United States Catholic Conference				
U.S. Refugee Admissions Program - Administrative	19.510	SPRMCO19CA0024	-	280,027
Total U.S. Department of State			-	280,027
U.S. Department of Homeland Security				
Direct Funding				
ESL & Citizenship Instruction and Naturalization Application Services	97.010	18CICET00086-01-00	61,255	62,539
Passed through Alliance of Community Assistance Ministries				
Emergency Food and Shelter National Board Program - Phase 37	97.024	LRO 782800-03	-	140,067
COVID-19: Emergency Food and Shelter National Board Program - CARES	97.024	LRO 782800-03	-	178,003
			-	318,070
Passed through United Way				
Emergency Food and Shelter National Board Program - Phase 37	97.024	LRO 806600-012	-	6,904
COVID-19: Emergency Food and Shelter National Board Program - CARES	97.024	LRO 806600-012	-	8,700
			-	15,604
Passed through National Voluntary Organizations Active in Disaster				
Disaster Assistance Projects	97.088	FEMA-DR-4332-TX	-	218,128
Total U.S. Department of Homeland Security			61,255	614,341
U.S. Department of Treasury				
Passed through Harris County				
COVID-19: Harris County - COVID-19 Emergency Direct Assistance Program (EDAP)	21.019	SLT0119	-	67,567,120
COVID-19: Houston Harris County Emergency Rental Assistance Program (ERAP)	21.019	HCNTY-0000026234	-	28,892,537
COVID-19: Houston Harris County Emergency Rental Assistance Program (ERAP)	21.019	HCNTY-0000026234	-	1,882,127
			-	98,341,784
Passed through City of Houston				
COVID-19: Houston Harris County Emergency Rental Assistance Program (ERAP)	21.019	4600016522 2021-0111	-	18,454,235
COVID-19: Houston Harris County Emergency Rental Assistance Program (ERAP)	21.019	4600016522 2021-0111	-	1,322,712
			-	19,776,947
Total U.S. Department of Treasury			-	118,118,731
Total Expenditures of Federal Awards			$ 61,255	$ 142,760,679

See notes to schedule of expenditures of federal awards.

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

Federal award expenditures, as reported in the schedule of expenditures of federal awards (the Schedule), correspond with the amount reported as federal grants revenue in the Agency's basic financial statements for the year ended June 30, 2021, since the Agency's policy is to recognize revenues as budgeted costs attributable to grants and contracts are incurred. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles within OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Agency has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Note 4. Relationship to the Agency's Financial Statements

The following reconciles federal awards revenues as included in the accompanying schedules to government grants revenue as reported in the basic financial statements of the Agency:

	Grant from Government Agencies
Total Federal Grants, Including Other State and Local Grants, Per Basic Financial Statements	$ 143,051,761
State and Local Grants Per Basic Financial Statements	(229,827)
Total Federal Revenues Per Schedule of Expenditures of Federal Awards	$ 142,821,934

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

AL Numbers	Name of Federal Program
21.019	COVID-19 – Coronavirus Relief Fund
93.676	Unaccompanied Alien Children Program

Dollar threshold used to determine Type A Programs:	$3,000,000
Auditee qualified as low-risk auditee?	Yes

Section II. FINANCIAL STATEMENT FINDINGS

None.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Section IV. FINDINGS AND QUESTIONED COSTS FOR PRIOR YEAR AWARDS

None.

Agency PIR-SW Report Agency PIR-FAP Report

MGCC TEAM PIR 2021-2022

PROGRAM TITLE	Rprt Data	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Community Events /Speaking Engagements														
Admin - Gladys	T	3	2	3	5	5	4	3						25
Development - Matt	T	3	2	1	3	8	5	3						25
Senior Wellness/HGAC - Ariel	T	0	0	0	0	2	2	2	0					6
Volunteers - Dottie	T	0	1	1	1	1	0	0	0					4
Trini's Market - Shane	T	1	1	1	1	1	0	1	1					7
FAP - Debra	T	3	3	2	2	2	4	4						20
Visitor Activity (TBD)														
# Individuals Given Tour		6	5	1	6	3	0	1	4					26
# Visitors To The Center (Front Desk Sign-In)		118	161	137	185	183	148	194	120					1246
Volunteer Services (Dottie)														
# Monthly Volunteers- Individuals	P, U	273	163	163	159	168	217	189	188					1520
# Monthly Volunteer Hours	Q, V	1566	922	1232	1238	1395	1517	1355	1063.5					10288.5
# Volunteer Groups		4	1	2	2	4	6	2	2					23
# New Volunteers	A	17	12	18	3	3	2	0	1					56
# Volunteer Orientations Held		1	1	2	2	1	1	1	1					10
# of Volunteer Recognition/Events		0	2	0	0	1	1	0	0					4
Financial Assistance Program - Case Management (Debra)														
# TOTAL in center client appts	A	19	26	16	19	13	6	4						103
# Of Beneficiaries (HH members)	B	43	68	24	32	20	9	6						202
# TOTAL client phone appts	A	0	0	86	78	124	70	108						466
# Of Beneficiaries (HH members)	B	0	0	38	84	76	49	172						419
# Of NEW monthly clients	A	16	17	79	9	10	65	90						286
#NEW beneficiaries (HH members)	A	38	47	23	15	17	29	84						253
# enrolled Case Mgmt services	D	0	0	0	0	0	0	0						0
# beneficiaries (HH members)		0	0	0	0	0	0	0						0
# NEW clients enrolled in CM		0	0	0	0	0	0	0						0
# NEW beneficiaries (HH members)		0	0	0	0	0	0	0						0
# Clients assisted w/ shelter hotel/motel		0	0	0	0	0	0	0						0
$ Amount distributed-shelter assisstance hotel/motel provided		$ -	$ -	$ -	$ -	$ -	$ -	$ -						$ -
# clients assisted w/ rent/ mortgage	I	0	$ -	$ -	$ -	$ -	$ -	$ -						0
$ Amount distributed-rent/mortgage	M	$ -	$ -	$ -	$ -	$ -	$ -	$ -						$ -

# Clients assisted w/utility (electric, water, gas)	J	0	0	0	0	0	0	0						0
$ Amount distributed-Utilities	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -						$ -
# of homeless clients served		2	2	0	2	2	1	2						11
# of referrals to other Catholic Charities services	Q	138	508	92	92	137	158	112						1237
# Clients referred to NON Catholic Charities srvcs	R	138	508	92	92	137	158	112						1237
# Clients assisted with supportive services (financial)		88	25	6	9	10	4	4						146
# Clients assisted with emergency shelter (hotel/motel)		1	1	0	0	0	0	0						2
$ Amount distributed-emergency shelter assistance (hotel/motel)		$ 375.20	$ 464.38	$ -	$ -	$ -	$ -	$ -						$ 839.58
# Clients assisted w/rent/mortgage	I	4	7	2	1	4	0	0						18
$ Amount distributed-rent/mortgage	M	$ 4,659.56	$ 6,368.81	$ 3,159.00	$ 500.00	$ 4,363.00	$ -	$ -						$ 19,050.37
# Clients assisted w/Utilities (electric, water, gas)	J	14	5	3	8	7	4	4						45
$ Amount distributed-Utilities	N	$ 3,222.41	$ 893.88	$ 655.90	$ 2,273.57	$ 1,378.19	$ 1,217.62	$ 1,084.74						$ 10,726.31
# Clients assisted w/prescriptions		0	0	0	0	1	1	0						2
$ Amount distributed-prescriptions		$ -	$ -	$ -	$ -	$ 143.68	$ 326.90	$ -						$ 470.58
# Clients asst w/transportation		0	1	0	0	0	0	0						1
$ Amount distributed-transportatn		$ -	$ 25.00	$ -	$ -	$ -	$ -	$ -						$ 25.00
# gift cards distributed		0	10	5	0	34	8	6						63
$ Amount distributed-gift cards		$ -	$ 1,050.00	$ 450.00	$ -	$ 875.00	$ 375.00	$ 250.00						$ 3,000.00
# clients assisted financially w/other needs	L	31	114	10	23	18	11	20						227
$ Amount distributed-other financial assistance	P	$ 2,741.80	$ 11,502.94	$ 3,412.00	$ 1,198.26	$ 4,077.23	$ 1,661.57	$ 2,621.61						$ 27,215.41
# Clients received donated items		31	100	12	0	18	0	20						181
# Clients connected to faith or other social connections		138	508	102	92	137	158	112						1247
Other Programs (Debra)														
# participants in GRG (HoH)	M	62	120	12	10	30	33	0						267
#of beneficiaries servd GRG		0	120	0	26	73	49	0						268
# NEW participants in GRG (HoH)	A	3	2	1	0	2	1	0						9
# NEW GRC beneficiaries	A	11	9	0	0	9	4	0						33
# of GRG sessions		1	1	1	1	1	1	0						6
# participants-Learn to Cook (HoH)	A	0	0	0	0	0	0	0						0
# of beneficiaries servd LTC	A	0	0	0	0	0	0	0						0
# of LTC sessions		0	0	0	0	0	0	0						0
Trini's Market - Food Pantry (Shayne)														

# Client's Shopping (HoH)	E	0	0	49	104	121	186	267	340					1067
# Pantry Door Dash Clients		235	233	303	233	170	238	226	238					1876
Food Fairs (Shayne)														
# Food Fairs Held		14	15	14	13	11	10	10	10					97
# Families Served (HoH)	G	3,890	4,477	4,120	3,996	4,344	3,977	3,806	4336					32,946
# Beneficiaries Served		13,949	17,906	16,804	16,783	17,351	15,960	15,644	17857					132,254
Pounds Of Food Distributed	H	141,245	162,233	169,869	183,207	142,450	174,222	206,866	172,934					1,353,026
Rx Prog-ACCESS Health (Shayne)														
# of clients served		0	0	0	0	2	12	62	51					127
Pounds Food Distributed		0	0	0	0	30	360	1860	1530					3780
Patty's Café (Ariel) Fiscal year period Oct - Sept														
Average # of seniors served meals daily	F	43.5	47.4555	39.545	47.333	43.818	40.591	48.19	55.15					
Average # of meals served DAILY on monthly basis	SW	160	160	157.67	157.5	161	154	164	180					
# Participants Received Meal MONTHLY Unduplicated	G	160	160	153	157	161	154	164	180					1289
# Of Meals Served MONTHLY (HGAC and Non-HGAC)		956	1044	870	994	964	893	1014	1103					7838
# HGAC DoorDash delivered meals														0
# New Enrolled Participants-Unduplicated	A, E	15	9	4	8	7	5	11	10					69
# Reassessed HGAC clients		46	35	6	18	15	9	23	17					169
# Total Enrolled In HGAC MONTHLY Unduplicated	D	200	264	264	334	311	343	359	381					2456
Membership (TBD)														
# New Memberships	A	5	4	1	10	7	3	5	5					40
# Renewing Memberships		0	0	0	1	1	1	54	9					66
# New Scholarships	A	0	1	0	0	0	0	0	0					1
# Renewing Scholarships		0	0	0	0	0	0	2	0					2
Transportation (TBD)														
# Srs Provided Transportatn Unduplicated	K	12	7	7	8	12	12	9	11					78
$ Value Transportatn Vouchers Given	O	$364.00	$218.00	$204.00	$320.00	$264.00	$300.00	$332.00	$312.00					$2,314.00
# Transportation Vouchers Given		182	109	102	160	132	150	166	156					1157
Senior Special Events (Ariel)		World Day			Halloween Party		Xmas Blsngs /Ugly Swtr		Valentine's Dance	FB Trans				
Total Number of Events	J	3	2	2	3	3	3	3	3					22
Total # Attended	K	110	105	35	72	138	150	129	38					777
Bingo Sessions		2	1	1	2	2	1	2	2					13
# Attend Bingo		48	28	35	61	75	49	75	79					450

# Received HFB food box		0	80	90	0	63	0	54	0					287
Wellness Center (Ariel)														
#Srs in Fitness Ctr - unduplicated	B, N	30	27	26	32	38	30	29	36					248
# hours of group exercise classes - unduplicated	O	99	104	109	92	100	82	142	184					912
# Attended Tai Chi	B, N							1	24					25
# Tai Chi sessions								1	3					4
#Attended Yoga/ Chair undplicatd	B, N	26	26	28	22	31	34	23	31					221
# Yoga/Chair sessions		9	9	8	8	8	5	8	8					63
# Attended Zumba	B, N							37	21					58
# Zumba sessions								2	3					5
Sr. Ctr. Health Screenings (Ariel)														
# Srs attended Vaccine Day							19	0	0					19
# Srs rcvd bloodpressure screening							12	0	0					12
# Srs received glucose screening							0	0	0					0
Educational Classes (Ariel)						Nutri for Older Adults		Dining @ $ Store	Gardeners					
# Attended AgriLife classes						14	0	13	15					42
# ESL Classes	M								4					4
#Attended ESL class(undplicatd)									3					3
# Medicare Classes		0	1	0	0	1	1	0	0					3
# Attended Medicare class		0	3	0	0	5	1	0	0					9
# Attended Financial Educ. Classes	M	0	0	0	0	0	0	0	0					0
# Financial Education class		0	0	0	0	0	0	0	0					0
Senior Activities (Ariel)														
# Bible Study attendees		24	30	14	13	11	21	12	27					152
# Bible Study sessions		3	6	5	4	4	5	4	4					35
# Computers users		30	45	51	43	43	46	50	47					355
# Dominoes attendees		0	0	0	19	17	28	0	22					86
# Coffee & Friends attendees		8	2	6	18	218	262	263	292					1069
# Library attendees		54	60	0	32	63	89	35	72					405
# Mass attendees		1	5	0	0	0	5	0	0					11
# Movie Sessions		3	4	3	8	1	1	2	2					24
# Movie Attendees		9	14	10	39	6	7	7	3					95
# Music in Faith		0	9	5	4	4	1	0	0					23
# Puzzles clients		5	0	0	18	24	31	15	11					104
# Rosary attendees		6	23	22	0	0	4	0	0					55
# Rosary sessions		1	3	3	0	0	4	3	4					18
Creative Aging Program (Ariel)														

# Hours Srs participated		**156**	**208**	**228**	**284**	**324**	**340**	**250**	**280**				**2070**
Creative Aging Activities Per Month	**I**	**22**	**20**	**18**	**21**	**18**	**18**	**18**	**16**				**151**
#Seniors Participating in CAP-unduplicated	**H**	**28**	**30**	**35**	**28**	**30**	**33**	**25**	**31**				**240**
# Srs Particapating In More Than 1 Studio Activity (Duplicated #)		**83**	**104**	**126**	**147**	**168**	**170**	**134**	**141**				**1073**
Senior Case Mgmt (Martha)													
# Clients in Sr. Case Mgmt		**7**	**6**	**7**	**9**	**11**	**10**	**9**	**9**				**68**
# of NEW clients in Sr. CM		**1**	**0**	**3**	**2**	**2**	**0**	**0**	**0**				**8**
# Center Appointments		**2**	**3**	**5**	**11**	**8**	**3**	**7**	**9**				**48**
# Phone Appointments		**50**	**69**	**91**	**83**	**74**	**85**	**70**	**64**				**586**
# Home Visits Sr Case Mgmt		**4**	**10**	**6**	**9**	**16**	**18**	**9**	**8**				**80**
# Clients Utilities		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**				**1**
# Individuals in Household		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**				**2**
$ Amount Distributed For Utilities		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$286.36**				**$286.36**
# Clients Rent		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**				**1**
# Individuals in Household		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**				**1**
$ Amount Distributed For Rent		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$825.00**				**$825.00**
# Clients Medication		**1**	**0**	**1**	**1**	**1**	**0**	**0**	**0**				**4**
# Individuals in Household		**1**	**0**	**1**	**1**	**1**	**0**	**0**	**0**				**4**
$ Amount Distributed For Medicatn		**$71.91**	**$0.00**	**$5.70**	**$59.00**	**$78.48**	**$0.00**	**$0.00**	**$0.00**				**$215.09**
# Clients Home Repair		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**				**0**
# Individuals in Household		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**				**0**
$ Amount Distributed For Repairs		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**				**$0.00**
# Clients Transportation		**$0.00**	**$1.00**	**$0.00**	**$0.00**	**$1.00**	**$1.00**	**$0.00**	**$1.00**				**4**
# Individuals in Household		**$0.00**	**$2.00**	**$0.00**	**$0.00**	**$1.00**	**$1.00**	**$0.00**	**$2.00**				**6**
$ Amount Distributed Transportatn		**$ -**	**$ 54.50**	**$ -**	**$ -**	**$ 64.54**	**$ 62.28**	**$ -**	**$ 62.28**				**$243.60**
# Clients assisted w/medical supplies and/or equipment		**1**	**3**	**0**	**1**	**1**	**2**	**3**	**0**				**11**
# Individuals in Household		**1**	**3**	**0**	**1**	**1**	**3**	**3**	**0**				**12**
$ Amount distributed in medical supplies/equipment		**$ 71.91**	**$ 108.44**	**$ -**	**$ 19.98**	**$ 31.48**	**$ 214.31**	**$ 208.93**	**$ -**				**$ 655.05**
# gift cards distributed		**0**	**2**	**0**	**4**	**2**	**0**	**1**	**0**				**9**
# Individuals in Household		**0**	**2**	**0**	**3**	**3**	**0**	**2**	**0**				**10**
$ Amount distributed-gift cards		**$ -**	**$ 50.00**	**$ -**	**$ 100.00**	**$ 50.00**	**$ -**	**$ 25.00**	**$ -**				**$ 225.00**
# Clients other		**0**	**2**	**2**	**1**	**0**	**1**	**0**	**1**				**7**
# Individuals in Household		**0**	**2**	**2**	**1**	**0**	**2**	**0**	**2**				**9**
$ Amount Distributed For other		**$0.00**	**$7.53**	**$11.84**	**$555.00**	**$0.00**	**$99.94**	**$0.00**	**$1,091.94**				**$1,766.25**
# Referred For Food Assistance		**0**	**0**	**0**	**0**	**0**	**1**	**2**	**0**				**3**
Senior Case Mgmt (Mercy)													

# Clients in Sr Case Mgmt		12	12	12	12	12	12	13	13					98
# of NEW clients in Sr. CM		0	0	0	0	0	0	2	1					3
# Center Appointments		1	0	2	5	3	1	2	5					19
# Phone Appointments		0	0	0	0	35	40	52	70					197
# Home Visits Sr Case Mgmt		130	144	145	130	26	30	26	20					651
# Clients Utilities		0	0	0	0	0	0	1	0					1
# Individuals in Household		0	0	0	0	0	0	2	0					2
$ Amount Distributed For Utilities		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$68.17	$0.00					$68.17
# Clients Rent		0	1	1	1	0	0	0	1					4
# Individuals in Household		0	1	5	5	0	0	0	1					12
$ Amount Distributed For Rent		$0	$ 1,000.00	$1,032.00	$1,360	$ -	$ -	$ -	$ 931.74					$4,324
# Clients Medication		0	0	1	$0	0	0	0	0					1
# Individuals in Household		0	0	2		0	0	0	0					2
$ Amount Distributed For Medicatn		$0.00	$0.00	$150.00	0	$0.00	$0.00	$0.00	$0.00					$150.00
# Clients Home Repair		0	0	0	0	0	0	0	0					0
# Individuals in Household		0	0	0	0	0	0	0	0					0
$ Amount Distributed For Repairs		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00					$0.00
# Clients Transportation		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00					0
# Individuals in Household		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00					0
$ Amount Distributed Transportatn		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -					$0.00
# Clients assisted w/medical supplies and/or equipment		0	0	0	2	1	1	1	0					5
# Individuals in Household		0	0	0	8	3	2	4	0					17
$ Amount distributed in medical supplies/equipment		$ -	$ -	$ -	$ 100.00	$ 86.00	$ 30.00	$ 60.00	$ -					$ 276.00
# gift cards distributed		3	3	0	3	0	3	0	4					$ 16.00
# Individuals in Household		11	12	0	3	0	12	0	2					
$ Amount distributed-gift cards		$ 60.00	$ 60.00	$ -	$ 40.00	$ -	$ 100.00	$ -	$ 80.00					$ 340.00
Clients Other		0	0	3	0	0	0	0	2					5
# Individuals in Household		0	0	11	0	0	0	0	5					16
$ Amount Distributed For other		$0.00	$0.00	$40.00	$0.00	$0.00	$0.00	$0.00	$100.00					$140.00
# Referred For Food Assistance		5	4	3	2	2	1	3	2					22

Agency PIR-SW Report Agency PIR-FAP Report

TEAM PIR 2020-2021

PROGRAM TITLE	Rprt Data	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Community Events /Speaking Engagements														
Admin - Gladys	T	3	3	1	1	2	2	3	2	1	4	2	1	25
Development - Matt	T	0	0	1	3	0	0	2	3	2	2	5	4	22
Café/Sr. Wellness - ?	T	0	0	0	0	0	0	0	0	0	0	0	0	0
Volunteers - Dottie	T	1	0	0	0	0	0	0	0	0	0	0	0	1
Trini's Market - Shane	T	2	0	0	3	2	1	0	2	1	3	2	1	17
FAP - Debra	T	3	3	3	2	3	3	2	2	2	2	2	2	29
Visitor Activity (Rosie)														
# Individuals Given Tour		0	0	0	0	0	0	0	0	0	0	0	8	8
# Visitors To The Center (Front Desk Sign-In)		0	0	0	0	0	0	0	0	0	0	0	111	111
Membership (Rosie)														
# New Memberships	A	0	0	0	0	0	0	0	0	0	0	0	6	6
# Renewing Memberships		0	0	0	0	0	0	0	0	0	0	0	0	0
# New Scholarships	A	0	0	0	0	0	0	0	0	0	0	0	0	0
# Renewing Scholarships		0	0	0	0	0	0	0	0	0	0	0	0	0
Volunteer Services (Dottie)														
# Monthly Volunteers- Ind. Unduplicated	P, U	257	251	191	240	229	231	121	67	160	109	162	233	2251
# Monthly Vol. Hrs	Q, V	1566	1261	972	1198	1152	809.5	906	586	950	879	1009	1465	12753.5
# Volunteer Groups		0	0	0	3	3	8	1	1	1	1	2	3	23
# New Volunteers	A	0	0	0	6	4	2	0	4	9	8	11	1	45
# Volunteer Orientations Held		0	0	0	1	1	0	1	1	1	1	1	1	8
# of Volunteer Recognition/Events		0	0	0	0	0	1	0	0	0	1	0	0	2
Trini's Market - Food Pantry														
# Client's Shopping	E	0	0	0	0	0	0	0	0	0	0	0	0	0
# New pantry Enrlmnts	A	0	0	0	0	0	0	0	0	0	0	0	0	0
# Pantry Re-enrollmnts		0	0	0	0	0	0	0	0	0	0	0	0	0
# Individuals Srvd Emergency Food (Intake)	E	240	0	0	0	0	0	0	0	0	0	0	0	240
# Beneficiaries Srvd Emergency Food (Intake)		966	0	0	0	0	0	0	0	0	0	0	0	966

# Individuals Srvd Ovenight Food (front desk)	E	0	0	0	0	0	0	0	0	0	0	0	0	0
# Beneficiaries Srvd Overnight Food (front desk)		0	0	0	0	0	0	0	0	0	0	0	0	0
Pounds of Food Given (Shayne)	F	15241	0	0	0	0	0	0	0	0	0	0	0	15241
Food Fairs (Shayne/Yolanda)														
# Food Fairs Held (Shayne)		6	4	15	14	12	7	13	11	11	10	13	15	131
# Clients Served	G	4,024	5,088	5,229	3,807	4,399	3,106	3150	2459	3,403	2,810	3,181	3499	44155
# Beneficiaries Served		17,505	23383	22,000	15121	18797	12542	13230	10287	14074	11,444	12958.1	13111	184452.1
# New Clients Served Unduplicated	A	0	0	0	0	0	0	0	0	0	0	0	0	0
# New Beneficiaries Served		0	0	0	0	0	0	0	0	0	0	0	0	0
Pounds Of Food Given (Shayne)	H	523,964	362,502	328,505	261,670	161,188	167,559	214,073	256,476	499,015	305,382	290956	146783	3518073
Rx Prog-ACCESS Health (Shayne)														
# of individuals served		0	0	0	0	0	0	0	0	0	0	0	0	0
Pounds Food Ordered		0	0	0	0	0	0	0	0	0	0	0	0	0
Patty's Café (TBD)														
Average # of clients receving meals MONTHLY	F	0	0	0	0	0	0	0	0	0	0	0	34	34
# of meals served DAILY (Dottie)	C	615	950	1045	1605	1583	1125	1385	1020	1820	1415	1346	912	14821
# Clients Received Meal MONTHLY Unduplicated (Dottie)	G	51	76	73	129	117	79	70	75	89	86	115	54	1014
# Of Meals Served MONTHLY (HGAC and Non-HGAC)		0	0	0	0	0	0	0	0	0	0	0	741	741
# New Enrld Members-unduplicated	A, E	0	11	2	1	1	4	6	4	0	0	2	4	35
# Reassessed HGAC clients		6	7	8	12	3	25	33	11	26	5	23	58	217
# Clients Enrolled In HGAC MONTHLY Unduplicated	D	619	630	632	633	634	638	644	648	648	648	650	183	7207
Transportation (Front Desk)														
# Srs Provided Transportatn Unduplicated	K	0	0	0	0	0	0	0	0	0	0	0	9	9
$ Value Transportation Vouchers Given	O	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$68.00	$68.00
# Transportation Vouchers Given		0	0	0	0	0	0	0	0	0	0	0	68	68
Senior Special Events (Name of Event)	J	HFB Sr. Box/Xmas in July	HFB Sr. Box		HFB Sr. Box	Sr. Food Fair		HFB Sr. Box		HFB Sr. Box		HFB Sr. Box	HFB Sr. Box /Movie (2x) /Hurricane	10
# Attended Event (Dottie)	K	71 / 88	71	0	51	51	0	22	0	68	0	64	58/10/33	587
Wellness Center														

#Srs in Fitness Ctr - unduplicated	B, N	0	0	0	0	0	0	0	0	0	0	0	26	26
# hours of group exercise classes - unduplicated	O	0	0	0	0	0	0	0	0	0	0	0	752	752
# Sr sessions w/trainer		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Line Dancing Class		0	0	0	0	0	0	0	0	0	0	0	0	0
# Line Dancing sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Silver Stretch/Tone class		0	0	0	0	0	0	0	0	0	0	0	0	0
# Silver Stretch/Tone sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Sit & Be Fit		0	0	0	0	0	0	0	0	0	0	0	0	0
# Sit & Be Fit sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Strenght Bldg		0	0	0	0	0	0	0	0	0	0	0	0	0
# Strenght Bldg sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Texercise (unduplicated)		0	0	0	0	0	0	0	0	0	0	0	0	0
# Texercise sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Yoga/ Chair (unduplicatd)		0	0	0	0	0	0	0	0	0	0	0	21	21
# Yoga/Chair sessions		0	0	0	0	0	0	0	0	0	0	0	5	5
# Attended Yoga Chair/ Warrior(unduplicated)		0	0	0	0	0	0	0	0	0	0	0	0	0
# Yoga Chair/Warrior sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Zumba (unduplicated)		0	0	0	0	0	0	0	0	0	0	0	0	0
# Zumba sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
Health Screenings (TBD)														
# Attended Blood Pressure Screening		0	0	0	0	0	0	0	0	0	0	0	0	0
# Blood Pressure Screen Sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Glucose Screening		0	0	0	0	0	0	0	0	0	0	0	0	0
# Glucose Screen sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
Educational														
# Attended ESL class(unduplicated)	M	0	0	0	0	0	0	0	0	0	0	0	0	0
ESL Sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Do Well Be Well w/Hypertension	M	0	0	0	0	0	0	0	0	0	0	0	0	0
# Do Well Be Well w/ Hyprtnsn sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Do Well Be Well w/Diabetes	M	0	0	0	0	0	0	0	0	0	0	0	0	0

# Do Well Be Well w/Diabetes sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Coping to Control Diabetes	M	0	0	0	0	0	0	0	0	0	0	0	0	0
# Coping to Control Diabetes sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Inds. in Financial Educ Classes	M	0	0	0	0	0	0	0	0	0	0	0	0	0
# Financial Education Sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Cuida de tu memoria	M	0	0	0	0	0	0	0	0	0	0	0	0	0
# of Cuida de tu Memoria sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
Senior Activities														
# Attended Bible Study		0	0	0	0	0	0	0	0	0	0	0	0	0
# Bible Study sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Bingo		0	0	0	0	0	0	0	0	0	0	0	0	0
# Bingo sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Seniors Utilizing Computers		0	0	0	0	0	0	0	0	0	0	0	17	17
# Seniors Playing Dominoes		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Expresso Yourself		0	0	0	0	0	0	0	0	0	0	0	4	4
# Attended Liturgy of the Christian Word		0	0	0	0	0	0	0	0	0	0	0	0	0
# Puzzles clients		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Rosary		0	0	0	0	0	0	0	0	0	0	0	0	0
# Rosary sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# Attended Singing & Music		0	0	0	0	0	0	0	0	0	0	0	0	0
# Singing & Music sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
Creative Aging Program (TBD)														
# hours Srs participated		0	0	0	0	0	0	0	0	0	0	0	104	104
Creative Aging Activities Per Month	I	0	0	0	0	0	0	0	0	0	0	0	11	11
#Seniors Participating in CAP-unduplicated	H	0	0	0	0	0	0	0	0	0	0	0	24	24
# Srs Particapating In More Than 1 Studio Activity (Duplicated #)		0	0	0	0	0	0	0	0	0	0	0	0	0
Other Programs (Debra)														
# clients in GRG	M	6	30	10	10	36	60	0	15	40	40	40	20	307
#of beneficiaries servd (GRG)		20	100	32	23	72	130	0	34	2	86	53	33	585
# NEW clients in GRG	A	1	0	1	4	3	6	0	1	2	3	2	0	23
# NEW GRC beneficiaries	A	6	0	5	9	8	19	0	5	7	7	6	0	72
# of GRG sessions		1	1	3	1	1	1	0	1	1	1	1	1	13

# clients in Charla		0	0	0	0	0	0	0	0	0	0	0	0	0
# Charla sessions		0	0	0	0	0	0	0	0	0	0	0	0	0
# in Learn to Cook class	A	0	0	22	0	36	22	0	15	0	0	0	0	95
# of beneficiaries servd (LTC)	A	0	0	53	0	72	42	0	34	0	0	0	0	201
# of LTC sessions		0	0	2	0	1	1	0	1	0	0	0	0	5
Financial Assistance Program - Case Mgmt (Debra)														
# TOTAL of monthly client appts	A	27	268	113	261	227	37	58	19	137	50	38	109	1344
#Of Beneficiaries(HH members)	B	87	1300	562	486	84	132	114	60	81	114	61	158	3239
# Of NEW monthly clients	A	19	190	22	259	26	212	52	16	240	31	30	85	1182
#NEW beneficiaries(HH members)	A	61	1191	201	462	79	298	93	46	173	86	49	95	2834
# enrolled Case Mgmt services	D	8	2	3	3	0	0	0	0	0	0	0	0	16
# beneficiaries (HH members)		24	7	15	15	0	0	0	0	0	0	0	0	61
# NEW Individuals enrolled CM		0	0	1	0	0	0	0	0	0	0	0	0	1
# NEW beneficiaries (HH members)		0	0	8	0	0	0	0	0	0	0	0	0	8
# clients provided w/ shelter (hotel/motel) asst		0	0	0	0	0	0	0	0	0	0	0	0	0
Total $ shelter asst (hotel/motel) provided		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
# clients provided w/ rent/ mortgage asst	I	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	2
Total $ rent/mortgage asst provided	M	$ 2,353.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,353.00
# of clients receiving utility (electric, water, gas) assistance	J	2	0	1	0	0	0	0	0	0	0	0	0	3
Total $ utility asst	N	$ 759.28	$ -	$ 1,011.73	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,771.01
# of homeless clients served		10	7	0	2	4	4	1	5	9	0	3	0	45
# of referrals to other Catholic Charities services	Q	272	268	135	245	199	112	116	132	190	64	58	109	1900
# ind. referred to NON Catholic Charities srvcs	R	272	268	135	261	199	212	116	132	190	64	58	109	2016
# ind. served with financial support srvcs		22	24	27	59	227	37	155	35	137	50	58	9	840
# ind. assisted with emergency shelter (hotel/motel)		1	5	0	0	0	0	41	5	2	0	1	0	55
$ Total value of emergency shelter assistance (hotel/motel)		$ 250.00	$ 1,460.55	$ -	$ -	$ -	$ 233.16	$ -	$ 658.77	$ 634.69	$ -	$ 271.55	$ -	$ 3,508.72
# Individuals assisted w/rent/mortgage	I	7	3	6	23	14	18	33	13	70	24	2	3	216
$ Total value assisted for rent/mortgage	M	$ 4,835.44	$ 2,100.00	$ 7,358.00	$ 18,625.00	$ 13,050.20	$ 18,297.86	$ 33,861.95	$ 11,680.00	$ 69,021.72	$ 23,313.98	$ 1,200.00	$ 1,939.26	$ 205,283.41
# Individuals asst w/Utilities (electric, water, gas)	J	18	15	18	36	14	19	6	4	67	12	4	6	219

$ Amount Given For Utilities	N	$ 3,990.63	$ 3,263.11	$ 4,876.61	$ 9,436.24	$ 3,454.98	$ 4,677.52	$ 1,713.37	$ 1,179.27	$ 14,382.59	$ 4,623.47	$ 1,091.44	$ 1,468.97	$ 54,158.20
# Individuals asst w/prescriptions		2	1	3	2	0	0	2	0	0	0	1	0	11
$ Amount given for prescriptions		$ 340.27	$ 334.37	$ 341.64	$ 299.23	$ -	$ -	$ 512.30	$ -	$ -	$ -	$ 122.42	$ -	$ 1,950.23
# individuals assisted financially w/other needs	L	21	65	86	30	37	301	16	16	13	12	28	3	628
$ total value of other financial assistance	P	$ 2,426.37	$ 5,924.97	$ 10,520.55	$ 1,755.66	$ 2,127.98	$ 2,000.00	$ 3,239.29	$ 1,216.67	$ 1,148.06	$ 1,004.19	$ 1,853.07	$ 149.99	$ 33,366.80
# gift cards given		5	0	27	10	36	25	1	14	40	2	2	5	167
$ Monthly amount (gift cards)		$ 120.00	$ -	$ 1,420.00	$ 200.00	$ 1,220.00	$ 590.00	$ 25.00	$ 305.00	$ 2,000.00	$ 40.00	$ 45.00	$ 105.00	$ 6,070.00
# Individuals recvd donated items		21	65	86	30	37	14	16	20	13	12	28	3	345
# of individuals connected to faith or other social connections		272	268	135	261	227	249	116	132	190	64	58	109	2081
% individuals maintaining connection 90 days or longer		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
% Individuals satisfied with service		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Senior Case Mgmt (Martha)														
# Clients in Sr. Case Mgmt		5	4	4	4	3	3	3	4	5	5	5	6	51
# Center Appointments		0	0	0	0	0	0	0	0	0	0	0	0	0
# Home Visits Sr Case Mgmt		12	15	14	14	18	12	0	8	9	10	11	10	133
# Clients Utilities		0	0	0	0	0	0	0	0	1	0	0	$1.00	2
# Clients Household		0	0	0	0	0	0	0	0	1	0	0	1	2
$ Amount Given For Utilities		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$154.20	$0.00	$0.00	55.27	$ 209.47
# Clients Rent		0	0	0	0	0	0	0	0	0	0	0	$0.00	0
# Clients Household		0	0	0	0	0	0	0	0	0	0	0	0	0
$ Amount Given For Rent		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	0	$ -
# Clients Medication		1	1	1	4	1	1	1	2	2	3	3	$0.00	20
# Clients Household		1	1	1	4	1	1	1	2	2	3	3	0	20
$ Amount Given For Medication		$47.94	$42.94	$47.94	$148.85	$47.94	$21.62	$1,176.36	$69.56	$69.56	$169.56	$207.44	0	$ 2,049.71
# Clients Home Repair		0	1	0	1	0	0	0	0	0	0	0	$0.00	2
# Clients Household		0	1	0	1	0	0	0	0	0	0	0	0	2
$ Amount Given For Home Repair		$0.00	$1,200.00	$0.00	$53.74	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	0	$ 1,253.74
#Clients other		0	20	1	3	15	0	0	0	0	0	2	$0.00	41
# Clients Household		0	60	1	3	15	0	0	0	0	0	2	0%	81
$ Amount Given For other		$0.00	$0.00	$0.00	$6.00	$114.99	$0.00	$0.00	$0.00	$0.00	$0.00	$1,115.97	0	$ 1,236.96
Referred For Food Assistance		0	0	0	0	0	0	0	0	0	0	0	0	0
Senior Case Mgmt (Mercy)														

# Clients in Sr Case Mgmt		16	16	15	12	12	12	12	12	12	12	11	12	154
# Center Appointments		0	0	0	0	0	0	0	0	0	0	0	1	1
# Home Visits Sr Case Mgmt		35	40	48	35	29	132	126	174	186	180	160	136	1281
# Clients Utilities		1	0	0	0	0	0	0	0	0	0	0	$0.00	1
# Clients Household		3	0	0	0	0	0	0	0	0	0	0	0	3
$ Amount Given For Utilities		$316.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	0	$ 316.00
# Clients Rent		1	0	2	0	0	1	0	0	1	0	0	$0.00	5
# Clients Household		3	0	10	0	0	5	0	0	5	0	0	0	23
$ Amount Given For Rent		$1,084	$ -	$2,499.00	o	$ -	$ 1,450.00	$ -	$ -	$ 500.00	$ -	$ -	$ -	$ 5,533.00
# Clients Medication		0	0	2	$0	0	0	0	0	0	0	3	$0.00	5
# Clients Household		0	0	5	0	0	0	0	0	0	0	8	0	13
$ Amount Given For Medication		$0.00	$0.00	$90.00	0	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$90.00	0	$ 180.00
# Clients Home Repair		0	0	0	0	0	0	0	0	0	1	1	$1.00	3
# Clients Household		0	0	0	0	0	0	0	0	0	5	3	4	12
$ Amount Given For Home Repair		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1,200.00	$1,500.00	$ 1,000.00	$ 3,700.00
Clients Other		0	0	4	1	0	0	0	0	0	1	1	$0.00	7
# Clients Household		0	0	9	8	0	0	0	0	0	4	8	0	29
$ Amount Given For other		$0.00	$0.00	$60.00	$259.00	$0.00	$0.00	$0.00	$0.00	$0.00	$50.00	$625.00	0	$ 994.00
Referred For Food Assistance		0	0	0	0	4	0	5	7	3	5	4	3	31

Exhibit B:
31 CFR Part 35

DEPARTMENT OF THE TREASURY

31 CFR Part 35

RIN 1505–AC77

Coronavirus State and Local Fiscal Recovery Funds

AGENCY: Department of the Treasury.

ACTION: Interim final rule.

SUMMARY: The Secretary of the Treasury (Treasury) is issuing this interim final rule to implement the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act.

DATES: *Effective date:* The provisions in this interim final rule are effective May 17, 2021.

Comment date: Comments must be received on or before July 16, 2021. ADDRESSES: Please submit comments electronically through the Federal eRulemaking Portal: *http://www.regulations.gov.* Comments can be mailed to the Office of the Undersecretary for Domestic Finance, Department of the Treasury, 1500 Pennsylvania Avenue NW, Washington, DC 20220. Because postal mail may be subject to processing delay, it is recommended that comments be submitted electronically. All comments should be captions with ''Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule Comments.'' Please include your name, organization affiliation, address, email address and telephone number in your comment. Where appropriate, a comment should include a short executive summary.

In general, comments received will be posted on *http://www.regulations.gov* without change, including any business or personal information provided. Comments received, including attachments and other supporting materials, will be part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

FOR FURTHER INFORMATION CONTACT: Katharine Richards, Senior Advisor, Office of Recovery Programs, Department of the Treasury, (844) 529–9527.

SUPPLEMENTARY INFORMATION:

I. Background Information

A. Overview

Since the first case of coronavirus disease 2019 (COVID–19) was discovered in the United States in January 2020, the disease has infected over 32 million and killed over 575,000 Americans.[1] The disease has impacted every part of life: As social distancing became a necessity, businesses closed, schools transitioned to remote education, travel was sharply reduced, and millions of Americans lost their jobs. In April 2020, the national unemployment rate reached its highest level in over seventy years following the most severe month-over-month decline in employment on record.[2] As of April 2021, there were still 8.2 million fewer jobs than before the pandemic.[3] During this time, a significant share of households have faced food and housing insecurity.[4] Economic disruptions impaired the flow of credit to households, State and local governments, and businesses of all sizes.[5] As businesses weathered closures and sharp declines in revenue, many were forced to shut down, especially small businesses.[6]

Amid this once-in-a-century crisis, State, territorial, Tribal, and local governments (State, local, and Tribal governments) have been called on to respond at an immense scale. Governments have faced myriad needs to prevent and address the spread of COVID–19, including testing, contact tracing, isolation and quarantine, public communications, issuance and enforcement of health orders, expansions to health system capacity like alternative care facilities, and in recent months, a massive nationwide mobilization around vaccinations. Governments also have supported major efforts to prevent COVID–19 spread through safety measures in settings like nursing homes, schools, congregate living settings, dense worksites, incarceration settings, and public facilities. The pandemic's impacts on behavioral health, including the toll of pandemic-related stress, have increased the need for behavioral health resources.

At the same time, State, local and Tribal governments launched major efforts to address the economic impacts of the pandemic. These efforts have been tailored to the needs of their communities and have included expanded assistance to unemployed workers; food assistance; rent, mortgage, and utility support; cash assistance; internet access programs; expanded services to support individuals experiencing homelessness; support for individuals with disabilities and older adults; and assistance to small businesses facing closures or revenue loss or implementing new safety measures.

In responding to the public health emergency and its negative economic impacts, State, local, and Tribal governments have seen substantial increases in costs to provide these services, often amid substantial declines in revenue due to the economic downturn and changing economic patterns during the pandemic.[7] Facing these budget challenges, many State, local, and Tribal governments have been forced to make cuts to services or their workforces, or delay critical investments. From February to May of 2020, State, local, and Tribal governments reduced their workforces by more than 1.5 million jobs and, in April of 2021, State, local, and Tribal government employment remained nearly 1.3 million jobs below pre-pandemic levels.[8] These cuts to State, local, and Tribal government workforces

[1] Centers for Disease Control and Prevention, COVID Data Tracker, *http://www.covid.cdc.gov/covid-data-tracker/#datatracker-home* (last visited May 8, 2021).

[2] U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/UNRATE,* May 3, 2021. U.S. Bureau of Labor Statistics, Employment Level [LNU02000000], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/LNU02000000,* May 3, 2021.

[3] U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm [PAYEMS], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/PAYEMS,* May 7, 2021.

[4] Nirmita Panchal et al., The Implications of COVID–19 for Mental Health and Substance Abuse (Feb. 10, 2021), https://www.kff.org/coronavirus-covid-19/issue-brief/the-implications-of-covid-19-for-mental-health-and-substance-use/#:~:text=Older%20adults%20are%20also%20more,prior%20to%20the%20current%20crisis; U.S. Census Bureau, Household Pulse Survey: Measuring Social and Economic Impacts during the Coronavirus Pandemic, https://www.census.gov/programs-surveys/household-pulse-survey.html (last visited Apr. 26, 2021); Rebecca T. Leeb et al., Mental Health-Related Emergency Department Visits Among Children Aged <18 Years During the COVID Pandemic—United States, January 1—October 17, 2020, Morb. Mortal. Wkly. Rep. 69(45):1675–80 (Nov. 13, 2020), *h*ttps://www.cdc.gov/mmwr/volumes/69/wr/mm6945a3.htm.

[5] Board of Governors of the Federal Reserve System, Monetary Policy Report (June 12, 2020), *https://www.federalreserve.gov/monetarypolicy/2020-06-mpr-summary.htm.*

[6] Joseph R. Biden, Remarks by President Biden on Helping Small Businesses (Feb. 22, 2021), *https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/02/22/remarks-by-president-biden-on-helping-small-businesses/.*

[7] Michael Leachman, House Budget Bill Provides Needed Fiscal Aid for States, Localities, Tribal Nations, and Territories (Feb. 10, 2021), *https://www.cbpp.org/research/state-budget-and-tax/house-budget-bill-provides-needed-fiscal-aid-for-states-localities.*

[8] U.S. Bureau of Labor Statistics, All Employees, State Government [CES9092000001] and All Employees, Local Government [CES9093000001], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/CES9092000001* and *https://fred.stlouisfed.org/series/CES9093000001* (last visited May 8, 2021).

come at a time when demand for government services is high, with State, local, and Tribal governments on the frontlines of fighting the pandemic. Furthermore, State, local, and Tribal government austerity measures can hamper overall economic growth, as occurred in the recovery from the Great Recession.[9]

Finally, although the pandemic's impacts have been widespread, both the public health and economic impacts of the pandemic have fallen most severely on communities and populations disadvantaged before it began. Low-income communities, people of color, and Tribal communities have faced higher rates of infection, hospitalization, and death,[10] as well as higher rates of unemployment and lack of basic necessities like food and housing.[11] Pre-existing social vulnerabilities magnified the pandemic in these communities, where a reduced ability to work from home and, frequently, denser housing amplified the risk of infection. Higher rates of pre-existing health conditions also may have contributed to more severe COVID–19 health outcomes.[12] Similarly, communities or households facing economic insecurity before the pandemic were less able to weather business closures, job losses, or declines in earnings and were less able to participate in remote work or education due to the inequities in access to reliable and affordable broadband infrastructure.[13] Finally, though schools in all areas faced challenges, those in high poverty areas had fewer resources to adapt to remote and hybrid learning models.[14] Unfortunately, the pandemic also has reversed many gains made by communities of color in the prior economic expansion.[15]

B. The Statute and Interim Final Rule

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by the President.[16] Section 9901 of ARPA amended Title VI of the Social Security Act [17] (the Act) to add section 602, which establishes the Coronavirus State Fiscal Recovery Fund, and section 603, which establishes the Coronavirus Local Fiscal Recovery Fund (together, the Fiscal Recovery Funds).[18] The Fiscal Recovery Funds are intended to provide support to State, local, and Tribal governments (together, recipients) in responding to the impact of COVID–19 and in their efforts to contain COVID–19 on their communities, residents, and businesses. The Fiscal Recovery Funds build on and expand the support provided to these governments over the last year, including through the Coronavirus Relief Fund (CRF).[19]

Through the Fiscal Recovery Funds, Congress provided State, local, and Tribal governments with significant resources to respond to the COVID–19 public health emergency and its economic impacts through four categories of eligible uses. Section 602 and section 603 contain the same eligible uses; the primary difference between the two sections is that section 602 establishes a fund for States, territories, and Tribal governments and section 603 establishes a fund for metropolitan cities, nonentitlement units of local government, and counties. Sections 602(c)(1) and 603(c)(1) provide that funds may be used:

(a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

(b) To respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers;

(c) For the provision of government services to the extent of the reduction in revenue due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and

(d) To make necessary investments in water, sewer, or broadband infrastructure.

In addition, Congress clarified two types of uses which do not fall within these four categories. Sections 602(c)(2)(B) and 603(c)(2) provide that these eligible uses do not include, and thus funds may not be used for, depositing funds into any pension fund. Section 602(c)(2)(A) also provides, for States and territories, that the eligible uses do not include ''directly or indirectly offset[ting] a reduction in the net tax revenue of [the] State or territory resulting from a change in law, regulation, or administrative interpretation.''

The ARPA provides a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the country recovers. First, payments from the Fiscal Recovery Funds help to ensure that State, local, and Tribal governments have the resources needed to continue to take actions to decrease the spread of COVID–19 and bring the pandemic under control. Payments from the Fiscal Recovery Funds may also be used by recipients to provide support for costs incurred in addressing public health and economic challenges resulting from the pandemic, including resources to offer premium pay to essential workers, in recognition of their sacrifices over the

[9] Tracy Gordon, State and Local Budgets and the Great Recession, Brookings Institution (Dec. 31, 2012), *http://www.brookings.edu/articles/state-and-local-budgets-and-the-great-recession.*

[10] Sebastian D. Romano et al., Trends in Racial and Ethnic Disparities in COVID–19 Hospitalizations, by Region—United States, March–December 2020, MMWR Morb Mortal Wkly Rep 2021, 70:560–565 (Apr. 16, 2021), *https://www.cdc.gov/mmwr/volumes/70/wr/mm7015e2.htm?s_cid=mm7015e2_w.*

[11] Center on Budget and Policy Priorities, Tracking the COVID–19 Recession's Effects on Food, Housing, and Employment Hardships, *https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-housing-and* (last visited May 4, 2021).

[12] Lisa R. Fortuna et al., Inequity and the Disproportionate Impact of COVID–19 on Communities of Color in the United States: The Need for Trauma-Informed Social Justice Response, Psychological Trauma Vol. 12(5):443–45 (2020), *available at https://psycnet.apa.org/fulltext/2020-37320-001.pdf.*

[13] Emily Vogles et al., 53% of Americans Say the internet Has Been Essential During the COVID–19 Outbreak (Apr. 30, 2020), *https://www.pewresearch.org/internet/2020/04/30/53-of-americans-say-the-internet-has-been-essential-during-the-covid-19-outbreak/.*

[14] Emma Dorn et al., COVID–19 and student learning in the United States: The hurt could last a lifetime (June 2020), *https://webtest.childrensinstitute.net/sites/default/files/documents/COVID-19-and-student-learning-in-the-United-States_FINAL.pdf;* Andrew Bacher-Hicks et al., Inequality in Household Adaptation to Schooling Shocks: Covid-Induced Online Engagement in Real Time, J. of Public Econ. Vol. 193(C) (July 2020), *available at https://www.nber.org/papers/w27555.*

[15] *See, e.g.,* Tyler Atkinson & Alex Richter, Pandemic Disproportionately Affects Women, Minority Labor Force Participation, *https://www.dallasfed.org/research/economics/2020/1110* (last visited May 9, 2021); Jared Bernstein & Janelle Jones, The Impact of the COVID19 Recession on the Jobs and Incomes of Persons of Color, *https://www.cbpp.org/sites/default/files/atoms/files/6-2-20bud_0.pdf* (last visited May 9, 2021).

[16] American Rescue Plan Act of 2021 (ARPA), sec. 9901, Public Law 117–2, codified at 42 U.S.C. 802 *et seq.* The term ''state'' as used in this SUPPLEMENTARY INFORMATION and defined in section 602 of the Act means each of the 50 States and the District of Columbia. The term ''territory'' as used in this SUPPLEMENTARY INFORMATION and defined in section 602 of the Act means the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, the Commonwealth of Northern Mariana Islands, and American Samoa. Tribal government is defined in the Act and the interim final rule to mean ''the recognized governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, community, component band, or component reservation, individually identified (including parenthetically) in the list published most recently as of the date of enactment of the [American Rescue Plan Act] pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 5131).'' See section 602(g)(7) of the Social Security Act, as added by the American Rescue Plan Act. On January 29, 2021, the Bureau of Indian Affairs published a current list of 574 Tribal entities. See 86 FR 7554, January 29, 2021. The term ''local governments'' as used in this SUPPLEMENTARY INFORMATION includes metropolitan cities, counties, and nonentitlement units of local government.

[17] 42 U.S.C. 801 *et seq.*

[18] Sections 602, 603 of the Act.

[19] The CRF was established by the section 601 of the Act as added by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116–136, 134 Stat. 281 (2020).

last year. Recipients may also use payments from the Fiscal Recovery Funds to replace State, local, and Tribal government revenue lost due to COVID–19, helping to ensure that governments can continue to provide needed services and avoid cuts or layoffs. Finally, these resources lay the foundation for a strong, equitable economic recovery, not only by providing immediate economic stabilization for households and businesses, but also by addressing the systemic public health and economic challenges that may have contributed to more severe impacts of the pandemic among low-income communities and people of color.

Within the eligible use categories outlined in the Fiscal Recovery Funds provisions of ARPA, State, local, and Tribal governments have flexibility to determine how best to use payments from the Fiscal Recovery Funds to meet the needs of their communities and populations. The interim final rule facilitates swift and effective implementation by establishing a framework for determining the types of programs and services that are eligible under the ARPA along with examples of uses that State, local, and Tribal governments may consider. These uses build on eligible expenditures under the CRF, including some expansions in eligible uses to respond to the public health emergency, such as vaccination campaigns. They also reflect changes in the needs of communities, as evidenced by, for example, nationwide data demonstrating disproportionate impacts of the COVID–19 public health emergency on certain populations, geographies, and economic sectors. The interim final rule takes into consideration these disproportionate impacts by recognizing a broad range of eligible uses to help States, local, and Tribal governments support the families, businesses, and communities hardest hit by the COVID–19 public health emergency.

Implementation of the Fiscal Recovery Funds also reflect the importance of public input, transparency, and accountability. Treasury seeks comment on all aspects of the interim final rule and, to better facilitate public comment, has included specific questions throughout this **SUPPLEMENTARY INFORMATION**. Treasury encourages State, local, and Tribal governments in particular to provide feedback and to engage with Treasury regarding issues that may arise regarding all aspects of this interim final rule and Treasury's work in administering the Fiscal Recovery Funds. In addition, the interim final rule establishes certain regular reporting requirements, including by requiring State, local, and Tribal governments to publish information regarding uses of Fiscal Recovery Funds payments in their local jurisdiction. These reporting requirements reflect the need for transparency and accountability, while recognizing and minimizing the burden, particularly for smaller local governments. Treasury urges State, territorial, Tribal, and local governments to engage their constituents and communities in developing plans to use these payments, given the scale of funding and its potential to catalyze broader economic recovery and rebuilding.

II. Eligible Uses

A. Public Health and Economic Impacts

Sections 602(c)(1)(A) and 603(c)(1)(A) provide significant resources for State, territorial, Tribal governments, and counties, metropolitan cities, and nonentitlement units of local governments (each referred to as a recipient) to meet the wide range of public health and economic impacts of the COVID–19 public health emergency.

These provisions authorize the use of payments from the Fiscal Recovery Funds to respond to the public health emergency with respect to COVID–19 or its negative economic impacts. Section 602 and section 603 also describe several types of uses that would be responsive to the impacts of the COVID–19 public health emergency, including assistance to households, small businesses, and nonprofits and aid to impacted industries, such as tourism, travel, and hospitality.[20]

Accordingly, to assess whether a program or service is included in this category of eligible uses, a recipient should consider whether and how the use would respond to the COVID–19 public health emergency. Assessing whether a program or service ''responds to'' the COVID–19 public health emergency requires the recipient to, first, identify a need or negative impact of the COVID–19 public health emergency and, second, identify how the program, service, or other intervention addresses the identified need or impact. While the COVID–19 public health emergency affected many aspects of American life, eligible uses under this category must be in response to the disease itself or the harmful consequences of the economic disruptions resulting from or exacerbated by the COVID–19 public health emergency.

[20] Sections 602(c)(1)(A), 603(c)(1)(A) of the Act.

The interim final rule implements these provisions by identifying a non-exclusive list of programs or services that may be funded as responding to COVID–19 or the negative economic impacts of the COVID–19 public health emergency, along with considerations for evaluating other potential uses of the Fiscal Recovery Funds not explicitly listed. The interim final rule also provides flexibility for recipients to use payments from the Fiscal Recovery Funds for programs or services that are not identified on these non-exclusive lists but that fall under the terms of section 602(c)(1)(A) or 603(c)(1)(A) by responding to the COVID–19 public health emergency or its negative economic impacts. As an example, in determining whether a program or service responds to the negative economic impacts of the COVID–19 public health emergency, the interim final rule provides that payments from the Fiscal Recovery Funds should be designed to address an economic harm resulting from or exacerbated by the public health emergency. Recipients should assess the connection between the negative economic harm and the COVID–19 public health emergency, the nature and extent of that harm, and how the use of this funding would address such harm.

As discussed, the pandemic and the necessary actions taken to control the spread had a severe impact on households and small businesses, including in particular low-income workers and communities and people of color. While eligible uses under sections 602(c)(1)(A) and 603(c)(1)(A) provide flexibility to recipients to identify the most pressing local needs, Treasury encourages recipients to provide assistance to those households, businesses, and non-profits in communities most disproportionately impacted by the pandemic.

1. Responding to COVID–19

On January 21, 2020, the Centers for Disease Control and Prevention (CDC) identified the first case of novel coronavirus in the United States.[21] By late March, the virus had spread to many States and the first wave was growing rapidly, centered in the northeast.[22] This wave brought acute

[21] Press Release, Centers for Disease Control and Prevention, First Travel-related Case of 2019 Novel Coronavirus Detected in United States (Jan. 21, 2020), *https://www.cdc.gov/media/releases/2020/p0121-novel-coronavirus-travel-case.html.*

[22] Anne Schuchat et al., Public Health Response to the Initiation and Spread of Pandemic COVID–19 in the United States, February 24–April 21, 2021, MMWR Morb Mortal Wkly Rep 2021, 69(18):551–56 (May 8, 2021), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6918e2.htm.*

strain on health care and public health systems: Hospitals and emergency medical services struggled to manage a major influx of patients; response personnel faced shortages of personal protective equipment; testing for the virus was scarce; and congregate living facilities like nursing homes and prisons saw rapid spread. State, local, and Tribal governments mobilized to support the health care system, issue public health orders to mitigate virus spread, and communicate safety measures to the public. The United States has since faced at least two additional COVID–19 waves that brought many similar challenges: The second in the summer, centered in the south and southwest, and a wave throughout the fall and winter, in which the virus reached a point of uncontrolled spread across the country and over 3,000 people died per day.[23] By early May 2021, the United States has experienced over 32 million confirmed COVID–19 cases and over 575,000 deaths.[24]

Mitigating the impact of COVID–19, including taking actions to control its spread and support hospitals and health care workers caring for the sick, continues to require a major public health response from State, local and Tribal governments. New or heightened public health needs include COVID–19 testing, major expansions in contact tracing, support for individuals in isolation or quarantine, enforcement of public health orders, new public communication efforts, public health surveillance (*e.g.,* monitoring case trends and genomic sequencing for variants), enhancement to health care capacity through alternative care facilities, and enhancement of public health data systems to meet new demands or scaling needs. State, local, and Tribal governments have also supported major efforts to prevent COVID–19 spread through safety measures at key settings like nursing homes, schools, congregate living settings, dense worksites, incarceration settings, and in other public facilities. This has included implementing infection prevention measures or making ventilation improvements in congregate settings, health care settings, or other key locations.

Other response and adaptation costs include capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID–19 mitigation tactics. In recent months, State, local, and Tribal governments across the country have mobilized to support the national vaccination campaign, resulting in over 250 million doses administered to date.[25]

The need for public health measures to respond to COVID–19 will continue in the months and potentially years to come. This includes the continuation of the vaccination campaign for the general public and, if vaccinations are approved for children in the future, eventually for youths. This also includes monitoring the spread of COVID–19 variants, understanding the impact of these variants (especially on vaccination efforts), developing approaches to respond to those variants, and monitoring global COVID–19 trends to understand continued risks to the United States. Finally, the long-term health impacts of COVID–19 will continue to require a public health response, including medical services for individuals with ''long COVID,'' and research to understand how COVID–19 impacts future health needs and raises risks for the millions of Americans who have been infected.

Other areas of public health have also been negatively impacted by the COVID–19 pandemic. For example, in one survey in January 2021, over 40 percent of American adults reported symptoms of depression or anxiety, up from 11 percent in the first half of 2019.[26] The proportion of children's emergency department visits related to mental health has also risen noticeably.[27] Similarly, rates of substance misuse and overdose deaths have spiked: Preliminary data from the CDC show a nearly 30 percent increase in drug overdose mortality from September 2019 to September 2020.[28] Stay-at-home orders and other pandemic responses may have also reduced the ability of individuals affected by domestic violence to access services.[29] Finally, some preventative public health measures like childhood vaccinations have been deferred and potentially forgone.[30]

While the pandemic affected communities across the country, it disproportionately impacted some demographic groups and exacerbated health inequities along racial, ethnic, and socioeconomic lines.[31] The CDC has found that racial and ethnic minorities are at increased risk for infection, hospitalization, and death from COVID–19, with Hispanic or Latino and Native American or Alaska Native patients at highest risk.[32]

Similarly, low-income and socially vulnerable communities have seen the most severe health impacts. For example, counties with high poverty rates also have the highest rates of infections and deaths, with 223 deaths per 100,000 compared to the U.S. average of 175 deaths per 100,000, as of May 2021.[33] Counties with high social vulnerability, as measured by factors such as poverty and educational attainment, have also fared more poorly than the national average, with 211 deaths per 100,000 as of May 2021.[34]

[23] Centers for Disease Control and Prevention, COVID Data Tracker: Trends in Number of COVID–19 Cases and Deaths in the US Reported to CDC, by State/Territory, *https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases* (last visited May 8, 2021).

[24] *Id.*

[25] Centers for Disease Control and Prevention, COVID Data Tracker: COVID–19 Vaccinations in the United States, *https://covid.cdc.gov/covid-data-tracker/#vaccinations* (last visited May 8, 2021).

[26] Panchal, *supra* note 4; Mark É. Czeisler et al., Mental Health, Substance Abuse, and Suicidal Ideation During COVID–19 Pandemic– United States, June 24–30 2020, Morb. Mortal. Wkly. Rep. 69(32):1049–57 (Aug. 14, 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6932a1.htm.*

[27] Leeb, *supra* note 4.

[28] Centers for Disease Prevention and Control, National Center for Health Statistics, Provisional Drug Overdose Death Counts, *https://www.cdc.gov/nchs/nvss/vsrr/drug-overdose-data.htm* (last visited May 8, 2021).

[29] Megan L. Evans, et al., A Pandemic within a Pandemic—Intimate Partner Violence during Covid–19, N. Engl. J. Med. 383:2302–04 (Dec. 10, 2020), *available at https://www.nejm.org/doi/full/10.1056/NEJMp2024046.*

[30] Jeanne M. Santoli et al., Effects of the COVID–19 Pandemic on Routine Pediatric Vaccine Ordering and Administration—United States, Morb. Mortal. Wkly. Rep. 69(19):591–93 (May 8, 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6919e2.htm;* Marisa Langdon-Embry et al., Notes from the Field: Rebound in Routine Childhood Vaccine Administration Following Decline During the COVID–19 Pandemic—New York City, March 1–June 27, 2020, Morb. Mortal. Wkly. Rep. 69(30):999–1001 (Jul. 31 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6930a3.htm.*

[31] Office of the White House, National Strategy for the COVID–19 Response and Pandemic Preparedness (Jan. 21, 2021), *https://www.whitehouse.gov/wp-content/uploads/2021/01/National-Strategy-for-the-COVID-19-Response-and-Pandemic-Preparedness.pdf.*

[32] In a study of 13 states from October to December 2020, the CDC found that Hispanic or Latino and Native American or Alaska Native individuals were 1.7 times more likely to visit an emergency room for COVID–19 than White individuals, and Black individuals were 1.4 times more likely to do so than White individuals. *See* Romano, *supra* note 10.

[33] Centers for Disease Control and Prevention, COVID Data Tracker: Trends in COVID–19 Cases and Deaths in the United States, by County-level Population Factors, *https://covid.cdc.gov/covid-data-tracker/#pop-factors_totaldeaths* (last visited May 8, 2021).

[34] The CDC's Social Vulnerability Index includes fifteen variables measuring social vulnerability, including unemployment, poverty, education levels, single-parent households, disability status, non-English speaking households, crowded housing, and transportation access.

Centers for Disease Control and Prevention, COVID Data Tracker: Trends in COVID–19 Cases

Continued

Over the last year, Native Americans have experienced more than one and a half times the rate of COVID–19 infections, more than triple the rate of hospitalizations, and more than double the death rate compared to White Americans.[35] Low-income and minority communities also exhibit higher rates of pre-existing conditions that may contribute to an increased risk of COVID–19 mortality.[36]

In addition, individuals living in low-income communities may have had more limited ability to socially distance or to self-isolate when ill, resulting in faster spread of the virus, and were over-represented among essential workers, who faced greater risk of exposure.[37] Social distancing measures in response to the pandemic may have also exacerbated pre-existing public health challenges. For example, for children living in homes with lead paint, spending substantially more time at home raises the risk of developing elevated blood lead levels, while screenings for elevated blood lead levels declined during the pandemic.[38] The combination of these underlying social and health vulnerabilities may have contributed to more severe public health outcomes of the pandemic within these communities, resulting in an exacerbation of pre-existing disparities in health outcomes.[39]

Eligible Public Health Uses. The Fiscal Recovery Funds provide resources to meet and address these emergent public health needs, including through measures to counter the spread of COVID–19, through the provision of care for those impacted by the virus, and through programs or services that address disparities in public health that have been exacerbated by the pandemic. To facilitate implementation and use of payments from the Fiscal Recovery Funds, the interim final rule identifies a non-exclusive list of eligible uses of funding to respond to the COVID–19 public health emergency. Eligible uses listed under this section build and expand upon permissible expenditures under the CRF, while recognizing the differences between the ARPA and CARES Act, and recognizing that the response to the COVID–19 public health emergency has changed and will continue to change over time. To assess whether additional uses would be eligible under this category, recipients should identify an effect of COVID–19 on public health, including either or both of immediate effects or effects that may manifest over months or years, and assess how the use would respond to or address the identified need.

The interim final rule identifies a non-exclusive list of uses that address the effects of the COVID–19 public health emergency, including:

- *COVID–19 Mitigation and Prevention.* A broad range of services and programming are needed to contain COVID–19. Mitigation and prevention efforts for COVID–19 include vaccination programs; medical care; testing; contact tracing; support for isolation or quarantine; supports for vulnerable populations to access medical or public health services; public health surveillance (*e.g.,* monitoring case trends, genomic sequencing for variants); enforcement of public health orders; public communication efforts; enhancement to health care capacity, including through alternative care facilities; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (*e.g.,* nursing homes, incarceration settings, homeless shelters, group living facilities) and other key settings like schools;[40] ventilation improvements in congregate settings, health care settings, or other key locations; enhancement of public health data systems; and other public health responses.[41] They also include capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID–19 mitigation tactics. These COVID–19 prevention and mitigation programs and services, among others, were eligible expenditures under the CRF and are eligible uses under this category of eligible uses for the Fiscal Recovery Funds.[42]
- *Medical Expenses.* The COVID–19 public health emergency continues to have devastating effects on public health; the United States continues to average hundreds of deaths per day and the spread of new COVID–19 variants has raised new risks and genomic surveillance needs.[43] Moreover, our understanding of the potentially serious and long-term effects of the virus is growing, including the potential for symptoms like shortness of breath to continue for weeks or months, for multi-organ impacts from COVID–19, or for post-intensive care syndrome.[44] State and local governments may need to continue to provide care and services to address these near- and longer-term needs.[45]

and Deaths in the United States, by Social Vulnerability Index, *https://covid.cdc.gov/covid-data-tracker/#pop-factors_totaldeaths* (last visited May 8, 2021).

[35] Centers for Disease Control and Prevention, Risk for COVID–19 Infection, Hospitalization, and Death By Race/Ethnicity, *https://www.cdc.gov/coronavirus/2019-ncov/covid-data/investigations-discovery/hospitalization-death-by-race-ethnicity.html* (last visited Apr. 26, 2021).

[36] *See, e.g.,* Centers for Disease Control and Prevention, Risk of Severe Illness or Death from COVID–19 (Dec. 10, 2020), *https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/racial-ethnic-disparities/disparities-illness.html* (last visited Apr. 26, 2021).

[37] Milena Almagro et al., Racial Disparities in Frontline Workers and Housing Crowding During COVID–19: Evidence from Geolocation Data (Sept. 22, 2020), NYU Stern School of Business (forthcoming), *available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3695249;* Grace McCormack et al., Economic Vulnerability of Households with Essential Workers, JAMA 324(4):388–90 (2020), *available at https://jamanetwork.com/journals/jama/fullarticle/2767630.*

[38] *See, e.g.,* Joseph G. Courtney et al., Decreases in Young Children Who Received Blood Lead Level Testing During COVID–19—34 Jurisdictions, January–May 2020, Morb. Mort. Wkly. Rep. 70(5):155–61 (Feb. 5, 2021), *https://www.cdc.gov/mmwr/volumes/70/wr/mm7005a2.htm;* Emily A. Benfer & Lindsay F. Wiley, Health Justice Strategies to Combat COVID–19: Protecting Vulnerable Communities During a Pandemic, Health Affairs Blog (Mar. 19, 2020), *https://www.healthaffairs.org/do/10.1377/hblog20200319.757883/full/.*

[39] *See, e.g.,* Centers for Disease Control and Prevention, *supra* note 34; Benfer & Wiley, *supra* note 38; Nathaniel M. Lewis et al., Disparities in COVID–19 Incidence, Hospitalizations, and Testing, by Area-Level Deprivation—Utah, March 3–July 9, 2020, Morb. Mortal. Wkly. Rep. 69(38):1369–73 (Sept. 25, 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6938a4.htm.*

[40] This includes implementing mitigation strategies consistent with the Centers for Disease Control and Prevention's (CDC) Operational Strategy for K–12 Schools through Phased Prevention, *available at https://www.cdc.gov/coronavirus/2019-ncov/community/schools-childcare/operation-strategy.html.*

[41] Many of these expenses were also eligible in the CRF. Generally, funding uses eligible under CRF as a response to the direct public health impacts of COVID–19 will continue to be eligible under the ARPA, including those not explicitly listed here (*e.g.,* telemedicine costs, costs to facilitate compliance with public health orders, disinfection of public areas, facilitating distance learning, increased solid waste disposal needs related to PPE, paid sick and paid family and medical leave to public employees to enable compliance with COVID–19 public health precautions), with the following two exceptions: (1) The standard for eligibility of public health and safety payrolls has been updated (see section II.A of this SUPPLEMENTARY INFORMATION) and (2) expenses related to the issuance of tax-anticipation notes are no longer an eligible funding use (see discussion of debt service in section II.B of this SUPPLEMENTARY INFORMATION).

[42] Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments, 86 FR 4182 (Jan. 15, 2021), *available at https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf.*

[43] Centers for Disease Control and Prevention, *supra* note 24.

[44] Centers for Disease Control and Prevention, Long-Term Effects (Apr. 8, 2021), *https://www.cdc.gov/coronavirus/2019-ncov/long-term-effects.html* (last visited Apr. 26, 2021).

[45] Pursuant to 42 CFR 433.51 and 45 CFR 75.306, Fiscal Recovery Funds may not serve as a State or locality's contribution of certain Federal funds.

• *Behavioral Health Care.* In addition, new or enhanced State, local, and Tribal government services may be needed to meet behavioral health needs exacerbated by the pandemic and respond to other public health impacts. These services include mental health treatment, substance misuse treatment, other behavioral health services, hotlines or warmlines, crisis intervention, overdose prevention, infectious disease prevention, and services or outreach to promote access to physical or behavioral health primary care and preventative medicine.

• *Public Health and Safety Staff.* Treasury recognizes that responding to the public health and negative economic impacts of the pandemic, including administering the services described above, requires a substantial commitment of State, local, and Tribal government human resources. As a result, the Fiscal Recovery Funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, to the extent that their services are devoted to mitigating or responding to the COVID–19 public health emergency.[46] Accordingly, the Fiscal Recovery Funds may be used to support the payroll and covered benefits for the portion of the employee's time that is dedicated to responding to the COVID–19 public health emergency. For administrative convenience, the recipient may consider public health and safety employees to be entirely devoted to mitigating or responding to the COVID–19 public health emergency, and therefore fully covered, if the employee, or his or her operating unit or division, is primarily dedicated to responding to the COVID–19 public health emergency. Recipients may consider other presumptions for assessing the extent to which an employee, division, or operating unit is engaged in activities that respond to the COVID–19 public health emergency, provided that the recipient reassesses periodically and maintains records to support its assessment, such as payroll records, attestations from supervisors or staff, or regular work product or correspondence demonstrating work on the COVID–19 response. Recipients need not routinely track staff hours.

• *Expenses to Improve the Design and Execution of Health and Public Health Programs.* State, local, and Tribal governments may use payments from the Fiscal Recovery Funds to engage in planning and analysis in order to improve programs addressing the COVID–19 pandemic, including through use of targeted consumer outreach, improvements to data or technology infrastructure, impact evaluations, and data analysis.

Eligible Uses to Address Disparities in Public Health Outcomes. In addition, in recognition of the disproportionate impacts of the COVID–19 pandemic on health outcomes in low-income and Native American communities and the importance of mitigating these effects, the interim final rule identifies a broader range of services and programs that will be presumed to be responding to the public health emergency when provided in these communities. Specifically, Treasury will presume that certain types of services, outlined below, are eligible uses when provided in a Qualified Census Tract (QCT),[47] to families living in QCTs, or when these services are provided by Tribal governments.[48] Recipients may also provide these services to other populations, households, or geographic areas that are disproportionately impacted by the pandemic. In identifying these disproportionately-impacted communities, recipients should be able to support their determination that the pandemic resulted in disproportionate public health or economic outcomes to the specific populations, households, or geographic areas to be served.

Given the exacerbation of health disparities during the pandemic and the role of pre-existing social vulnerabilities in driving these disparate outcomes, services to address health disparities are presumed to be responsive to the public health impacts of the pandemic. Specifically, recipients may use payments from the Fiscal Recovery Funds to facilitate access to resources that improve health outcomes, including services that connect residents with health care resources and public assistance programs and build healthier environments, such as:

• Funding community health workers to help community members access health services and services to address the social determinants of health;[49]

• Funding public benefits navigators to assist community members with navigating and applying for available Federal, State, and local public benefits or services;

• Housing services to support healthy living environments and neighborhoods conducive to mental and physical wellness;

• Remediation of lead paint or other lead hazards to reduce risk of elevated blood lead levels among children; and

• Evidence-based community violence intervention programs to prevent violence and mitigate the increase in violence during the pandemic.[50]

2. Responding to Negative Economic Impacts

Impacts on Households and Individuals. The public health emergency, including the necessary measures taken to protect public health, resulted in significant economic and financial hardship for many Americans. As businesses closed, consumers stayed home, schools shifted to remote

[46] In general, if an employee's wages and salaries are an eligible use of Fiscal Recovery Funds, recipients may treat the employee's covered benefits as an eligible use of Fiscal Recovery Funds. For purposes of the Fiscal Recovery Funds, covered benefits include costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans (Federal and state), workers compensation insurance, and Federal Insurance Contributions Act (FICA) taxes (which includes Social Security and Medicare taxes).

[47] Qualified Census Tracts are a common, readily-accessible, and geographically granular method of identifying communities with a large proportion of low-income residents. Using an existing measure may speed implementation and decrease administrative burden, while identifying areas of need at a highly-localized level.

While QCTs are an effective tool generally, many tribal communities have households with a wide range of income levels due in part to non-tribal member, high income residents living in the community. Mixed income communities, with a significant share of tribal members at the lowest levels of income, are often not included as eligible QCTs yet tribal residents are experiencing disproportionate impacts due to the pandemic. Therefore, including all services provided by Tribal governments is a more effective means of ensuring that disproportionately impacted Tribal members can receive services.

[48] U.S. Department of Housing and Urban Development (HUD), Qualified Census Tracts and Difficult Development Areas, *https://www.huduser.gov/portal/datasets/qct.html* (last visited Apr. 26, 2021); U.S. Department of the Interior, Bureau of Indian Affairs, Indian Lands of Federally Recognized Tribes of the United States (June 2016), *https://www.bia.gov/sites/bia.gov/files/assets/bia/ots/webteam/pdf/idc1-028635.pdf* (last visited Apr. 26, 2021).

[49] The social determinants of health are the social and environmental conditions that affect health outcomes, specifically economic stability, health care access, social context, neighborhoods and built environment, and education access. *See, e.g.,* U.S. Department of Health and Human Services, Office of Disease Prevention and Health Promotion, Healthy People 2030: Social Determinants of Health, *https://health.gov/healthypeople/objectives-and-data/social-determinants-health* (last visited Apr. 26, 2021).

[50] National Commission on COVID–19 and Criminal Justice, Impact Report: COVID–19 and Crime (Jan. 31, 2021), *https://covid19.counciloncj.org/2021/01/31/impact-report-covid-19-and-crime-3/* (showing a spike in homicide and assaults); Brad Boesrup et al., Alarming Trends in US domestic violence during the COVID–19 pandemic, Am. J. of Emerg. Med. 38(12): 2753–55 (Dec. 1, 2020), *available at https://www.ajemjournal.com/article/S0735-6757(20)30307-7/fulltext* (showing a spike in domestic violence).

education, and travel declined precipitously, over 20 million jobs were lost in March and April 2020.[51] Although many have returned to work, as of April 2021, the economy remains 8.2 million jobs below its pre-pandemic peak,[52] and more than 3 million workers have dropped out of the labor market altogether relative to February 2020.[53]

Rates of unemployment are particularly severe among workers of color and workers with lower levels of educational attainment; for example, the overall unemployment rate in the United States was 6.1 percent in April 2021, but certain groups saw much higher rates: 9.7 percent for Black workers, 7.9 percent for Hispanic or Latino workers, and 9.3 percent for workers without a high school diploma.[54] Job losses have also been particularly steep among low wage workers, with these workers remaining furthest from recovery as of the end of 2020.[55] A severe recession—and its concentrated impact among low-income workers—has amplified food and housing insecurity, with an estimated nearly 17 million adults living in households where there is sometimes or often not enough food to eat and an estimated 10.7 million adults living in households that were not current on rent.[56] Over the course of the pandemic, inequities also manifested along gender lines, as schools closed to in-person activities, leaving many working families without child care during the day.[57] Women of color have been hit especially hard: The labor force participation rate for Black women has fallen by 3.2 percentage points[58] during the pandemic as compared to 1.0 percentage points for Black men[59] and 2.0 percentage points for White women.[60]

As the economy recovers, the effects of the pandemic-related recession may continue to impact households, including a risk of longer-term effects on earnings and economic potential. For example, unemployed workers, especially those who have experienced longer periods of unemployment, earn lower wages over the long term once rehired.[61] In addition to the labor market consequences for unemployed workers, recessions can also cause longer-term economic challenges through, among other factors, damaged consumer credit scores[62] and reduced familial and childhood wellbeing.[63] These potential long-term economic consequences underscore the continued need for robust policy support.

Impacts on Businesses. The pandemic has also severely impacted many businesses, with small businesses hit especially hard. Small businesses make up nearly half of U.S. private-sector employment[64] and play a key role in supporting the overall economic recovery as they are responsible for two-thirds of net new jobs.[65] Since the beginning of the pandemic, however, 400,000 small businesses have closed, with many more at risk.[66] Sectors with a large share of small business employment have been among those with the most drastic drops in employment.[67] The negative outlook for small businesses has continued: As of April 2021, approximately 70 percent of small businesses reported that the pandemic has had a moderate or large negative effect on their business, and over a third expect that it will take over 6 months for their business to return to their normal level of operations.[68]

This negative outlook is likely the result of many small businesses having faced periods of closure and having seen declining revenues as customers stayed home.[69] In general, small businesses can face greater hurdles in accessing credit,[70] and many small businesses were already financially fragile at the outset of the pandemic.[71] Non-profits, which provide vital services to communities, have similarly faced

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[51] U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm (PAYEMS), retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/PAYEMS* (last visited May 8, 2021).

[52] *Id.*

[53] U.S. Bureau of Labor Statistics, Civilian Labor Force Level [CLF16OV], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/CLF16OV* (last visited May 8, 2021).

[54] U.S. Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey: Employment status of the civilian population by sex and age (May 8 2021), *https://www.bls.gov/news.release/empsit.t01.htm* (last visited May 8, 2021); U.S. Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey: Employment status of the civilian noninstitutional population by race, Hispanic or Latino ethnicity, sex, and age (May 8, 2021), *https://www.bls.gov/web/empsit/cpseea04.htm* (last visited May 8, 2021); U.S. Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey: Employment status of the civilian noninstitutional population 25 years and over by educational attainment (May 8, 2021), *https://www.bls.gov/web/empsit/cpseea05.htm* (last visited May 8, 2021).

[55] Elise Gould & Jori Kandra, Wages grew in 2020 because the bottom fell out of the low-wage labor market, Economic Policy Institute (Feb. 24, 2021), *https://files.epi.org/pdf/219418.pdf. See also,* Michael Dalton et al., The K-Shaped Recovery: Examining the Diverging Fortunes of Workers in the Recovery from the COVID–19 Pandemic using Business and Household Survey Microdata, U.S. Bureau of Labor Statistics Working Paper Series (Feb. 2021), *https://www.bls.gov/osmr/research-papers/2021/pdf/ec210020.pdf.*

[56] Center on Budget and Policy Priorities, Tracking the COVID–19 Recession's Effects on Food, Housing, and Employment Hardships, *https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and* (last visited May 8, 2021).

[57] Women have carried a larger share of childcare responsibilities than men during the COVID–19 crisis. *See, e.g.,* Gema Zamarro & María J. Prados, Gender differences in couples' division of childcare, work and mental health during COVID–19, Rev. Econ. Household 19:11–40 (2021), *available at https://link.springer.com/article/10.1007/s11150-020-09534-7;* Titan Alon et al., The Impact of COVID–19 on Gender Equality, National Bureau of Economic Research Working Paper 26947 (April 2020), *available at https://www.nber.org/papers/w26947.*

[58] U.S. Bureau of Labor Statistics, Labor Force Participation Rate—20 Yrs. & Over, Black or African American Women [LNS11300032], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/LNS11300032* (last visited May 8, 2021).

[59] U.S. Bureau of Labor Statistics, Labor Force Participation Rate—20 Yrs. & Over, Black or African American Men [LNS11300031], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/LNS11300031* (last visited May 8, 2021).

[60] U.S. Bureau of Labor Statistics, Labor Force Participation Rate—20 Yrs. & Over, White Women [LNS11300029], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/LNS11300029* (last visited May 8, 2021).

[61] *See, e.g.,* Michael Greenstone & Adam Looney, Unemployment and Earnings Losses: A Look at Long-Term Impacts of the Great Recession on American Workers, Brookings Institution (Nov. 4, 2021), *https://www.brookings.edu/blog/jobs/2011/11/04/unemployment-and-earnings-losses-a-look-at-long-term-impacts-of-the-great-recession-on-american-workers/.*

[62] Chi Chi Wu, Solving the Credit Conundrum: Helping Consumers' Credit Records Impaired by the Foreclosure Crisis and Great Recession (Dec. 2013), *https://www.nclc.org/images/pdf/credit_reports/report-credit-conundrum-2013.pdf.*

[63] Irwin Garfinkel, Sara McLanahan, Christopher Wimer, eds., Children of the Great Recession, Russell Sage Foundation (Aug. 2016), *available at https://www.russellsage.org/publications/children-great-recession.*

[64] Board of Governors of the Federal Reserve System, *supra* note 5.

[65] U.S. Small Business Administration, Office of Advocacy, Small Businesses Generate 44 Percent of U.S. Economic Activity (Jan. 30, 2019), *https://advocacy.sba.gov/2019/01/30/small-businesses-generate-44-percent-of-u-s-economic-activity/.*

[66] Biden, *supra* note 6.

[67] Daniel Wilmoth, U.S. Small Business Administration Office of Advocacy, The Effects of the COVID–19 Pandemic on Small Businesses, Issue Brief No. 16 (Mar. 2021), *available at https://cdn.advocacy.sba.gov/wp-content/uploads/2021/03/02112318/COVID-19-Impact-On-Small-Business.pdf.*

[68] U.S. Census Bureau, Small Business Pulse Survey, *https://portal.census.gov/pulse/data/* (last visited May 8, 2021).

[69] Olivia S. Kim et al., Revenue Collapses and the Consumption of Small Business Owners in the Early Stages of the COVID–19 Pandemic (Nov. 2020), *https://www.nber.org/papers/w28151.*

[70] *See e.g.,* Board of Governors of the Federal Reserve System, Report to Congress on the Availability of Credit to Small Businesses (Sept. 2017), *available at https://www.federalreserve.gov/publications/2017-september-availability-of-credit-to-small-businesses.htm.*

[71] Alexander W. Bartik et al., The Impact of COVID–19 on small business outcomes and expectations, PNAS 117(30): 17656–66 (July 28, 2020), *available at https://www.pnas.org/content/117/30/17656.*

economic and financial challenges due to the pandemic.[72]

Impacts to State, Local, and Tribal Governments. State, local, and Tribal governments have felt substantial fiscal pressures. As noted above, State, local, and Tribal governments have faced significant revenue shortfalls and remain over 1 million jobs below their pre-pandemic staffing levels.[73] These reductions in staffing may undermine the ability to deliver services effectively, as well as add to the number of unemployed individuals in their jurisdictions.

Exacerbation of Pre-existing Disparities. The COVID–19 public health emergency may have lasting negative effects on economic outcomes, particularly in exacerbating disparities that existed prior to the pandemic.

The negative economic impacts of the COVID–19 pandemic are particularly pronounced in certain communities and families. Low- and moderate-income jobs make up a substantial portion of both total pandemic job losses,[74] and jobs that require in-person frontline work, which are exposed to greater risk of contracting COVID–19.[75] Both factors compound pre-existing vulnerabilities and the likelihood of food, housing, or other financial insecurity in low- and moderate-income families and, given the concentration of low- and moderate-income families within certain communities,[76] raise a substantial risk that the effects of the COVID–19 public health emergency will be amplified within these communities.

These compounding effect of recessions on concentrated poverty and the long-lasting nature of this effect were observed after the 2007–2009 recession, including a large increase in concentrated poverty with the number of people living in extremely poor neighborhoods more than doubling by 2010–2014 relative to 2000.[77] Concentrated poverty has a range of deleterious impacts, including additional burdens on families and reduced economic potential and social cohesion.[78] Given the disproportionate impact of COVID–19 on low-income households discussed above, there is a risk that the current pandemic-induced recession could further increase concentrated poverty and cause long-term damage to economic prospects in neighborhoods of concentrated poverty.

The negative economic impacts of COVID–19 also include significant impacts to children in disproportionately affected families and include impacts to education, health, and welfare, all of which contribute to long-term economic outcomes.[79] Many low-income and minority students, who were disproportionately served by remote or hybrid education during the pandemic, lacked the resources to participate fully in remote schooling or live in households without adults available throughout the day to assist with online coursework.[80] Given these trends, the pandemic may widen educational disparities and worsen outcomes for low-income students,[81] an effect that would substantially impact their long-term economic outcomes. Increased economic strain or material hardship due to the pandemic could also have a long-term impact on health, educational, and economic outcomes of young children.[82] Evidence suggests that adverse conditions in early childhood, including exposure to poverty, food insecurity, housing insecurity, or other economic hardships, are particularly impactful.[83]

The pandemic's disproportionate economic impacts are also seen in Tribal communities across the country—for Tribal governments as well as families and businesses on and off Tribal lands. In the early months of the pandemic, Native American unemployment spiked to 26 percent and, while partially recovered, remains at nearly 11 percent.[84] Tribal enterprises are a significant source of revenue for Tribal governments to support the provision of government services. These enterprises, notably concentrated in gaming, tourism, and hospitality, frequently closed, significantly reducing both revenues to Tribal governments and employment. As a result, Tribal governments have reduced essential services to their citizens and communities.[85]

Eligible Uses. Sections 602(c)(1)(A) and 603(c)(1)(A) permit use of payments from the Fiscal Recovery Funds to respond to the negative economic impacts of the COVID–19 public health emergency. Eligible uses that respond to the negative economic impacts of the public health emergency must be designed to address an economic harm resulting from or exacerbated by the public health emergency. In considering whether a program or service would be

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[72] Federal Reserve Bank of San Francisco, Impacts of COVID–19 on Nonprofits in the Western United States (May 2020), *https://www.frbsf.org/community-development/files/impact-of-covid-nonprofits-serving-western-united-states.pdf.*

[73] Bureau of Labor Statistics, *supra* note 8; Elijah Moreno & Heather Sobrepena, Tribal entities remain resilient as COVID–19 batters their finances, Federal Reserve Bank of Minneapolis (Nov. 10, 2021), *https://www.minneapolisfed.org/article/2020/tribal-entities-remain-resilient-as-covid-19-batters-their-finances.*

[74] Kim Parker et al., Economic Fallout from COVID–19 Continues to Hit Lower-Income Americans the Hardest, Pew Research Center (Sept. 24, 2020), *https://www.pewresearch.org/social-trends/2020/09/24/economic-fallout-from-covid-19-continues-to-hit-lower-income-americans-the-hardest/;* Gould, *supra* note 55.

[75] *See infra* Section II.B of this Supplementary Information.

[76] Elizabeth Kneebone, The Changing geography of US poverty, Brookings Institution (Feb. 15, 2017), *https://www.brookings.edu/testimonies/the-changing-geography-of-us-poverty/.*

[77] Elizabeth Kneebone & Natalie Holmes, U.S. concentrated poverty in the wake of the Great Recession, Brookings Institution (Mar. 31, 2016), *https://www.brookings.edu/research/u-s-concentrated-poverty-in-the-wake-of-the-great-recession/.*

[78] David Erickson et al., The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S. (2008), *available at https://www.frbsf.org/community-development/files/cp_fullreport.pdf.*

[79] Educational quality, as early as Kindergarten, has a long-term impact on children's public health and economic outcomes. *See, e.g.,* Tyler W. Watts et al., The Chicago School Readiness Project: Examining the long-term impacts of an early childhood intervention, PLoS ONE 13(7) (2018), *available at https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0200144;* Opportunity Insights, How Can We Amplify Education as an Engine of Mobility? Using big data to help children get the most from school, *https://opportunityinsights.org/education/* (last visited Apr. 26, 2021); U.S. Department of Health and Human Services (HHS), Office of Disease Prevention and Health Promotion, Early Childhood Development and Education, *https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-health/interventions-resources/early-childhood-development-and-education* (last visited Apr. 26, 2021).

[80] *See, e.g.,* Bacher-Hicks, *supra* note 14.

[81] A Department of Education survey found that, as of February 2021, 42 percent of fourth grade students nationwide were offered only remote education, compared to 48 percent of economically disadvantaged students, 54 percent of Black students and 57 percent of Hispanic students. Large districts often disproportionately serve low-income students. *See* Institute of Education Sciences, Monthly School Survey Dashboard, *https://ies.ed.gov/schoolsurvey/* (last visited Apr. 26, 2021). In summer 2020, a review found that 74 percent of the largest 100 districts chose remote learning only. *See* Education Week, School Districts' Reopening Plans: A Snapshot (Jul. 15, 2020), *https://www.edweek.org/leadership/school-districts-reopening-plans-a-snapshot/2020/07* (last visited May 4, 2021).

[82] HHS, *supra* note 79.

[83] Hirokazu Yoshikawa, Effects of the Global Coronavirus Disease—2019 Pandemic on Early Childhood Development: Short- and Long-Term Risks and Mitigating Program and Policy Actions, J. of Pediatrics Vol. 223:188–93 (Aug. 1, 2020), *available at https://www.jpeds.com/article/S0022-3476(20)30606-5/abstract.*

[84] Based on calculations conducted by the Minneapolis Fed's Center for Indian Country Development using Flood et al. (2020)'s Current Population Survey.'' Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles and J. Robert Warren. Integrated Public Use Microdata Series, Current Population Survey: Version 8.0 [dataset]. Minneapolis, MN: IPUMS, 2020. *https://doi.org/10.18128/D030.V8.0; see also* Donna Feir & Charles Golding, Native Employment During COVID–19: Hard hit in April but Starting to Rebount? (Aug. 5, 2020), *https://www.minneapolisfed.org/article/2020/native-employment-during-covid-19-hit-hard-in-april-but-starting-to-rebound.*

[85] Moreno & Sobrepena, *supra* note 73.

eligible under this category, the recipient should assess whether, and the extent to which, there has been an economic harm, such as loss of earnings or revenue, that resulted from the COVID–19 public health emergency and whether, and the extent to which, the use would respond or address this harm.[86] A recipient should first consider whether an economic harm exists and whether this harm was caused or made worse by the COVID–19 public health emergency. While economic impacts may either be immediate or delayed, assistance or aid to individuals or businesses that did not experience a negative economic impact from the public health emergency would not be an eligible use under this category.

In addition, the eligible use must ''respond to'' the identified negative economic impact. Responses must be related and reasonably proportional to the extent and type of harm experienced; uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses. Where there has been a negative economic impact resulting from the public health emergency, States, local, and Tribal governments have broad latitude to choose whether and how to use the Fiscal Recovery Funds to respond to and address the negative economic impact. Sections 602(c)(1)(A) and 603(c)(1)(A) describe several types of uses that would be eligible under this category, including assistance to households, small businesses, and nonprofits and aid to impacted industries such as tourism, travel, and hospitality.

To facilitate implementation and use of payments from the Fiscal Recovery Funds, the interim final rule identifies a non-exclusive list of eligible uses of funding that respond to the negative economic impacts of the public health emergency. Consistent with the discussion above, the eligible uses listed below would respond directly to the economic or financial harms resulting from and or exacerbated by the public health emergency.

- *Assistance to Unemployed Workers.* This includes assistance to unemployed workers, including services like job training to accelerate rehiring of unemployed workers; these services may extend to workers unemployed due to the pandemic or the resulting recession, or who were already unemployed when the pandemic began and remain so due to the negative economic impacts of the pandemic.
- *State Unemployment Insurance Trust Funds.* Consistent with the approach taken in the CRF, recipients may make deposits into the state account of the Unemployment Trust Fund established under section 904 of the Social Security Act (42 U.S.C. 1104) up to the level needed to restore the pre-pandemic balances of such account as of January 27, 2020 or to pay back advances received under Title XII of the Social Security Act (42 U.S.C. 1321) for the payment of benefits between January 27, 2020 and May 17, 2021, given the close nexus between Unemployment Trust Fund costs, solvency of Unemployment Trust Fund systems, and pandemic economic impacts. Further, Unemployment Trust Fund deposits can decrease fiscal strain on Unemployment Insurance systems impacted by the pandemic. States facing a sharp increase in Unemployment Insurance claims during the pandemic may have drawn down positive Unemployment Trust Fund balances and, after exhausting the balance, required advances to fund continuing obligations to claimants. Because both of these impacts were driven directly by the need for assistance to unemployed workers during the pandemic, replenishing Unemployment Trust Funds up to the pre-pandemic level responds to the pandemic's negative economic impacts on unemployed workers.
- *Assistance to Households.* Assistance to households or populations facing negative economic impacts due to COVID–19 is also an eligible use. This includes: Food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance (discussed below); emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training. As discussed above, in considering whether a potential use is eligible under this category, a recipient must consider whether, and the extent to which, the household has experienced a negative economic impact from the pandemic. In assessing whether a household or population experienced economic harm as a result of the pandemic, a recipient may presume that a household or population that experienced unemployment or increased food or housing insecurity or is low- or moderate-income experienced negative economic impacts resulting from the pandemic. For example, a cash transfer program may focus on unemployed workers or low- and moderate-income families, which have faced disproportionate economic harms due to the pandemic. Cash transfers must be reasonably proportional to the negative economic impact they are intended to address. Cash transfers grossly in excess of the amount needed to address the negative economic impact identified by the recipient would not be considered to be a response to the COVID–19 public health emergency or its negative impacts. In particular, when considering the appropriate size of permissible cash transfers made in response to the COVID–19 public health emergency, State, local and Tribal governments may consider and take guidance from the per person amounts previously provided by the Federal Government in response to the COVID–19 crisis. Cash transfers that are grossly in excess of such amounts would be outside the scope of eligible uses under sections 602(c)(1)(A) and 603(c)(1)(A) and could be subject to recoupment. In addition, a recipient could provide survivor's benefits to surviving family members of COVID–19 victims, or cash assistance to widows, widowers, and dependents of eligible COVID–19 victims.
- *Expenses to Improve Efficacy of Economic Relief Programs.* State, local, and Tribal governments may use payments from the Fiscal Recovery Funds to improve efficacy of programs addressing negative economic impacts, including through use of data analysis, targeted consumer outreach, improvements to data or technology infrastructure, and impact evaluations.
- *Small Businesses and Non-profits.* As discussed above, small businesses and non-profits faced significant challenges in covering payroll, mortgages or rent, and other operating costs as a result of the public health emergency and measures taken to contain the spread of the virus. State, local, and Tribal governments may provide assistance to small businesses to adopt safer operating procedures, weather periods of closure, or mitigate financial hardship resulting from the COVID–19 public health emergency, including:
  - Loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs;
  - Loans, grants, or in-kind assistance to implement COVID–19 prevention or mitigation tactics, such as physical

[86] In some cases, a use may be permissible under another eligible use category even if it falls outside the scope of section (c)(1)(A) of the Act.

plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID–19 vaccination, testing, or contact tracing programs; and

○ Technical assistance, counseling, or other services to assist with business planning needs.

As discussed above, these services should respond to the negative economic impacts of COVID–19. Recipients may consider additional criteria to target assistance to businesses in need, including small businesses. Such criteria may include businesses facing financial insecurity, substantial declines in gross receipts (*e.g.,* comparable to measures used to assess eligibility for the Paycheck Protection Program), or other economic harm due to the pandemic, as well as businesses with less capacity to weather financial hardship, such as the smallest businesses, those with less access to credit, or those serving disadvantaged communities. Recipients should consider local economic conditions and business data when establishing such criteria.[87]

• *Rehiring State, Local, and Tribal Government Staff.* State, local, and Tribal governments continue to see pandemic impacts in overall staffing levels: State, local, and Tribal government employment remains more than 1 million jobs lower in April 2021 than prior to the pandemic.[88] Employment losses decrease a state or local government's ability to effectively administer services. Thus, the interim final rule includes as an eligible use payroll, covered benefits, and other costs associated with rehiring public sector staff, up to the pre-pandemic staffing level of the government.

• *Aid to Impacted Industries.* Sections 602(c)(1)(A) and 603(c)(1)(A) recognize that certain industries, such as tourism, travel, and hospitality, were disproportionately and negatively impacted by the COVID–19 public health emergency. Aid provided to tourism, travel, and hospitality industries should respond to the negative economic impacts of the pandemic on those and similarly impacted industries. For example, aid may include assistance to implement COVID–19 mitigation and infection prevention measures to enable safe resumption of tourism, travel, and hospitality services, for example, improvements to ventilation, physical barriers or partitions, signage to facilitate social distancing, provision of masks or personal protective equipment, or consultation with infection prevention professionals to develop safe reopening plans.

Aid may be considered responsive to the negative economic impacts of the pandemic if it supports businesses, attractions, business districts, and Tribal development districts operating prior to the pandemic and affected by required closures and other efforts to contain the pandemic. For example, a recipient may provide aid to support safe reopening of businesses in the tourism, travel, and hospitality industries and to business districts that were closed during the COVID–19 public health emergency, as well as aid for a planned expansion or upgrade of tourism, travel, and hospitality facilities delayed due to the pandemic.

When considering providing aid to industries other than tourism, travel, and hospitality, recipients should consider the extent of the economic impact as compared to tourism, travel, and hospitality, the industries enumerated in the statute. For example, on net, the leisure and hospitality industry has experienced an approximately 24 percent decline in revenue and approximately 17 percent decline in employment nationwide due to the COVID–19 public health emergency.[89] Recipients should also consider whether impacts were due to the COVID–19 pandemic, as opposed to longer-term economic or industrial trends unrelated to the pandemic.

To facilitate transparency and accountability, the interim final rule requires that State, local, and Tribal governments publicly report assistance provided to private-sector businesses under this eligible use, including tourism, travel, hospitality, and other impacted industries, and its connection to negative economic impacts of the pandemic. Recipients also should maintain records to support their assessment of how businesses or business districts receiving assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts.

As discussed above, economic disparities that existed prior to the COVID–19 public health emergency amplified the impact of the pandemic among low-income and minority groups. These families were more likely to face housing, food, and financial insecurity; are over-represented among low-wage workers; and many have seen their livelihoods deteriorate further during the pandemic and economic contraction. In recognition of the disproportionate negative economic impacts on certain communities and populations, the interim final rule identifies services and programs that will be presumed to be responding to the negative economic impacts of the COVID–19 public health emergency when provided in these communities.

Specifically, Treasury will presume that certain types of services, outlined below, are eligible uses when provided in a QCT, to families and individuals living in QCTs, or when these services are provided by Tribal governments.[90] Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately impacted communities, recipients should be able to support their determination that the pandemic resulted in disproportionate public health or economic outcomes to the specific populations, households, or geographic areas to be served. The interim final rule identifies a non-exclusive list of uses that address the disproportionate negative economic effects of the COVID–19 public health emergency, including:

○ *Building Stronger Communities through Investments in Housing and Neighborhoods.* The economic impacts of COVID–19 have likely been most acute in lower-income neighborhoods, including concentrated areas of high unemployment, limited economic opportunity, and housing insecurity.[91]

[87] *See* Federal Reserve Bank of Cleveland, An Uphill Battle: COVID–19's Outsized Toll on Minority-Owned Firms (Oct. 8, 2020), *https://www.clevelandfed.org/newsroom-and-events/publications/community-development-briefs/db-20201008-misera-report.aspx* (discussing the impact of COVID–19 on minority owned businesses).

[88] U.S. Bureau of Labor Statistics, All Employees, State Government [CES9092000001] and All Employees, Local Government [CES9093000001], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/CES9092000001* and *https://fred.stlouisfed.org/series/CES9093000001* (last visited May 8, 2021).

[89] From February 2020 to April 2021, employment in ''Leisure and hospitality'' has fallen by approximately 17 percent. *See* U.S. Bureau of Labor Statistics, All Employees, Leisure and Hospitality, retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/USLAH* (last visited May 8, 2021). From 2019Q4 to 2020Q4, gross output (*e.g.* revenue) in arts, entertainment, recreation, accommodation, and food services has fallen by approximately 24 percent. *See* Bureau of Economic Analysis, News Release: Gross Domestic Product (Third Estimate), Corporate Profits, and GDP by Industry, Fourth Quarter and Year 2020 (Mar. 25, 2021), Table 17, *https://www.bea.gov/sites/default/files/2021-03/gdp4q20_3rd.pdf.*

[90] HUD, *supra* note 48.

[91] Stuart M. Butler & Jonathan Grabinsky, Tackling the legacy of persistent urban inequality and concentrated poverty, Brookings Institution (Nov. 16, 2020), *https://www.brookings.edu/blog/up-front/2020/11/16/tackling-the-legacy-of-*

Continued

Services in this category alleviate the immediate economic impacts of the COVID–19 pandemic on housing insecurity, while addressing conditions that contributed to poor public health and economic outcomes during the pandemic, namely concentrated areas with limited economic opportunity and inadequate or poor-quality housing.[92] Eligible services include:

▪ Services to address homelessness such as supportive housing, and to improve access to stable, affordable housing among unhoused individuals;

▪ Affordable housing development to increase supply of affordable and high-quality living units; and

▪ Housing vouchers, residential counseling, or housing navigation assistance to facilitate household moves to neighborhoods with high levels of economic opportunity and mobility for low-income residents, to help residents increase their economic opportunity and reduce concentrated areas of low economic opportunity.[93]

○ *Addressing Educational Disparities.* As outlined above, school closures and the transition to remote education raised particular challenges for lower-income students, potentially exacerbating educational disparities, while increases in economic hardship among families could have long-lasting impacts on children's educational and economic prospects. Services under this prong would enhance educational supports to help mitigate impacts of the pandemic. Eligible services include:

▪ New, expanded, or enhanced early learning services, including pre-kindergarten, Head Start, or partnerships between pre-kindergarten programs and local education authorities, or administration of those services;

▪ Providing assistance to high-poverty school districts to advance equitable funding across districts and geographies;

▪ Evidence-based educational services and practices to address the academic needs of students, including tutoring, summer, afterschool, and other extended learning and enrichment programs; and

▪ Evidence-based practices to address the social, emotional, and mental health needs of students;

○ *Promoting Healthy Childhood Environments.* Children's economic and family circumstances have a long-term impact on their future economic outcomes.[94] Increases in economic hardship, material insecurity, and parental stress and behavioral health challenges all raise the risk of long-term harms to today's children due to the pandemic. Eligible services to address this challenge include:

▪ New or expanded high-quality childcare to provide safe and supportive care for children;

▪ Home visiting programs to provide structured visits from health, parent educators, and social service professionals to pregnant women or families with young children to offer education and assistance navigating resources for economic support, health needs, or child development; and

▪ Enhanced services for child welfare-involved families and foster youth to provide support and training on child development, positive parenting, coping skills, or recovery for mental health and substance use challenges.

State, local, and Tribal governments are encouraged to use payments from the Fiscal Recovery Funds to respond to the direct and immediate needs of the pandemic and its negative economic impacts and, in particular, the needs of households and businesses that were disproportionately and negatively impacted by the public health emergency. As highlighted above, low-income communities and workers and people of color have faced more severe health and economic outcomes during the pandemic, with pre-existing social vulnerabilities like low-wage or insecure employment, concentrated neighborhoods with less economic opportunity, and pre-existing health disparities likely contributing to the magnified impact of the pandemic. The Fiscal Recovery Funds provide resources to not only respond to the immediate harms of the pandemic but also to mitigate its longer-term impact in compounding the systemic public health and economic challenges of disproportionately impacted populations. Treasury encourages recipients to consider funding uses that foster a strong, inclusive, and equitable recovery, especially uses with long-term benefits for health and economic outcomes.

Uses Outside the Scope of this Category. Certain uses would not be within the scope of this eligible use category, although may be eligible under other eligible use categories. A general infrastructure project, for example, typically would not be included unless the project responded to a specific pandemic public health need (*e.g.,* investments in facilities for the delivery of vaccines) or a specific negative economic impact like those described above (*e.g.,* affordable housing in a QCT). The ARPA explicitly includes infrastructure if it is ''necessary'' and in water, sewer, or broadband. *See* Section II.D of this **SUPPLEMENTARY INFORMATION**. State, local, and Tribal governments also may use the Fiscal Recovery Funds under sections 602(c)(1)(C) or 603(c)(1)(C) to provide ''government services'' broadly to the extent of their reduction in revenue. *See* Section II.C of this **SUPPLEMENTARY INFORMATION**.

This category of eligible uses also would not include contributions to rainy day funds, financial reserves, or similar funds. Resources made available under this eligible use category are intended to help meet pandemic response needs and provide relief for households and businesses facing near- and long-term negative economic impacts. Contributions to rainy day funds and similar financial reserves would not address these needs or respond to the COVID–19 public health emergency but would rather constitute savings for future spending needs. Similarly, this eligible use category would not include payment of interest or principal on outstanding debt instruments, including, for example, short-term revenue or tax anticipation notes, or other debt service costs. As discussed below, payments from the Fiscal Recovery Funds are intended to be used prospectively and the interim final rule precludes use of these funds to cover the costs of debt incurred prior to March 3, 2021. Fees or issuance costs associated with the issuance of new debt would also not be covered using payments from the Fiscal Recovery Funds because such costs would not themselves have been incurred to address the needs of pandemic response or its negative economic impacts. The purpose of the Fiscal Recovery Funds is to provide fiscal relief that will permit State, local, and Tribal governments to continue to respond to the COVID–19 public health emergency.

For the same reasons, this category of eligible uses would not include satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring

persistent-urban-inequality-and-concentrated-poverty/.

[92] U.S. Department of Health and Human Services (HHS), Office of Disease Prevention and Health Promotion, Quality of Housing, *https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-health/interventions-resources/quality-of-housing#11* (last visited Apr. 26, 2021).

[93] The Opportunity Atlas, *https://www.opportunityatlas.org/* (last visited Apr. 26, 2021); Raj Chetty & Nathaniel Hendren, The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects, Quarterly J. of Econ. 133(3):1107–162 (2018), *available at https://opportunityinsights.org/paper/neighborhoodsi/.*

[94] *See* supra notes 52 and 84.

plan in a judicial, administrative, or regulatory proceeding, except to the extent the judgment or settlement requires the provision of services that would respond to the COVID–19 public health emergency. That is, satisfaction of a settlement or judgment would not itself respond to COVID–19 with respect to the public health emergency or its negative economic impacts, unless the settlement requires the provision of services or aid that did directly respond to these needs, as described above.

In addition, as described in Section V.III of this **SUPPLEMENTARY INFORMATION**, Treasury will establish reporting and record keeping requirements for uses within this category, including enhanced reporting requirements for certain types of uses.

Question 1: Are there other types of services or costs that Treasury should consider as eligible uses to respond to the public health impacts of COVID–19? Describe how these respond to the COVID–19 public health emergency.

Question 2: The interim final rule permits coverage of payroll and benefits costs of public health and safety staff primarily dedicated to COVID–19 response, as well as rehiring of public sector staff up to pre-pandemic levels. For how long should these measures remain in place? What other measures or presumptions might Treasury consider to assess the extent to which public sector staff are engaged in COVID–19 response, and therefore reimbursable, in an easily-administrable manner?

Question 3: The interim final rule permits rehiring of public sector staff up to the government's pre-pandemic staffing level, which is measured based on employment as of January 27, 2020. Does this approach adequately measure the pre-pandemic staffing level in a manner that is both accurate and easily administrable? Why or why not?

Question 4: The interim final rule permits deposits to Unemployment Insurance Trust Funds, or using funds to pay back advances, up to the pre-pandemic balance. What, if any, conditions should be considered to ensure that funds repair economic impacts of the pandemic and strengthen unemployment insurance systems?

Question 5: Are there other types of services or costs that Treasury should consider as eligible uses to respond to the negative economic impacts of COVID–19? Describe how these respond to the COVID–19 public health emergency.

Question 6: What other measures, presumptions, or considerations could be used to assess ''impacted industries'' affected by the COVID–19 public health emergency?

Question 7: What are the advantages and disadvantages of using Qualified Census Tracts and services provided by Tribal governments to delineate where a broader range of eligible uses are presumed to be responsive to the public health and economic impacts of COVID–19? What other measures might Treasury consider? Are there other populations or geographic areas that were disproportionately impacted by the pandemic that should be explicitly included?

Question 8: Are there other services or costs that Treasury should consider as eligible uses to respond to the disproportionate impacts of COVID–19 on low-income populations and communities? Describe how these respond to the COVID–19 public health emergency or its negative economic impacts, including its exacerbation of pre-existing challenges in these areas.

Question 9: The interim final rule includes eligible uses to support affordable housing and stronger neighborhoods in disproportionately-impacted communities. Discuss the advantages and disadvantages of explicitly including other uses to support affordable housing and stronger neighborhoods, including rehabilitation of blighted properties or demolition of abandoned or vacant properties. In what ways does, or does not, this potential use address public health or economic impacts of the pandemic? What considerations, if any, could support use of Fiscal Recovery Funds in ways that do not result in resident displacement or loss of affordable housing units?

B. Premium Pay

Fiscal Recovery Funds payments may be used by recipients to provide premium pay to eligible workers performing essential work during the COVID–19 public health emergency or to provide grants to third-party employers with eligible workers performing essential work.[95] These are workers who have been and continue to be relied on to maintain continuity of operations of essential critical infrastructure sectors, including those who are critical to protecting the health and wellbeing of their communities.

Since the start of the COVID–19 public health emergency in January 2020, essential workers have put their physical wellbeing at risk to meet the daily needs of their communities and to provide care for others. In the course of this work, many essential workers have contracted or died of COVID–19.[96] Several examples reflect the severity of the health impacts for essential workers. Meat processing plants became ''hotspots'' for transmission, with 700 new cases reported at a single plant on a single day in May 2020.[97] In New York City, 120 employees of the Metropolitan Transit Authority were estimated to have died due to COVID–19 by mid-May 2020, with nearly 4,000 testing positive for the virus.[98] Furthermore, many essential workers are people of color or low-wage workers.[99] These workers, in particular, have borne a disproportionate share of the health and economic impacts of the pandemic. Such workers include:

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

During the public health emergency, employers' policies on COVID–19-related hazard pay have varied widely, with many essential workers not yet compensated for the heightened risks they have faced and continue to face.[100]

[95] Sections 602(c)(1)(B), 603(c)(1)(B) of the Act.

[96] *See, e.g.,* Centers for Disease Control and Prevention, COVID Data Tracker: Cases & Death among Healthcare Personnel, *https://covid.cdc.gov/covid-data-tracker/#health-care-personnel* (last visited May 4, 2021); Centers for Disease Control and Prevention, COVID Data Tracker: Confirmed COVID–19 Cases and Deaths among Staff and Rate per 1,000 Resident-Weeks in Nursing Homes, by Week—United States, *https://covid.cdc.gov/covid-data-tracker/#nursing-home-staff* (last visited May 4, 2021).

[97] *See, e.g.,* The Lancet, The plight of essential workers during the COVID–19 pandemic, Vol. 395, Issue 10237:1587 (May 23, 2020), *available at https://www.thelancet.com/journals/lancet/article/PIIS0140-6736%2820%2931200-9/fulltext.*

[98] *Id.*

[99] Joanna Gaitens et al., Covid–19 and essential workers: A narrative review of health outcomes and moral injury, Int'l J. of Envtl. Research and Pub. Health 18(4):1446 (Feb. 4, 2021), *available at https://pubmed.ncbi.nlm.nih.gov/33557075/;* Tiana N. Rogers et al., Racial Disparities in COVID–19 Mortality Among Essential Workers in the United States, World Med. & Health policy 12(3):311–27 (Aug. 5, 2020), *available at https://onlinelibrary.wiley.com/doi/full/10.1002/wmh3.358* (finding that vulnerability to coronavirus exposure was increased among non-Hispanic blacks, who disproportionately occupied the top nine essential occupations).

[100] Economic Policy Institute, Only 30% of those working outside their home are receiving hazard pay (June 16, 2020), *https://www.epi.org/press/only-30-of-those-working-outside-their-home-are-receiving-hazard-pay-black-and-hispanic-workers-are-most-concerned-about-bringing-the-coronavirus-home/.*

Many of these workers earn lower wages on average and live in socioeconomically vulnerable communities as compared to the general population.[101] A recent study found that 25 percent of essential workers were estimated to have low household income, with 13 percent in high-risk households.[102] The low pay of many essential workers makes them less able to cope with the financial consequences of the pandemic or their work-related health risks, including working hours lost due to sickness or disruptions to childcare and other daily routines, or the likelihood of COVID–19 spread in their households or communities. Thus, the threats and costs involved with maintaining the ongoing operation of vital facilities and services have been, and continue to be, borne by those that are often the most vulnerable to the pandemic. The added health risk to essential workers is one prominent way in which the pandemic has amplified pre-existing socioeconomic inequities.

The Fiscal Recovery Funds will help respond to the needs of essential workers by allowing recipients to remunerate essential workers for the elevated health risks they have faced and continue to face during the public health emergency. To ensure that premium pay is targeted to workers that faced or face heightened risks due to the character of their work, the interim final rule defines essential work as work involving regular in-person interactions or regular physical handling of items that were also handled by others. A worker would not be engaged in essential work and, accordingly may not receive premium pay, for telework performed from a residence.

Sections 602(g)(2) and 603(g)(2) define eligible worker to mean ''those workers needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as each Governor of a State or territory, or each Tribal government, may designate as critical to protect the health and well-being of the residents of their State, territory, or Tribal government.'' [103] The rule incorporates this definition and provides a list of industries recognized as essential critical infrastructure sectors.[104] These sectors include healthcare, public health and safety, childcare, education, sanitation, transportation, and food production and services, among others as noted above. As provided under sections 602(g)(2) and 603(g)(2), the chief executive of each recipient has discretion to add additional sectors to this list, so long as additional sectors are deemed critical to protect the health and well-being of residents.

In providing premium pay to essential workers or grants to eligible employers, a recipient must consider whether the pay or grant would ''respond to'' to the worker or workers performing essential work. Premium pay or grants provided under this section respond to workers performing essential work if it addresses the heightened risk to workers who must be physically present at a jobsite and, for many of whom, the costs associated with illness were hardest to bear financially. Many of the workers performing critical essential services are low- or moderate-income workers, such as those described above. The ARPA recognizes this by defining premium pay to mean an amount up to $13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed $25,000 per eligible worker. To ensure the provision is implemented in a manner that compensates these workers, the interim final rule provides that any premium pay or grants provided using the Fiscal Recovery Funds should prioritize compensation of those lower income eligible workers that perform essential work.

As such, providing premium pay to eligible workers responds to such workers by helping address the disparity between the critical services and risks taken by essential workers and the relatively low compensation they tend to receive in exchange. If premium pay would increase a worker's total pay above 150 percent of their residing state's average annual wage for all occupations, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, or their residing county's average annual wage, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, whichever is higher, on an annual basis, the State, local, or Tribal government must provide Treasury and make publicly available, whether for themselves or on behalf of a grantee, a written justification of how the premium pay or grant is responsive to workers performing essential worker during the public health emergency.[105]

The threshold of 150 percent for requiring additional written justification is based on an analysis of the distribution of labor income for a sample of 20 occupations that generally correspond to the essential workers as defined in the interim final rule.[106] For these occupations, labor income for the vast majority of workers was under 150 percent of average annual labor income across all occupations. Treasury anticipates that the threshold of 150 percent of the annual average wage will be greater than the annual average wage of the vast majority of eligible workers performing essential work. These enhanced reporting requirements help to ensure grants are directed to essential workers in critical infrastructure sectors and responsive to the impacts of the pandemic observed among essential workers, namely the mis-alignment between health risks and compensation. Enhanced reporting also provides transparency to the public. Finally, using a localized measure reflects differences in wages and cost of living across the country, making this standard administrable and reflective of essential worker incomes across a diverse range of geographic areas.

Furthermore, because premium pay is intended to compensate essential workers for heightened risk due to COVID–19, it must be entirely additive to a worker's regular rate of wages and other remuneration and may not be used to reduce or substitute for a worker's normal earnings. The definition of premium pay also clarifies that premium pay may be provided retrospectively for work performed at any time since the start of the COVID–19 public health emergency, where those workers have yet to be compensated adequately for work previously performed.[107] Treasury encourages recipients to prioritize providing retrospective premium pay where possible, recognizing that many essential workers have not yet received additional compensation for work conducted over the course of many

[101] McCormack, *supra* note 37.

[102] *Id.*

[103] Sections 602(g)(2), 603(g)(2) of the Act.

[104] The list of critical infrastructure sectors provided in the interim final rule is based on the list of essential workers under The Heroes Act, H.R. 6800, 116th Cong. (2020).

[105] County median annual wage is taken to be that of the metropolitan or nonmetropolitan area that includes the county. *See* U.S. Bureau of Labor Statistics, State Occupational Employment and Wage Estimates, *https://www.bls.gov/oes/current/oessrcst.htm* (last visited May 1, 2021); U.S. Bureau of Labor Statistics, May 2020 Metropolitan and Nonmetropolitan Area Estimates listed by county or town, *https://www.bls.gov/oes/current/county_links.htm* (last visited May 1, 2021).

[106] Treasury performed this analysis with data from the U.S. Census Bureau's 2019 Annual Social and Economic Supplement. In determining which occupations to include in this analysis, Treasury excluded management and supervisory positions, as such positions may not necessarily involve regular in-person interactions or physical handling of items to the same extent as non-managerial positions.

[107] However, such compensation must be ''in addition to'' remuneration or wages already received. That is, employers may not reduce such workers' current pay and use Fiscal Recovery Funds to compensate themselves for premium pay previously provided to the worker.

months. Essential workers who have already earned premium pay for essential work performed during the COVID–19 public health emergency remain eligible for additional payments, and an essential worker may receive both retrospective premium pay for prior work as well as prospective premium pay for current or ongoing work.

To ensure any grants respond to the needs of essential workers and are made in a fair and transparent manner, the rule imposes some additional reporting requirements for grants to third-party employers, including the public disclosure of grants provided. *See* Section VIII of this **SUPPLEMENTARY INFORMATION**, discussing reporting requirements. In responding to the needs of essential workers, a grant to an employer may provide premium pay to eligible workers performing essential work, as these terms are defined in the interim final rule and discussed above. A grant provided to an employer may also be for essential work performed by eligible workers pursuant to a contract. For example, if a municipality contracts with a third party to perform sanitation work, the third-party contractor could be eligible to receive a grant to provide premium pay for these eligible workers.

Question 10: Are there additional sectors beyond those listed in the interim final rule that should be considered essential critical infrastructure sectors?

Question 11: What, if any, additional criteria should Treasury consider to ensure that premium pay responds to essential workers?

Question 12: What consideration, if any, should be given to the criteria on salary threshold, including measure and level, for requiring written justification?

C. Revenue Loss

Recipients may use payments from the Fiscal Recovery Funds for the provision of government services to the extent of the reduction in revenue experienced due to the COVID–19 public health emergency.[108] Pursuant to sections 602(c)(1)(C) and 603(c)(1)(C) of the Act, a recipient's reduction in revenue is measured relative to the revenue collected in the most recent full fiscal year prior to the emergency.

Many State, local, and Tribal governments are experiencing significant budget shortfalls, which can have a devastating impact on communities. State government tax revenue from major sources were down 4.3 percent in the six months ended September 2020, relative to the same period 2019.[109] At the local level, nearly 90 percent of cities have reported being less able to meet the fiscal needs of their communities and, on average, cities expect a double-digit decline in general fund revenues in their fiscal year 2021.[110] Similarly, surveys of Tribal governments and Tribal enterprises found majorities of respondents reporting substantial cost increases and revenue decreases, with Tribal governments reporting reductions in healthcare, housing, social services, and economic development activities as a result of reduced revenues.[111] These budget shortfalls are particularly problematic in the current environment, as State, local, and Tribal governments work to mitigate and contain the COVID–19 pandemic and help citizens weather the economic downturn.

Further, State, local, and Tribal government budgets affect the broader economic recovery. During the period following the 2007–2009 recession, State and local government budget pressures led to fiscal austerity that was a significant drag on the overall economic recovery.[112] Inflation-adjusted State and local government revenue did not return to the previous peak until 2013,[113] while State, local, and Tribal government employment did not recover to its prior peak for over a decade, until August 2019—just a few months before the COVID–19 public health emergency began.[114]

Sections 602(c)(1)(C) and 603(c)(1)(C) of the Act allow recipients facing budget shortfalls to use payments from the Fiscal Recovery Funds to avoid cuts to government services and, thus, enable State, local, and Tribal governments to continue to provide valuable services and ensure that fiscal austerity measures do not hamper the broader economic recovery. The interim final rule implements these provisions by establishing a definition of ''general revenue'' for purposes of calculating a loss in revenue and by providing a methodology for calculating revenue lost due to the COVID–19 public health emergency.

General Revenue. The interim final rule adopts a definition of ''general revenue'' based largely on the components reported under ''General Revenue from Own Sources'' in the Census Bureau's Annual Survey of State and Local Government Finances, and for purposes of this interim final rule, helps to ensure that the components of general revenue would be calculated in a consistent manner.[115] By relying on a methodology that is both familiar and comprehensive, this approach minimizes burden to recipients and provides consistency in the measurement of general revenue across a diverse set of recipients.

The interim final rule defines the term ''general revenue'' to include revenues collected by a recipient and generated from its underlying economy and would capture a range of different types of tax revenues, as well as other types of revenue that are available to support government services.[116] In calculating revenue, recipients should sum across all revenue streams covered as general revenue. This approach minimizes the administrative burden for recipients, provides for greater consistency across recipients, and presents a more accurate representation of the overall impact of

[108] ARPA, *supra* note 16.

[109] Major sources include personal income tax, corporate income tax, sales tax, and property tax. *See* Lucy Dadayan., States Reported Revenue Growth in July–September Quarter, Reflecting Revenue Shifts from the Prior Quarter, State Tax and Econ. Rev. (Q. 3, 2020), *available at https://www.urban.org/sites/default/files/publication/103938/state-tax-and-economic-review-2020-q3_0.pdf.*

[110] National League of Cities, City Fiscal Conditions (2020), *available at https://www.nlc.org/wp-content/uploads/2020/08/City_Fiscal_Conditions_2020_FINAL.pdf.*

[111] Surveys conducted by the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis in March, April, and September 2020. *See* Moreno & Sobrepena, *supra* note 73.

[112] *See, e.g.,* Fitzpatrick, Haughwout & Setren, Fiscal Drag from the State and Local Sector?, Liberty Street Economics Blog, Federal Reserve Bank of New York (June 27, 2012), *https://www.libertystreeteconomics.newyorkfed.org/2012/06/fiscal-drag-from-the-state-and-local-sector.html;* Jiri Jonas, Great Recession and Fiscal Squeeze at U.S. Subnational Government Level, IMF Working Paper 12/184, (July 2012), *available at https://www.imf.org/external/pubs/ft/wp/2012/wp12184.pdf;* Gordon, *supra* note 9.

[113] State and local government general revenue from own sources, adjusted for inflation using the GDP price index. U.S. Census Bureau, Annual Survey of State Government Finances and U.S. Bureau of Economic Analysis, National Income and Product Accounts.

[114] U.S. Bureau of Labor Statistics, All Employees, State Government [CES9092000001] and All Employees, Local Government [CES9093000001], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/CES9092000001* and *https://fred.stlouisfed.org/series/CES9093000001* (last visited Apr. 27, 2021).

[115] U.S. Census Bureau, Annual Survey of State and Local Government Finances, *https://www.census.gov/programs-surveys/gov-finances.html* (last visited Apr. 30, 2021).

[116] The interim final rule would define tax revenue in a manner consistent with the Census Bureau's definition of tax revenue, with certain changes (*i.e.,* inclusion of revenue from liquor stores and certain intergovernmental transfers). Current charges are defined as ''charges imposed for providing current services or for the sale of products in connection with general government activities.'' It includes revenues such as public education institution, public hospital, and toll revenues. Miscellaneous general revenue comprises of all other general revenue of governments from their own sources (*i.e.,* other than liquor store, utility, and insurance trust revenue), including rents, royalties, lottery proceeds, and fines.

the COVID–19 public health emergency on a recipient's revenue, rather than relying on financial reporting prepared by each recipient, which vary in methodology used and which generally aggregates revenue by purpose rather than by source.[117]

Consistent with the Census Bureau's definition of ''general revenue from own sources,'' the definition of general revenue in the interim final rule would exclude refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, and agency or private trust transactions. The definition of general revenue also would exclude revenue generated by utilities and insurance trusts. In this way, the definition of general revenue focuses on sources that are generated from economic activity and are available to fund government services, rather than a fund or administrative unit established to account for and control a particular activity.[118] For example, public utilities typically require financial support from the State, local, or Tribal government, rather than providing revenue to such government, and any revenue that is generated by public utilities typically is used to support the public utility's continued operation, rather than being used as a source of revenue to support government services generally.

The definition of general revenue would include all revenue from Tribal enterprises, as this revenue is generated from economic activity and is available to fund government services. Tribes are not able to generate revenue through taxes in the same manner as State and local governments and, as a result, Tribal enterprises are critical sources of revenue for Tribal governments that enable Tribal governments to provide a range of services, including elder care, health clinics, wastewater management, and forestry.

Finally, the term ''general revenue'' includes intergovernmental transfers between State and local governments, but excludes intergovernmental transfers from the Federal Government, including Federal transfers made via a State to a local government pursuant to the CRF or as part of the Fiscal Recovery Funds. States and local governments often share or collect revenue on behalf of one another, which results in intergovernmental transfers. When attributing revenue to a unit of government, the Census Bureau's methodology considers which unit of government imposes, collects, and retains the revenue and assigns the revenue to the unit of government that meets at least two of those three factors.[119] For purposes of measuring loss in general revenue due to the COVID–19 public health emergency and to better allow continued provision of government services, the retention and ability to use the revenue is a more critical factor. Accordingly, and to better measure the funds available for the provision of government services, the definition of general revenue would include intergovernmental transfers from States or local governments other than funds transferred pursuant to ARPA, CRF, or another Federal program. This formulation recognizes the importance of State transfers for local government revenue.[120]

Calculation of Loss. In general, recipients will compute the extent of the reduction in revenue by comparing actual revenue to a counterfactual trend representing what could have been expected to occur in the absence of the pandemic. This approach measures losses in revenue relative to the most recent fiscal year prior to the COVID–19 public health emergency by using the most recent pre-pandemic fiscal year as the starting point for estimates of revenue growth absent the pandemic. In other words, the counterfactual trend starts with the last full fiscal year prior to the COVID–19 public health emergency and then assumes growth at a constant rate in the subsequent years. Because recipients can estimate the revenue shortfall at multiple points in time throughout the covered period as revenue is collected, this approach accounts for variation across recipients in the timing of pandemic impacts.[121] Although revenue may decline for reasons unrelated to the COVID–19 public health emergency, to minimize the administrative burden on recipients and taking into consideration the devastating effects of the COVID–19 public health emergency, any diminution in actual revenues relative to the counterfactual pre-pandemic trend would be presumed to have been due to the COVID–19 public health emergency.

For purposes of measuring revenue growth in the counterfactual trend, recipients may use a *growth adjustment* of either 4.1 percent per year or the recipient's average annual revenue growth over the three full fiscal years prior to the COVID–19 public health emergency, whichever is higher. The option of 4.1 percent represents the average annual growth across all State and local government ''General Revenue from Own Sources'' in the most recent three years of available data.[122] This approach provides recipients with a standardized growth adjustment when calculating the counterfactual revenue trend and thus minimizes administrative burden, while not disadvantaging recipients with revenue growth that exceeded the national average prior to the COVID–19 public health emergency by permitting these recipients to use their own revenue growth rate over the preceding three years.

Recipients should calculate the extent of the reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023. To calculate the extent of the reduction in revenue at each of these dates, recipients should follow a four-step process:

- *Step 1:* Identify revenues collected in the most recent full fiscal year prior to the public health emergency (*i.e.,* last full fiscal year before January 27, 2020), called the *base year revenue.*
- *Step 2:* Estimate *counterfactual revenue,* which is equal to *base year revenue* * [(1 + *growth adjustment*) ^ (*n*/12)], where *n* is the number of months elapsed since the end of the base year to the calculation date, and *growth adjustment* is the greater of 4.1 percent and the recipient's average annual revenue growth in the three full fiscal

[117] Fund-oriented reporting, such as what is used under the Governmental Accounting Standards Board (GASB), focuses on the types of uses and activities funded by the revenue, as opposed to the economic activity from which the revenue is sourced. *See* Governmental Accounting Standards Series, Statement No. 54 of the Governmental Accounting Standards Board: Fund Balance Reporting and Governmental Fund Type Definitions, No. 287–B (Feb. 2009).

[118] *Supra* note 116.

[119] U.S. Census Bureau, Government Finance and Employment Classification Manual (Dec. 2000), *https://www2.census.gov/govs/class/classfull.pdf.*

[120] For example, in 2018, state transfers to localities accounted for approximately 27 percent of local revenues. U.S. Census Bureau, Annual Survey of State and Local Government Finances, Table 1 (2018), *https://www.census.gov/data/datasets/2018/econ/local/public-use-datasets.html.*

[121] For example, following the 2007–09 recession, local government property tax collections did not begin to decline until 2011, suggesting that property tax collection declines can lag downturns. *See* U.S. Bureau of Economic Analysis, Personal current taxes: State and local: Property taxes [S210401A027NBEA], retrieved from Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/graph/?g=r3YI* (last visited Apr. 22, 2021). Estimating the reduction in revenue at points throughout the covered period will allow for this type of lagged effect to be taken into account during the covered period.

[122] Together with revenue from liquor stores from 2015 to 2018. This estimate does not include any intergovernmental transfers. A recipient using the three-year average to calculate their growth adjustment must be based on the definition of general revenue, including treatment of intergovernmental transfers. 2015–2018 represents the most recent available data. *See* U.S. Census Bureau, State & Local Government Finance Historical Datasets and Tables (2018), *https://www.census.gov/programs-surveys/gov-finances/data/datasets.html.*

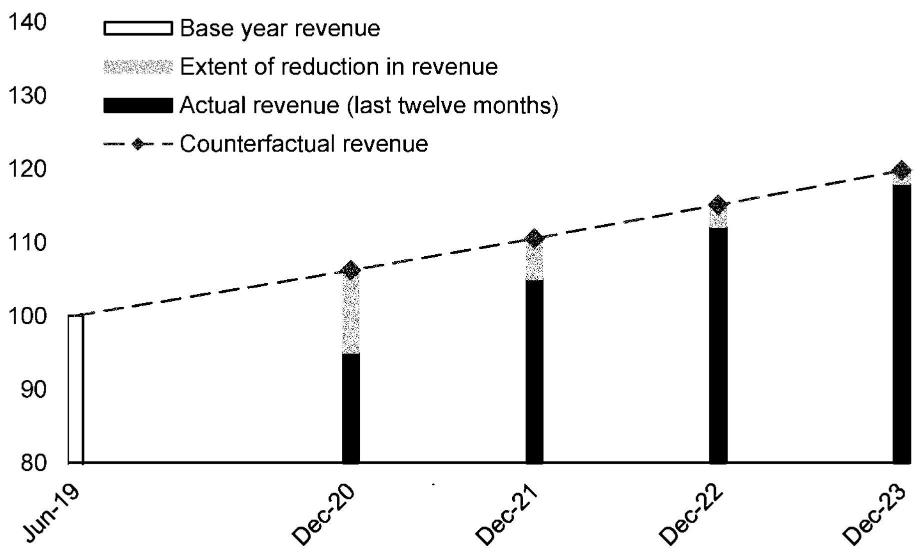
years prior to the COVID–19 public health emergency.

- *Step 3:* Identify *actual revenue,* which equals revenues collected over the past twelve months as of the calculation date.
- *Step 4:* The extent of the reduction in revenue is equal to *counterfactual revenue* less *actual revenue.* If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.

For illustration, consider a hypothetical recipient with *base year revenue* equal to 100. In Step 2, the hypothetical recipient finds that 4.1 percent is greater than the recipient's average annual revenue growth in the three full fiscal years prior to the public health emergency. Furthermore, this recipient's base year ends June 30. In this illustration, *n* (months elapsed) and *counterfactual revenue* would be equal to:

As of:	12/31/2020	12/31/2021	12/31/2022	12/31/2023
n (months elapsed)	18	30	42	54
Counterfactual revenue:	106.2	110.6	115.1	119.8

The overall methodology for calculating the reduction in revenue is illustrated in the figure below:



Upon receiving Fiscal Recovery Fund payments, recipients may immediately calculate revenue loss for the period ending December 31, 2020.

Sections 602(c)(1)(C) and 603(c)(1)(C) of the Act provide recipients with broad latitude to use the Fiscal Recovery Funds for the provision of government services. Government services can include, but are not limited to, maintenance or pay-go funded building [123] of infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services. However, expenses associated with obligations under instruments evidencing financial indebtedness for borrowed money would not be considered the provision of government services, as these financing expenses do not directly provide services or aid to citizens. Specifically, government services would not include interest or principal on any outstanding debt instrument, including, for example, short-term revenue or tax anticipation notes, or fees or issuance costs associated with the issuance of new debt. For the same reasons, government services would not include satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring in a judicial, administrative, or regulatory proceeding, except if the judgment or settlement required the provision of government services. That is, satisfaction of a settlement or judgment itself is not a government service, unless the settlement required the provision of government services. In addition, replenishing financial reserves (*e.g.,* rainy day or other reserve funds) would not be considered provision of a government service, since such expenses do not directly relate to the provision of government services.

Question 13: Are there sources of revenue that either should or should not be included in the interim final rule's measure of ''general revenue'' for recipients? If so, discuss why these sources either should or should not be included.

Question 14: In the interim final rule, recipients are expected to calculate the reduction in revenue on an aggregate basis. Discuss the advantages and disadvantages of, and any potential concerns with, this approach, including circumstances in which it could be necessary or appropriate to calculate the reduction in revenue by source.

Question 15: Treasury is considering whether to take into account other factors, including actions taken by the recipient as well as the expiration of the COVID–19 public health emergency, in determining whether to presume that revenue losses are ''due to'' the COVID–

[123] Pay-go infrastructure funding refers to the practice of funding capital projects with cash-on-hand from taxes, fees, grants, and other sources, rather than with borrowed sums.

19 public health emergency. Discuss the advantages and disadvantages of this presumption, including when, if ever, during the covered period it would be appropriate to reevaluate the presumption that all losses are attributable to the COVID–19 public health emergency.

Question 16: Do recipients anticipate lagged revenue effects of the public health emergency? If so, when would these lagged effects be expected to occur, and what can Treasury to do support these recipients through its implementation of the program?

Question 17: In the interim final rule, paying interest or principal on government debt is not considered provision of a government service. Discuss the advantages and disadvantages of this approach, including circumstances in which paying interest or principal on government debt could be considered provision of a government service.

D. Investments in Infrastructure

To assist in meeting the critical need for investments and improvements to existing infrastructure in water, sewer, and broadband, the Fiscal Recovery Funds provide funds to State, local, and Tribal governments to make necessary investments in these sectors. The interim final rule outlines eligible uses within each category, allowing for a broad range of necessary investments in projects that improve access to clean drinking water, improve wastewater and stormwater infrastructure systems, and provide access to high-quality broadband service. Necessary investments are designed to provide an adequate minimum level of service and are unlikely to be made using private sources of funds. Necessary investments include projects that are required to maintain a level of service that, at least, meets applicable health-based standards, taking into account resilience to climate change, or establishes or improves broadband service to unserved or underserved populations to reach an adequate level to permit a household to work or attend school, and that are unlikely to be met with private sources of funds.[124]

It is important that necessary investments in water, sewer, or broadband infrastructure be carried out in ways that produce high-quality infrastructure, avert disruptive and costly delays, and promote efficiency. Treasury encourages recipients to ensure that water, sewer, and broadband projects use strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions, not only to promote effective and efficient delivery of high-quality infrastructure projects but also to support the economic recovery through strong employment opportunities for workers. Using these practices in construction projects may help to ensure a reliable supply of skilled labor that would minimize disruptions, such as those associated with labor disputes or workplace injuries.

To provide public transparency on whether projects are using practices that promote on-time and on-budget delivery, Treasury will seek information from recipients on their workforce plans and practices related to water, sewer, and broadband projects undertaken with Fiscal Recovery Funds. Treasury will provide additional guidance and instructions on the reporting requirements at a later date.

1. Water and Sewer Infrastructure

The ARPA provides funds to State, local, and Tribal governments to make necessary investments in water and sewer infrastructure.[125] By permitting funds to be used for water and sewer infrastructure needs, Congress recognized the critical role that clean drinking water and services for the collection and treatment of wastewater and stormwater play in protecting public health. Understanding that State, local, and Tribal governments have a broad range of water and sewer infrastructure needs, the interim final rule provides these governments with wide latitude to identify investments in water and sewer infrastructure that are of the highest priority for their own communities, which may include projects on privately-owned infrastructure. The interim final rule does this by aligning eligible uses of the Fiscal Recovery Funds with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency's (EPA) Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).[126]

Established by the 1987 amendments[127] to the Clean Water Act (CWA),[128] the CWSRF provides financial assistance for a wide range of water infrastructure projects to improve water quality and address water pollution in a way that enables each State to address and prioritize the needs of their populations. The types of projects eligible for CWSRF assistance include projects to construct, improve, and repair wastewater treatment plants, control non-point sources of pollution, improve resilience of infrastructure to severe weather events, create green infrastructure, and protect waterbodies from pollution.[129] Each of the 51 State programs established under the CWSRF have the flexibility to direct funding to their particular environmental needs, and each State may also have its own statutes, rules, and regulations that guide project eligibility.[130]

The DWSRF was modeled on the CWSRF and created as part of the 1996 amendments to the Safe Drinking Water Act (SDWA),[131] with the principal objective of helping public water systems obtain financing for improvements necessary to protect public health and comply with drinking water regulations.[132] Like the CWSRF,

[124] Treasury notes that using funds to support or oppose collective bargaining would not be included as part of ''necessary investments in water, sewer, or broadband infrastructure.''

[125] Sections 602(c)(1)(D), 603(c)(1)(D) of the Act.

[126] Environmental Protection Agency, Drinking Water State Revolving fund, *https://www.epa.gov/dwsrf* (last visited Apr. 30, 2021); Environmental Protection Agency, Clean Water State Revolving Fund, *https://www.epa.gov/cwsrf* (last visited Apr. 30, 2021).

[127] Water Quality Act of 1987, Public Law 100–4.

[128] Federal Water Pollution Control Act as amended, codified at 33 U.S.C. 1251 *et seq.,* common name (Clean Water Act). In 2009, the American Recovery and Reinvestment Act created the Green Project Reserve, which increased the focus on green infrastructure, water and energy efficient, and environmentally innovative projects. Public Law 111–5. The CWA was amended by the Water Resources Reform and Development Act of 2014 to further expand the CWSRF's eligibilities. Public Law 113–121. *The CWSRF's eligibilities were further expanded in 2018 by the America's Water Infrastructure Act of 2018, Public Law 115–270.*

[129] *See* Environmental Protection Agency, The Drinking Water State Revolving Funds: Financing America's Drinking Water, EPA–816–R–00–023 (Nov. 2000), *https://nepis.epa.gov/Exe/ZyPDF.cgi/200024WB.PDF?Dockey=200024WB.PDF; See also* Environmental Protection Agency, *Learn About the Clean Water State Revolving Fund, https://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf (last visited Apr. 30, 2021).*

[130] 33 U.S.C. 1383(c). *See also Environmental Protection Agency, Overview of Clean Water State Revolving Fund Eligibilities (May 2016), https://www.epa.gov/sites/production/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf; Claudia Copeland, Clean Water Act: A Summary of the Law, Congressional Research Service (Oct. 18, 2016), https://fas.org/sgp/crs/misc/RL30030.pdf; Jonathan L Ramseur, Wastewater Infrastructure: Overview, Funding, and Legislative Developments, Congressional Research Service (May 22, 2018), https://fas.org/sgp/crs/misc/R44963.pdf.*

[131] 42 U.S.C. 300j–12.

[132] Environmental Protection Agency, Drinking Water State Revolving Fund Eligibility Handbook, (June 2017), *https://www.epa.gov/sites/production/files/2017-06/documents/dwsrf_eligibility_handbook_june_13_2017_updated_508_version.pdf;* Environmental Protection Agency, Drinking Water

the DWSRF provides States with the flexibility to meet the needs of their populations.[133] The primary use of DWSRF funds is to assist communities in making water infrastructure capital improvements, including the installation and replacement of failing treatment and distribution systems.[134] In administering these programs, States must give priority to projects that ensure compliance with applicable health and environmental safety requirements; address the most serious risks to human health; and assist systems most in need on a per household basis according to State affordability criteria.[135]

By aligning use of Fiscal Recovery Funds with the categories or types of eligible projects under the existing EPA state revolving fund programs, the interim final rule provides recipients with the flexibility to respond to the needs of their communities while ensuring that investments in water and sewer infrastructure made using Fiscal Recovery Funds are necessary. As discussed above, the CWSRF and DWSRF were designed to provide funding for projects that protect public health and safety by ensuring compliance with wastewater and drinking water health standards.[136] The need to provide funding through the state revolving funds suggests that these projects are less likely to be addressed with private sources of funding; for example, by remediating failing or inadequate infrastructure, much of which is publicly owned, and by addressing non-point sources of pollution. This approach of aligning with the EPA state revolving fund programs also supports expedited project identification and investment so that needed relief for the people and communities most affected by the pandemic can deployed expeditiously and have a positive impact on their health and wellbeing as soon as possible. Further, the interim final rule is intended to preserve flexibility for award recipients to direct funding to their own particular needs and priorities and would not preclude recipients from applying their own additional project eligibility criteria.

In addition, responding to the immediate needs of the COVID–19 public health emergency may have diverted both personnel and financial resources from other State, local, and Tribal priorities, including projects to ensure compliance with applicable water health and quality standards and provide safe drinking and usable water.[137] Through sections 602(c)(1)(D) and 603(c)(1)(D), the ARPA provides resources to address these needs. Moreover, using Fiscal Recovery Funds in accordance with the priorities of the CWA and SWDA to ''assist systems most in need on a per household basis according to state affordability criteria'' would also have the benefit of providing vulnerable populations with safe drinking water that is critical to their health and, thus, their ability to work and learn.[138]

Recipients may use Fiscal Recovery Funds to invest in a broad range of projects that improve drinking water infrastructure, such as building or upgrading facilities and transmission, distribution, and storage systems, including replacement of lead service lines. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury encourages recipients to consider projects to replace lead service lines.

Fiscal Recovery Funds may also be used to support the consolidation or establishment of drinking water systems. With respect to wastewater infrastructure, recipients may use Fiscal Recovery Funds to construct publicly owned treatment infrastructure, manage and treat stormwater or subsurface drainage water, facilitate water reuse, and secure publicly owned treatment works, among other uses. Finally, consistent with the CWSRF and DWSRF, Fiscal Recovery Funds may be used for cybersecurity needs to protect water or sewer infrastructure, such as developing effective cybersecurity practices and measures at drinking water systems and publicly owned treatment works.

Many of the types of projects eligible under either the CWSRF or DWSRF also support efforts to address climate change. For example, by taking steps to manage potential sources of pollution and preventing these sources from reaching sources of drinking water, projects eligible under the DWSRF and the ARPA may reduce energy required to treat drinking water. Similarly, projects eligible under the CWSRF include measures to conserve and reuse water or reduce the energy consumption of public water treatment facilities. Treasury encourages recipients to consider green infrastructure investments and projects to improve resilience to the effects of climate change. For example, more frequent and extreme precipitation events combined with construction and development trends have led to increased instances of stormwater runoff, water pollution, and flooding. Green infrastructure projects that support stormwater system resiliency could include rain gardens that provide water storage and filtration benefits, and green streets, where vegetation, soil, and engineered systems are combined to direct and filter rainwater from impervious surfaces. In cases of a natural disaster, recipients may also use Fiscal Recovery Funds to provide relief, such as interconnecting water systems or rehabilitating existing wells during an extended drought.

Question 18: What are the advantages and disadvantages of aligning eligible uses with the eligible project type requirements of the DWSRF and CWSRF? What other water or sewer project categories, if any, should Treasury consider in addition to DWSRF and CWSRF eligible projects? Should Treasury consider a broader general category of water and sewer projects?

Question 19: What additional water and sewer infrastructure categories, if any, should Treasury consider to address and respond to the needs of unserved, undeserved, or rural communities? How do these projects differ from DWSFR and CWSRF eligible projects?

Question 20: What new categories of water and sewer infrastructure, if any, should Treasury consider to support State, local, and Tribal governments in mitigating the negative impacts of climate change? Discuss emerging technologies and processes that support resiliency of water and sewer infrastructure. Discuss any challenges faced by States and local governments when pursuing or implementing climate resilient infrastructure projects.

Question 21: Infrastructure projects related to dams and reservoirs are generally not eligible under the CWSRF and DWSRF categories. Should Treasury consider expanding eligible

Infrastructure Needs Survey and Assessment: Sixth Report to Congress (March 2018), *https://www.epa.gov/sites/production/files/2018-10/documents/corrected_sixth_drinking_water_infrastructure_needs_survey_and_assessment.pdf.*

[133] *Id.*

[134] *Id.*

[135] 42 U.S.C. 300j–12(b)(3)(A).

[136] Environmental Protection Agency, Learn About the Clean Water State Revolving Fund, *https://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf* (last visited Apr. 30, 2021); 42 U.S.C. 300j–12.

[137] House Committee on the Budget, State and Local Governments are in Dire Need of Federal Relief (Aug. 19, 2020), *https://budget.house.gov/publications/report/state-and-local-governments-are-dire-need-federal-relief.*

[138] Environmental Protection Agency, Drinking Water State Revolving Fund (Nov. 2019), *https://www.epa.gov/sites/production/files/2019-11/documents/fact_sheet_-_dwsrf_overview_final_0.pdf;* Environmental Protection Agency, National Benefits Analysis for Drinking Water Regulations, *https://www.epa.gov/sdwa/national-benefits-analysis-drinking-water-regulations* (last visited Apr. 30, 2020).

infrastructure under the interim final rule to include dam and reservoir projects? Discuss public health, environmental, climate, or equity benefits and costs in expanding the eligibility to include these types of projects.

2. Broadband Infrastructure

The COVID–19 public health emergency has underscored the importance of universally available, high-speed, reliable, and affordable broadband coverage as millions of Americans rely on the internet to participate in, among critical activities, remote school, healthcare, and work. Recognizing the need for such connectivity, the ARPA provides funds to State, territorial, local, and Tribal governments to make necessary investments in broadband infrastructure.

The National Telecommunications and Information Administration (NTIA) highlighted the growing necessity of broadband in daily lives through its analysis of NTIA Internet Use Survey data, noting that Americans turn to broadband internet access service for every facet of daily life including work, study, and healthcare.[139] With increased use of technology for daily activities and the movement by many businesses and schools to operating remotely during the pandemic, broadband has become even more critical for people across the country to carry out their daily lives.

By at least one measure, however, tens of millions of Americans live in areas where there is no broadband infrastructure that provides download speeds greater than 25 Mbps and upload speeds of 3 Mbps.[140] By contrast, as noted below, many households use upload and download speeds of 100 Mbps to meet their daily needs. Even in areas where broadband infrastructure exists, broadband access may be out of reach for millions of Americans because it is unaffordable, as the United States has some of the highest broadband prices in the Organisation for Economic Co-operation and Development (OECD).[141] There are disparities in availability as well; historically, Americans living in territories and Tribal lands as well as rural areas have disproportionately lacked sufficient broadband infrastructure.[142] Moreover, rapidly growing demand has, and will likely continue to, quickly outpace infrastructure capacity, a phenomenon acknowledged by various states around the country that have set scalability requirements to account for this anticipated growth in demand.[143]

The interim final rule provides that eligible investments in broadband are those that are designed to provide services meeting adequate speeds and are provided to unserved and underserved households and businesses. Understanding that States, territories, localities, and Tribal governments have a wide range of varied broadband infrastructure needs, the interim final rule provides award recipients with flexibility to identify the specific locations within their communities to be served and to otherwise design the project.

Under the interim final rule, eligible projects are expected to be designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps. There may be instances in which it would not be practicable for a project to deliver such service speeds because of the geography, topography, or excessive costs associated with such a project. In these instances, the affected project would be expected to be designed to deliver, upon project completion, service that reliably meets or exceeds 100 Mbps download and between at least 20 Mbps and 100 Mbps upload speeds and be scalable to a minimum of 100 Mbps symmetrical for download and upload speeds.[144] In setting these standards, Treasury identified speeds necessary to ensure that broadband infrastructure is sufficient to enable users to generally meet household needs, including the ability to support the simultaneous use of work, education, and health applications, and also sufficiently robust to meet increasing household demands for bandwidth. Treasury also recognizes that different communities and their members may have a broad range of internet needs and that those needs may change over time.

In considering the appropriate speed requirements for eligible projects, Treasury considered estimates of typical households demands during the pandemic. Using the Federal Communication Commission's (FCC) Broadband Speed Guide, for example, a household with two telecommuters and two to three remote learners today are estimated to need 100 Mbps download to work simultaneously.[145] In households with more members, the demands may be greater, and in households with fewer members, the demands may be less.

In considering the appropriate speed requirements for eligible projects, Treasury also considered data usage patterns and how bandwidth needs have changed over time for U.S. households and businesses as people's use of technology in their daily lives has evolved. In the few years preceding the pandemic, market research data showed that average upload speeds in the United States surpassed over 10 Mbps in 2017[146] and continued to increase significantly, with the average upload speed as of November, 2019 increasing to 48.41 Mbps,[147] attributable, in part to a shift to using broadband and the internet by individuals and businesses

[139] *See, e.g., https://www.ntia.gov/blog/2020/more-half-american-households-used-internet-health-related-activities-2019-ntia-data-show; https://www.ntia.gov/blog/2020/nearly-third-american-employees-worked-remotely-2019-ntia-data-show;* and generally, *https://www.ntia.gov/data/digital-nation-data-explorer.*

[140] As an example, data from the Federal Communications Commission shows that as of June 2020, 9.07 percent of the U.S. population had no available cable or fiber broadband providers providing greater than 25 Mbps download speeds and 3 Mbps upload speeds. Availability was significantly less for rural versus urban populations, with 35.57 percent of the rural population lacking such access, compared with 2.57 percent of the urban population. Availability was also significantly less for tribal versus non-tribal populations, with 35.93 percent of the tribal population lacking such access, compared with 8.74 of the non-tribal population. Federal Communications Commission, Fixed Broadband Deployment, *https://broadbandmap.fcc.gov/#/* (last visited May 9, 2021).

[141] How Do U.S. Internet Costs Compare To The Rest Of The World?, BroadbandSearch Blog Post, *available at https://www.broadbandsearch.net/blog/internet-costs-compared-worldwide.*

[142] *See, e.g.,* Federal Communications Commission, Fourteenth Broadband Deployment Report, *available at https://docs.fcc.gov/public/attachments/FCC-21-18A1.pdf.*

[143] *See, e.g.,* Illinois Department of Commerce & Economic Opportunity, Broadband Grants, h (last visited May 9, 2021), *https://www2.illinois.gov/dceo/ConnectIllinois/Pages/BroadbandGrants.aspx;* Kansas Office of Broadband Development, Broadband Acceleration Grant, *https://www.kansascommerce.gov/wp-content/uploads/2020/11/Broadband-Acceleration-Grant.pdf* (last visited May 9, 2021); New York State Association of Counties, Universal Broadband: Deploying High Speed Internet Access in NYS (Jul. 2017), *https://www.nysac.org/files/BroadbandUpdate Report2017(1).pdf.*

[144] This scalability threshold is consistent with scalability requirements used in other jurisdictions. *Id.*

[145] Federal Communications Commission, Broadband Speed Guide, *https://www.fcc.gov/consumers/guides/broadband-speed-guide* (last visited Apr. 30, 2021).

[146] Letter from Lisa R. Youngers, President and CEO of Fiber Broadband Association to FCC, WC Docket No. 19–126 (filed Jan. 3, 2020), including an Appendix with research from RVA LLC, *Data Review Of The Importance of Upload Speeds* (Jan. 2020), and Ookla speed test data, *available at https://ecfsapi.fcc.gov/file/101030085118517/FCC%20RDOF%20Jan%203%20 Ex%20Parte.pdf.*Additional information on historic growth in data usage is provided in Schools, Health & Libraries Broadband Coalition, *Common Sense Solutions for Closing the Digital Divide,* Apr. 29, 2021.

[147] *Id. See also* United States's Mobile and Broadband internet Speeds—Speedtest Global Index, *available at https://www.speedtest.net/global-index/united-states#fixed.*

to create and share content using video sharing, video conferencing, and other applications.[148]

The increasing use of data accelerated markedly during the pandemic as households across the country became increasingly reliant on tools and applications that require greater internet capacity, both to download data but also to upload data. Sending information became as important as receiving it. A video consultation with a healthcare provider or participation by a child in a live classroom with a teacher and fellow students requires video to be sent and received simultaneously.[149] As an example, some video conferencing technology platforms indicate that download and upload speeds should be roughly equal to support two-way, interactive video meetings.[150] For both work and school, client materials or completed school assignments, which may be in the form of PDF files, videos, or graphic files, also need to be shared with others. This is often done by uploading materials to a collaboration site, and the upload speed available to a user can have a significant impact on the time it takes for the content to be shared with others. [151] These activities require significant capacity from home internet connections to both download and upload data, especially when there are multiple individuals in one household engaging in these activities simultaneously.

This need for increased broadband capacity during the pandemic was reflected in increased usage patterns seen over the last year. As OpenVault noted in recent advisories, the pandemic significantly increased the amount of data users consume. Among data users observed by OpenVault, per-subscriber average data usage for the fourth quarter of 2020 was 482.6 gigabytes per month, representing a 40 percent increase over the 344 gigabytes consumed in the fourth quarter of 2019 and a 26 percent increase over the third quarter 2020 average of 383.8 gigabytes.[152] OpenVault also noted significant increases in upstream usage among the data users it observed, with upstream data usage growing 63 percent—from 19 gigabytes to 31 gigabytes—between December, 2019 and December, 2020.[153] According to an OECD Broadband statistic from June 2020, the largest percentage of U.S. broadband subscribers have services providing speeds between 100 Mbps and 1 Gbps.[154]

Jurisdictions and Federal programs are increasingly responding to the growing demands of their communities for both heightened download and upload speeds. For example, Illinois now requires 100 Mbps symmetrical service as the construction standard for its state broadband grant programs. This standard is also consistent with speed levels, particularly download speed levels, prioritized by other Federal programs supporting broadband projects. Bids submitted as part of the FCC in its Rural Digital Opportunity Fund (RDOF), established to support the construction of broadband networks in rural communities across the country, are given priority if they offer faster service, with the service offerings of 100 Mbps download and 20 Mbps upload being included in the ''above baseline'' performance tier set by the FCC.[155] The Broadband Infrastructure Program (BBIP) [156] of the Department of Commerce, which provides Federal funding to deploy broadband infrastructure to eligible service areas of the country also prioritizes projects designed to provide broadband service with a download speed of not less than 100 Mbps and an upload speed of not less than 20 Mbps.[157]

The 100 Mbps upload and download speeds will support the increased and growing needs of households and businesses. Recognizing that, in some instances, 100 Mbps upload speed may be impracticable due to geographical, topographical, or financial constraints, the interim final rule permits upload speeds of between at least 20 Mbps and 100 Mbps in such instances. To provide for investments that will accommodate technologies requiring symmetry in download and upload speeds, as noted above, eligible projects that are not designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical speeds of 100 Mbps because it would be impracticable to do so should be designed so that they can be scalable to such speeds. Recipients are also encouraged to prioritize investments in fiber optic infrastructure where feasible, as such advanced technology enables the next generation of application solutions for all communities.

Under the interim final rule, eligible projects are expected to focus on locations that are unserved or underserved. The interim final rule treats users as being unserved or underserved if they lack access to a wireline connection capable of reliably delivering at least minimum speeds of 25 Mbps download and 3 Mbps upload as households and businesses lacking this level of access are generally not viewed as being able to originate and receive high-quality voice, data, graphics, and video telecommunications. This threshold is consistent with the FCC's benchmark for an ''advanced telecommunications capability.'' [158] This threshold is also consistent with thresholds used in other Federal programs to identify eligible areas to be served by programs to improve broadband services. For example, in the FCC's RDOF program, eligible areas include those without current (or already funded) access to terrestrial broadband service providing 25 Mbps download and 3 Mbps upload speeds.[159] The Department of Commerce's BBIP also considers households to be ''unserved'' generally if they lack access to broadband service

[148] *Id.*

[149] One high definition Zoom meeting or class requires approximately 3.8 Mbps/3.0 Mbps (up/down).

[150] *See, e.g.,* Zoom, System Requirements for Windows, macOS, and Linux, *https://support.zoom.us/hc/en-us/articles/201362023-System-requirements-for-Windows-macOS-and-Linux#h_d278c327-e03d-4896-b19a-96a8f3c0c69c* (last visited May 8, 2021).

[151] By one estimate, to upload a one gigabit video file to YouTube would take 15 minutes at an upload speed of 10 Mbps compared with 1 minute, 30 seconds at an upload speed of 100 Mbps, and 30 seconds at an upload speed of 300 Mbps. *Reviews.org:* What is Symmetrical internet? (March 2020).

[152] OVBI: Covid-19 Drove 15 percent Increase in Broadband Traffic in 2020, OpenVault, Quarterly Advisory, (Feb. 10, 2021), *available at https://openvault.com/ovbi-covid-19-drove-51-increase-in-broadband-traffic-in-2020; See* OpenVault's data set incorporates information on usage by subscribers across multiple continents, including North America and Europe. Additional data and detail on increases in the amount of data users consume and the broadband speeds they are using is provided in *OpenVault Broadband Insights Report Q4,* Quarterly Advisory (Feb. 10, 2021), *available at https://openvault.com/complimentary-report-4q20/.*

[153] OVBI Special Report: 202 Upstream Growth Nearly 4X of Pre-Pandemic Years, OpenVault, Quarterly Advisory, (April 1, 20201), *available at https://openvault.com/ovbi-special-report-2020-upstream-growth-rate-nearly-4x-of-pre-pandemic-years/;* Additional data is provided in *OpenVault Broadband Insights Pandemic Impact on Upstream Broadband Usage and Network Capacity, available at https://openvault.com/upstream-whitepaper/.*

[154] Organisation for Economic Co-operation and Development, Fixed broadband subscriptions per 100 inhabitants, per speed tiers (June 2020), *https://www.oecd.org/sti/broadband/5.1-FixedBB-SpeedTiers-2020-06.xls www.oecd.org/sti/broadband/broadband-statistics.*

[155] *Rural Digital Opportunity Fund,* Report and Order, 35 FCC Rcd 686, 690, para. 9 (2020), *available at https://www.fcc.gov/document/fcc-launches-20-billion-rural-digital-opportunity-fund-0.*

[156] The BIPP was authorized by the Consolidated Appropriations Act, 2021, Section 905, Public Law 116–260, 134 Stat. 1182 (Dec. 27, 2020).

[157] Section 905(d)(4) of the Consolidated Appropriations Act, 2021.

[158] *Deployment Report, supra* note 142.

[159] *Rural Digital Opportunity Fund, supra* note 156.

with a download speed of not less than 25 Mbps download and 3 Mbps upload, among other conditions. In selecting an area to be served by a project, recipients are encouraged to avoid investing in locations that have existing agreements to build reliable wireline service with minimum speeds of 100 Mbps download and 20 Mbps upload by December 31, 2024, in order to avoid duplication of efforts and resources.

Recipients are also encouraged to consider ways to integrate affordability options into their program design. To meet the immediate needs of unserved and underserved households and businesses, recipients are encouraged to focus on projects that deliver a physical broadband connection by prioritizing projects that achieve last mile-connections. Treasury also encourages recipients to prioritize support for broadband networks owned, operated by, or affiliated with local governments, non-profits, and co-operatives—providers with less pressure to turn profits and with a commitment to serving entire communities.

Under sections 602(c)(1)(A) and 603(c)(1)(A), assistance to households facing negative economic impacts due to COVID–19 is also an eligible use, including internet access or digital literacy assistance. As discussed above, in considering whether a potential use is eligible under this category, a recipient must consider whether, and the extent to which, the household has experienced a negative economic impact from the pandemic.

Question 22: What are the advantages and disadvantages of setting minimum symmetrical download and upload speeds of 100 Mbps? What other minimum standards would be appropriate and why?

Question 23: Would setting such a minimum be impractical for particular types of projects? If so, where and on what basis should those projects be identified? How could such a standard be set while also taking into account the practicality of using this standard in particular types of projects? In addition to topography, geography, and financial factors, what other constraints, if any, are relevant to considering whether an investment is impracticable?

Question 24: What are the advantages and disadvantages of setting a minimum level of service at 100 Mbps download and 20 Mbps upload in projects where it is impracticable to set minimum symmetrical download and upload speeds of 100 Mbps? What are the advantages and disadvantages of setting a scalability requirement in these cases? What other minimum standards would be appropriate and why?

Question 25: What are the advantages and disadvantages of focusing these investments on those without access to a wireline connection that reliably delivers 25 Mbps download by 3 Mbps upload? Would another threshold be appropriate and why?

Question 26: What are the advantages and disadvantages of setting any particular threshold for identifying unserved or underserved areas, minimum speed standards or scalability minimum? Are there other standards that should be set (e.g., latency)? If so, why and how? How can such threshold, standards, or minimum be set in a way that balances the public's interest in making sure that reliable broadband services meeting the daily needs of all Americans are available throughout the country with the providing recipients flexibility to meet the varied needs of their communities?

III. Restrictions on Use

As discussed above, recipients have considerable flexibility to use Fiscal Recovery Funds to address the diverse needs of their communities. To ensure that payments from the Fiscal Recovery Funds are used for these congressionally permitted purposes, the ARPA includes two provisions that further define the boundaries of the statute's eligible uses. Section 602(c)(2)(A) of the Act provides that States and territories may not ''use the funds . . . to either directly or indirectly offset a reduction in . . . net tax revenue . . . resulting from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax . . . or delays the imposition of any tax or tax increase.'' In addition, sections 602(c)(2)(B) and 603(c)(2) prohibit any recipient, including cities, nonentitlement units of government, and counties, from using Fiscal Recovery Funds for deposit into any pension fund. These restrictions support the use of funds for the congressionally permitted purposes described in Section II of this Supplementary Information by providing a backstop against the use of funds for purposes outside of the eligible use categories.

These provisions give force to Congress's clear intent that Fiscal Recovery Funds be spent within the four eligible uses identified in the statute—(1) to respond to the public health emergency and its negative economic impacts, (2) to provide premium pay to essential workers, (3) to provide government services to the extent of eligible governments' revenue losses, and (4) to make necessary water, sewer, and broadband infrastructure investments—and not otherwise. These four eligible uses reflect Congress's judgment that the Fiscal Recovery Funds should be expended in particular ways that support recovery from the COVID–19 public health emergency. The further restrictions reflect Congress's judgment that tax cuts and pension deposits do not fall within these eligible uses. The interim final rule describes how Treasury will identify when such uses have occurred and how it will recoup funds put toward these impermissible uses and, as discussed in Section VIII of this **SUPPLEMENTARY INFORMATION**, establishes a reporting framework for monitoring the use of Fiscal Recovery Funds for eligible uses.

A. Deposit Into Pension Funds

The statute provides that recipients may not use Fiscal Recovery Funds for ''deposit into any pension fund.'' For the reasons discussed below, Treasury interprets ''deposit'' in this context to refer to an extraordinary payment into a pension fund for the purpose of reducing an accrued, unfunded liability. More specifically, the interim final rule does not permit this assistance to be used to make a payment into a pension fund if both:

1. The payment reduces a liability incurred prior to the start of the COVID–19 public health emergency, and
2. the payment occurs outside the recipient's regular timing for making such payments.

Under this interpretation, a ''deposit'' is distinct from a ''payroll contribution,'' which occurs when employers make payments into pension funds on regular intervals, with contribution amounts based on a pre-determined percentage of employees' wages and salaries.

As discussed above, eligible uses for premium pay and responding to the negative economic impacts of the COVID–19 public health emergency include hiring and compensating public sector employees. Interpreting the scope of ''deposit'' to exclude contributions that are part of payroll contributions is more consistent with these eligible uses and would reduce administrative burden for recipients. Accordingly, if an employee's wages and salaries are an eligible use of Fiscal Recovery Funds, recipients may treat the employee's covered benefits as an eligible use of Fiscal Recovery Funds. For purposes of the Fiscal Recovery Funds, covered benefits include costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans

(Federal and State), workers' compensation insurance, and Federal Insurance Contributions Act taxes (which includes Social Security and Medicare taxes).

Treasury anticipates that this approach to employees' covered benefits will be comprehensive and, for employees whose wage and salary costs are eligible expenses, will allow all covered benefits listed in the previous paragraph to be eligible under the Fiscal Recovery Funds. Treasury expects that this will minimize the administrative burden on recipients by treating all the specified covered benefit types as eligible expenses, for employees whose wage and salary costs are eligible expenses.

Question 27: Beyond a ''deposit'' and a ''payroll contribution,'' are there other types of payments into a pension fund that Treasury should consider?

B. Offset a Reduction in Net Tax Revenue

For States and territories (recipient governments [160]), section 602(c)(2)(A)—the offset provision—prohibits the use of Fiscal Recovery Funds to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation [161] during the covered period. If a State or territory uses Fiscal Recovery Funds to offset a reduction in net tax revenue, the ARPA provides that the State or territory must repay to the Treasury an amount equal to the lesser of (i) the amount of the applicable reduction attributable to the impermissible offset and (ii) the amount received by the State or territory under the ARPA. *See* Section IV of this SUPPLEMENTARY INFORMATION. As discussed below Section IV of this SUPPLEMENTARY INFORMATION, a State or territory that chooses to use Fiscal Recovery Funds to offset a reduction in net tax revenue does not forfeit its entire allocation of Fiscal Recovery Funds (unless it misused the full allocation to offset a reduction in net tax revenue) or any non-ARPA funding received.

The interim final rule implements these conditions by establishing a framework for States and territories to determine the cost of changes in law, regulation, or interpretation that reduce tax revenue and to identify and value the sources of funds that will offset—*i.e.,* cover the cost of—any reduction in net tax revenue resulting from such changes. A recipient government would only be considered to have used Fiscal Recovery Funds to offset a reduction in net tax revenue resulting from changes in law, regulation, or interpretation if, and to the extent that, the recipient government could not identify sufficient funds from sources other than the Fiscal Recovery Funds to offset the reduction in net tax revenue. If sufficient funds from other sources cannot be identified to cover the full cost of the reduction in net tax revenue resulting from changes in law, regulation, or interpretation, the remaining amount not covered by these sources will be considered to have been offset by Fiscal Recovery Funds, in contravention of the offset provision. The interim final rule recognizes three sources of funds that may offset a reduction in net tax revenue other than Fiscal Recovery Funds—organic growth, increases in revenue (*e.g.,* an increase in a tax rate), and certain cuts in spending.

In order to reduce burden, the interim final rule's approach also incorporates the types of information and modeling already used by States and territories in their own fiscal and budgeting processes. By incorporating existing budgeting processes and capabilities, States and territories will be able to assess and evaluate the relationship of tax and budget decisions to uses of the Fiscal Recovery Funds based on information they likely have or can obtain. This approach ensures that recipient governments have the information they need to understand the implications of their decisions regarding the use of the Fiscal Recovery Funds—and, in particular, whether they are using the funds to directly or indirectly offset a reduction in net tax revenue, making them potentially subject to recoupment.

Reporting on both the eligible uses and on a State's or territory's covered tax changes that would reduce tax revenue will enable identification of, and recoupment for, use of Fiscal Recovery Funds to directly offset reductions in tax revenue resulting from tax relief. Moreover, this approach recognizes that, because money is fungible, even if Fiscal Recovery Funds are not explicitly or directly used to cover the costs of changes that reduce net tax revenue, those funds may be used in a manner inconsistent with the statute by indirectly being used to substitute for the State's or territory's funds that would otherwise have been needed to cover the costs of the reduction. By focusing on the cost of changes that reduce net tax revenue—and how a recipient government is offsetting those reductions in constructing its budget over the covered period—the framework prevents efforts to use Fiscal Recovery Funds to indirectly offset reductions in net tax revenue for which the recipient government has not identified other offsetting sources of funding.

As discussed in greater detail below in this preamble, the framework set forth in the interim final rule establishes a step-by-step process for determining whether, and the extent to which, Fiscal Recovery Funds have been used to offset a reduction in net tax revenue. Based on information reported annually by the recipient government:

- First, each year, each recipient government will identify and value the changes in law, regulation, or interpretation that would result in a reduction in net tax revenue, as it would in the ordinary course of its budgeting process. The sum of these values in the year for which the government is reporting is the amount it needs to ''pay for'' with sources other than Fiscal Recovery Funds (total value of revenue reducing changes).
- Second, the interim final rule recognizes that it may be difficult to predict how a change would affect net tax revenue in future years and, accordingly, provides that if the total value of the changes in the year for which the recipient government is reporting is below a de minimis level, as discussed below, the recipient government need not identify any sources of funding to pay for revenue reducing changes and will not be subject to recoupment.
- Third, a recipient government will consider the amount of actual tax revenue recorded in the year for which they are reporting. If the recipient government's actual tax revenue is greater than the amount of tax revenue received by the recipient for the fiscal year ending 2019, adjusted annually for inflation, the recipient government will not be considered to have violated the offset provision because there will not have been a reduction in net tax revenue.
- Fourth, if the recipient government's actual tax revenue is less than the amount of tax revenue received by the recipient government for the fiscal year ending 2019, adjusted annually for inflation, in the reporting year the recipient government will identify any sources of funds that have been used to permissibly offset the total value of covered tax changes other than Fiscal Recovery Funds. These are:
  - ○ State or territory tax changes that would increase any source of general

[160] In this sub-section, ''recipient governments'' refers only to States and territories. In other sections, ''recipient governments'' refers more broadly to eligible governments receiving funding from the Fiscal Recovery Funds.

[161] For brevity, referred to as ''changes in law, regulation, or interpretation'' for the remainder of this preamble.

fund revenue, such as a change that would increase a tax rate; and

◦ Spending cuts in areas not being replaced by Fiscal Recovery Funds.

The recipient government will calculate the value of revenue reduction remaining after applying these sources of offsetting funding to the total value of revenue reducing changes—that, is, how much of the tax change has not been paid for. The recipient government will then compare that value to the difference between the baseline and actual tax revenue. A recipient government will not be required to repay to the Treasury an amount that is greater than the recipient government's actual tax revenue shortfall relative to the baseline (*i.e.,* fiscal year 2019 tax revenue adjusted for inflation). This ''revenue reduction cap,'' together with Step 3, ensures that recipient governments can use organic revenue growth to offset the cost of revenue reductions.

• Finally, if there are any amounts that could be subject to recoupment, Treasury will provide notice to the recipient government of such amounts. This process is discussed in greater detail in Section IV of this SUPPLEMENTARY INFORMATION.

Together, these steps allow Treasury to identify the amount of reduction in net tax revenue that both is attributable to covered changes and has been directly or indirectly offset with Fiscal Recovery Funds. This process ensures Fiscal Recovery Funds are used in a manner consistent with the statute's defined eligible uses and the offset provision's limitation on these eligible uses, while avoiding undue interference with State and territory decisions regarding tax and spending policies.

The interim final rule also implements a process for recouping Fiscal Recovery Funds that were used to offset reductions in net tax revenue, including the calculation of any amounts that may be subject to recoupment, a process for a recipient government to respond to a notice of recoupment, and clarification regarding amounts excluded from recoupment. *See* Section IV of this SUPPLEMENTARY INFORMATION.

The interim final rule includes several definitions that are applicable to the implementation of the offset provision.

Covered change. The offset provision is triggered by a reduction in net tax revenue resulting from ''a change in law, regulation, or administrative interpretation.'' A covered change includes any final legislative or regulatory action, a new or changed administrative interpretation, and the phase-in or taking effect of any statute or rule where the phase-in or taking effect was not prescribed prior to the start of the covered period. Changed administrative interpretations would not include corrections to replace prior inaccurate interpretations; such corrections would instead be treated as changes implementing legislation enacted or regulations issued prior to the covered period; the operative change in those circumstances is the underlying legislation or regulation that occurred prior to the covered period. Moreover, only the changes within the control of the State or territory are considered covered changes. Covered changes do not include a change in rate that is triggered automatically and based on statutory or regulatory criteria in effect prior to the covered period. For example, a state law that sets its earned income tax credit (EITC) at a fixed percentage of the Federal EITC will see its EITC payments automatically increase—and thus its tax revenue reduced—because of the Federal Government's expansion of the EITC in the ARPA.[162] This would not be considered a covered change. In addition, the offset provision applies only to actions for which the change in policy occurs during the covered period; it excludes regulations or other actions that implement a change or law substantively enacted prior to March 3, 2021. Finally, Treasury has determined and previously announced that income tax changes—even those made during the covered period—that simply conform with recent changes in Federal law (including those to conform to recent changes in Federal taxation of unemployment insurance benefits and taxation of loan forgiveness under the Paycheck Protection Program) are permissible under the offset provision.

Baseline. For purposes of measuring a reduction in net tax revenue, the interim final rule measures actual changes in tax revenue relative to a revenue baseline (baseline). The baseline will be calculated as fiscal year 2019 (FY 2019) tax revenue indexed for inflation in each year of the covered period, with inflation calculated using the Bureau of Economic Analysis's Implicit Price Deflator.[163]

FY 2019 was chosen as the starting year for the baseline because it is the last full fiscal year prior to the COVID–19 public health emergency.[164] This baseline year is consistent with the approach directed by the ARPA in sections 602(c)(1)(C) and 603(c)(1)(C), which identify the ''most recent full fiscal year of the [State, territory, or Tribal government] prior to the emergency'' as the comparator for measuring revenue loss. U.S. gross domestic product is projected to rebound to pre-pandemic levels in 2021,[165] suggesting that an FY 2019 pre-pandemic baseline is a reasonable comparator for future revenue levels. The FY 2019 baseline revenue will be adjusted annually for inflation to allow for direct comparison of actual tax revenue in each year (reported in nominal terms) to baseline revenue in common units of measurement; without inflation adjustment, each dollar of reported actual tax revenue would be worth less than each dollar of baseline revenue expressed in 2019 terms.

Reporting year. The interim final rule defines ''reporting year'' as a single year within the covered period, aligned to the current fiscal year of the recipient government during the covered period, for which a recipient government reports the value of covered changes and any sources of offsetting revenue increases (''in-year'' value), regardless of when those changes were enacted. For the fiscal years ending in 2021 or 2025 (partial years), the term ''reporting year'' refers to the portion of the year falling within the covered period. For example, the reporting year for a fiscal year beginning July 2020 and ending June 2021 would be from March 3, 2021 to July 2021.

Tax revenue. The interim final rule's definition of ''tax revenue'' is based on the Census Bureau's definition of taxes, used for its Annual Survey of State Government Finances.[166] It provides a consistent, well-established definition with which States and territories will be familiar and is consistent with the approach taken in Section II.C of this SUPPLEMENTARY INFORMATION describing the implementation of sections 602(c)(1)(C) and 603(c)(1)(C) of the Act, regarding revenue loss. Consistent with the approach described in Section II.C of this SUPPLEMENTARY INFORMATION, tax

[162] *See, e.g.,* Tax Policy Center, How do state earned income tax credits work?, *https://www.taxpolicycenter.org/briefing-book/how-do-state-earned-income-tax-credits-work/* (last visited May 9, 2021).

[163] U.S. Department of Commerce, Bureau of Economic Analysis, GDP Price Deflator, *https://www.bea.gov/data/prices-inflation/gdp-price-deflator* (last visited May 9, 2021).

[164] Using Fiscal Year 2019 is consistent with section 602 as Congress provided for using that baseline for determining the impact of revenue loss affecting the provision of government services. *See* section 602(c)(1)(C).

[165] Congressional Budget Office, An Overview of the Economic Outlook: 2021 to 2031 (February 1, 2021), *available at https://www.cbo.gov/publication/56965.*

[166] U.S. Census Bureau, Annual Survey of State and Local Government Finances Glossary, *https://www.census.gov/programs-surveys/state/about/glossary.html* (last visited Apr. 30, 2021).

revenue does not include revenue taxed and collected by a different unit of government (*e.g.,* revenue from taxes levied by a local government and transferred to a recipient government).

Framework. The interim final rule provides a step-by-step framework, to be used in each reporting year, to calculate whether the offset provision applies to a State's or territory's use of Fiscal Recovery Funds:

(1) *Covered changes that reduce tax revenue.* For each reporting year, a recipient government will identify and value covered changes that the recipient government predicts will have the effect of reducing tax revenue in a given reporting year, similar to the way it would in the ordinary course of its budgeting process. The value of these covered changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, that aligns with the recipient government's existing approach for measuring the effects of fiscal policies, and that measures relative to a current law baseline. The covered changes may also be reported based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s), relative to the current law baseline prior to the change(s). Further, estimation approaches should not use dynamic methodologies that incorporate the projected effects of macroeconomic growth because macroeconomic growth is accounted for separately in the framework. Relative to these dynamic scoring methodologies, scoring methodologies that do not incorporate projected effects of macroeconomic growth rely on fewer assumptions and thus provide greater consistency among States and territories. Dynamic scoring that incorporates macroeconomic growth may also increase the likelihood of underestimation of the cost of a reduction in tax revenue.

In general and where possible, reporting should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. This approach offers recipient governments the flexibility to determine their reporting methodology based on their existing budget scoring practices and capabilities. In addition, the approach of using the projected value of changes in law that enact fiscal policies to estimate the net effect of such policies is consistent with the way many States and territories already consider tax changes.[167]

(2) *In excess of the de minimis.* The recipient government will next calculate the total value of all covered changes in the reporting year resulting in revenue reductions, identified in Step 1. If the total value of the revenue reductions resulting from these changes is below the de minimis level, the recipient government will be deemed not to have any revenue-reducing changes for the purpose of determining the recognized net reduction. If the total is above the de minimis level, the recipient government must identify sources of in-year revenue to cover the full costs of changes that reduce tax revenue.

The de minimis level is calculated as 1 percent of the reporting year's baseline. Treasury recognizes that, pursuant to their taxing authority, States and territories may make many small changes to alter the composition of their tax revenues or implement other policies with marginal effects on tax revenues. They may also make changes based on projected revenue effects that turn out to differ from actual effects, unintentionally resulting in minor revenue changes that are not fairly described as ''resulting from'' tax law changes. The de minimis level recognizes the inherent challenges and uncertainties that recipient governments face, and thus allows relatively small reductions in tax revenue without consequence. Treasury determined the 1 percent level by assessing the historical effects of state-level tax policy changes in state EITCs implemented to effect policy goals other than reducing net tax revenues.[168] The 1 percent de minimis level reflects the historical reductions in revenue due to minor changes in state fiscal policies.

(3) *Safe harbor.* The recipient government will then compare the reporting year's actual tax revenue to the baseline. If actual tax revenue is greater than the baseline, Treasury will deem the recipient government not to have any recognized net reduction for the reporting year, and therefore to be in a safe harbor and outside the ambit of the offset provision. This approach is consistent with the ARPA, which contemplates recoupment of Fiscal Recovery Funds only in the event that such funds are used to offset a reduction in net tax revenue. If net tax revenue has not been reduced, this provision does not apply. In the event that actual tax revenue is above the baseline, the organic revenue growth that has occurred, plus any other revenue-raising changes, by definition must have been enough to offset the in-year costs of the covered changes.

(4) *Consideration of other sources of funding.* Next, the recipient government will identify and calculate the total value of changes that could pay for revenue reduction due to covered changes and sum these items. This amount can be used to pay for up to the total value of revenue-reducing changes in the reporting year. These changes consist of two categories:

(a) *Tax and other increases in revenue.* The recipient government must identify and consider covered changes in policy that the recipient government predicts will have the effect of increasing general revenue in a given reporting year. As when identifying and valuing covered changes that reduce tax revenue, the value of revenue-raising changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, aligned with the recipient government's existing approach for measuring the effects of fiscal policies, and measured relative to a current law baseline, or based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s). Further, and as discussed above, estimation approaches should not use dynamic scoring methodologies that incorporate the effects of macroeconomic growth because growth is accounted for separately under the interim final rule. In general and where possible, reporting should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. This approach offers recipient governments the flexibility to determine their reporting methodology based on their existing budget scoring practices and capabilities.

(b) *Covered spending cuts.* A recipient government also may cut spending in certain areas to pay for covered changes that reduce tax revenue, up to the amount of the recipient government's net reduction in total spending as described below. These changes must be reductions in government outlays not in an area where the recipient government has spent Fiscal Recovery Funds. To better align with existing reporting and accounting, the interim final rule considers the department, agency, or

[167] *See, e.g.,* Megan Randall & Kim Rueben, Tax Policy Center, Sustainable Budgeting in the States: Evidence on State Budget Institutions and Practices (Nov. 2017), *available at https://www.taxpolicycenter.org/sites/default/files/publication/149186/sustainable-budgeting-in-the-states_1.pdf.*

[168] Data provided by the Urban-Brookings Tax Policy Center for state-level EITC changes for 2004–2017.

authority from which spending has been cut and whether the recipient government has spent Fiscal Recovery Funds on that same department, agency, or authority. This approach was selected to allow recipient governments to report how Fiscal Recovery Funds have been spent using reporting units already incorporated into their budgeting process. If they have not spent Fiscal Recovery Funds in a department, agency, or authority, the full amount of the reduction in spending counts as a covered spending cut, up to the recipient government's net reduction in total spending. If they have, the Fiscal Recovery Funds generally would be deemed to have replaced the amount of spending cut and only reductions in spending above the amount of Fiscal Recovery Funds spent on the department, agency, or authority would count.

To calculate the amount of spending cuts that are available to offset a reduction in tax revenue, the recipient government must first consider whether there has been a reduction in total net spending, excluding Fiscal Recovery Funds (net reduction in total spending). This approach ensures that reported spending cuts actually create fiscal space, rather than simply offsetting other spending increases. A net reduction in total spending is measured as the difference between total spending in each reporting year, excluding Fiscal Recovery Funds spent, relative to total spending for the recipient's fiscal year ending in 2019, adjusted for inflation. Measuring reductions in spending relative to 2019 reflects the fact that the fiscal space created by a spending cut persists so long as spending remains below its original level, even if it does not decline further, relative to the same amount of revenue. Measuring spending cuts from year to year would, by contrast, not recognize any available funds to offset revenue reductions unless spending continued to decline, failing to reflect the actual availability of funds created by a persistent change and limiting the discretion of States and territories. In general and where possible, reporting should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. Treasury chose this approach because while many recipient governments may score budget legislation using projections, spending cuts are readily observable using actual values.

This approach—allowing only spending reductions in areas where the recipient government has not spent Fiscal Recovery Funds to be used as an offset for a reduction in net tax revenue—aims to prevent recipient governments from using Fiscal Recovery Funds to supplant State or territory funding in the eligible use areas, and then use those State or territory funds to offset tax cuts. Such an approach helps ensure that Fiscal Recovery Funds are not used to ''indirectly'' offset revenue reductions due to covered changes.

In order to help ensure recipient governments use Fiscal Recovery Funds in a manner consistent with the prescribed eligible uses and do not use Fiscal Recovery Funds to indirectly offset a reduction in net tax revenue resulting from a covered change, Treasury will monitor changes in spending throughout the covered period. If, over the course of the covered period, a spending cut is subsequently replaced with Fiscal Recovery Funds and used to indirectly offset a reduction in net tax revenue resulting from a covered change, Treasury may consider such change to be an evasion of the restrictions of the offset provision and seek recoupment of such amounts.

(5) *Identification of amounts subject to recoupment.* If a recipient government (i) reports covered changes that reduce tax revenue (Step 1); (ii) to a degree greater than the de minimis (Step 2); (iii) has experienced a reduction in net tax revenue (Step 3); and (iv) lacks sufficient revenue from other, permissible sources to pay for the entirety of the reduction (Step 4), then the recipient government will be considered to have used Fiscal Recovery Funds to offset a reduction in net tax revenue, up to the amount that revenue has actually declined. That is, the maximum value of reduction in revenue due to covered changes which a recipient government must cover is capped at the difference between the baseline and actual tax revenue.[169] In the event that the baseline is above actual tax revenue and the difference between them is less than the sum of revenue reducing changes that are not paid for with other, permissible sources, organic revenue growth has implicitly offset a portion of the reduction. For example, if a recipient government reduces tax revenue by $1 billion, makes no other changes, and experiences revenue growth driven by organic economic growth worth $500 million, it need only pay for the remaining $500 million with sources other than Fiscal Recovery Funds. The revenue reduction cap implements this approach for permitting organic revenue growth to cover the cost of tax cuts.

[169] This cap is applied in § 35.8(c) of the interim final rule, calculating the amount of funds used in violation of the tax offset provision.

Finally, as discussed further in Section IV of this **SUPPLEMENTARY INFORMATION**, a recipient government may request reconsideration of any amounts identified as subject to recoupment under this framework. This process ensures that all relevant facts and circumstances, including information regarding planned spending cuts and budgeting assumptions, are considered prior to a determination that an amount must be repaid. Amounts subject to recoupment are calculated on an annual basis; amounts recouped in one year cannot be returned if the State or territory subsequently reports an increase in net tax revenue.

To facilitate the implementation of the framework above, and in addition to reporting required on eligible uses, in each year of the reporting period, each State and territory will report to Treasury the following items:

- Actual net tax revenue for the reporting year;
- Each revenue-reducing change made to date during the covered period and the in-year value of each change;
- Each revenue-raising change made to date during the covered period and the in-year value of each change;
- Each covered spending cut made to date during the covered period, the in-year value of each cut, and documentation demonstrating that each spending cut is covered as prescribed under the interim final rule;

Treasury will provide additional guidance and instructions the reporting requirements at a later date.

Question 28: Does the interim final rule's definition of tax revenue accord with existing State and territorial practice and, if not, are there other definitions or elements Treasury should consider? Discuss why or why not.

Question 29: The interim final rule permits certain spending cuts to cover the costs of reductions in tax revenue, including cuts in a department, agency, or authority in which the recipient government is not using Fiscal Recovery Funds. How should Treasury and recipient governments consider the scope of a department, agency, or authority for the use of funds to ensure spending cuts are not being substituted with Fiscal Recovery Funds while also avoiding an overbroad definition of that captures spending that is, in fact, distinct?

Question 30: Discuss the budget scoring methodologies currently used by States and territories. How should the interim final rule take into consideration differences in approaches? Please discuss the use of *practices including but not limited to macrodynamic scoring, microdynamic scoring, and length of budget windows.*

Question 31: If a recipient government has a balanced budget requirement, how will that requirement impact its use of Fiscal Recovery Funds and ability to implement this framework?

Question 32: To implement the framework described above, the interim final rule establishes certain reporting requirements. To what extent do recipient governments already produce this information and on what timeline? Discuss ways that Treasury and recipient governments may better rely on information already produced, while ensuring a consistent application of the framework.

Question 33: Discuss States' and territories' ability to produce the figures and numbers required for reporting under the interim final rule. What additional reporting tools, such as a standardized template, would facilitate States' and territories' ability to complete the reporting required under the interim final rule?

C. Other Restrictions on Use

Payments from the Fiscal Recovery Funds are also subject to pre-existing limitations provided in other Federal statutes and regulations and may not be used as non-Federal match for other Federal programs whose statute or regulations bar the use of Federal funds to meet matching requirements. For example, payments from the Fiscal Recovery Funds may not be used to satisfy the State share of Medicaid.[170]

As provided for in the award terms, payments from the Fiscal Recovery Funds as a general matter will be subject to the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200) (the Uniform Guidance), including the cost principles and restrictions on general provisions for selected items of cost.

D. Timeline for Use of Fiscal Recovery Funds

Section 602(c)(1) and section 603(c)(1) require that payments from the Fiscal Recovery Funds be used only to cover costs incurred by the State, territory, Tribal government, or local government by December 31, 2024. Similarly, the CARES Act provided that payments from the CRF be used to cover costs incurred by December 31, 2021.[171] The definition of ''incurred'' does not have a clear meaning. With respect to the CARES Act, on the understanding that the CRF was intended to be used to meet relatively short-term needs, Treasury interpreted this requirement to mean that, for a cost to be considered to have been incurred, performance of the service or delivery of the goods acquired must occur by December 31, 2021. In contrast, the ARPA, passed at a different stage of the COVID–19 public health emergency, was intended to provide more general fiscal relief over a broader timeline. In addition, the ARPA expressly permits the use of Fiscal Recovery Funds for improvements to water, sewer, and broadband infrastructure, which entail a longer timeframe. In recognition of this, Treasury is interpreting the requirement in section 602 and section 603 that costs be incurred by December 31, 2024, to require only that recipients have obligated the Fiscal Recovery Funds by such date. The interim final rule adopts a definition of ''obligation'' that is based on the definition used for purposes of the Uniform Guidance, which will allow for uniform administration of this requirement and is a definition with which most recipients will be familiar.

Payments from the Fiscal Recovery Funds are grants provided to recipients to mitigate the fiscal effects of the COVID–19 public health emergency and to respond to the public health emergency, consistent with the eligible uses enumerated in sections 602(c)(1) and 603(c)(1).[172] As such, these funds are intended to provide economic stimulus in areas still recovering from the economic effects of the pandemic. In implementing and interpreting these provisions, including what it means to ''respond to'' the COVID–19 public health emergency, Treasury takes into consideration pre-pandemic facts and circumstances (*e.g.,* average revenue growth prior to the pandemic) as well as impact of the pandemic that predate the enactment of the ARPA (*e.g.,* replenishing Unemployment Trust balances drawn during the pandemic). While assessing the effects of the COVID–19 public health emergency necessarily takes into consideration the facts and circumstances that predate the ARPA, use of Fiscal Recovery Funds is forward looking.

As discussed above, recipients are permitted to use payments from the Fiscal Recovery Funds to respond to the public health emergency, to respond to workers performing essential work by providing premium pay or providing grants to eligible employers, and to make necessary investments in water, sewer, or broadband infrastructure, which all relate to prospective uses. In addition, sections 602(c)(1)(C) and 603(c)(1)(C) permit recipients to use Fiscal Recovery Funds for the provision of government services. This clause provides that the amount of funds that may be used for this purpose is measured by reference to the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year, but this reference does not relate to the period during which recipients may use the funds, which instead refers to prospective uses, consistent with the other eligible uses.

Although as discussed above the eligible uses of payments from the Fiscal Recovery Funds are all prospective in nature, Treasury considers the beginning of the covered period for purposes of determining compliance with section 602(c)(2)(A) to be the relevant reference point for this purpose. The interim final rule thus permits funds to be used to cover costs incurred beginning on March 3, 2021. This aligns the period for use of Fiscal Recovery Funds with the period during which these funds may not be used to offset reductions in net tax revenue. Permitting Fiscal Recovery Funds to be used to cover costs incurred beginning on this date will also mean that recipients that began incurring costs in the anticipation of enactment of the ARPA and in advance of the issuance of this rule and receipt of payment from the Fiscal Recovery Funds would be able to cover them using these payments.[173]

As set forth in the award terms, the period of performance will run until December 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with payments from the Fiscal Recovery Funds.

IV. Recoupment Process

Under the ARPA, failure to comply with the restrictions on use contained in sections 602(c) and 603(c) of the Act may result in recoupment of funds.[174] The interim final rule implements these provisions by establishing a process for recoupment.

Identification and Notice of Violations. Failure to comply with the restrictions on use will be identified based on reporting provided by the

[170] *See* 42 CFR 433.51 and 45 CFR 75.306.

[171] Section 1001 of Division N of the Consolidated Appropriations Act, 2021 amended section 601(d)(3) of the Act by extending the end of the covered period for CRF expenditures from December 30, 2020 to December 31, 2021.

[172] Sections 602(a), 603(a), 602(c)(1) and 603(c)(1) of the Act.

[173] Given the nature of this program, recipients will not be permitted to use funds to cover pre-award costs, *i.e.,* those incurred prior to March 3, 2021.

[174] Sections 602(e) and 603(e) of the Act.

recipient. As discussed further in Sections III.B and VIII of this SUPPLEMENTARY INFORMATION, Treasury will collect information regarding eligible uses on a quarterly basis and on the tax offset provision on an annual basis. Treasury also may consider other information in identifying a violation, such as information provided by members of the public. If Treasury identifies a violation, it will provide written notice to the recipient along with an explanation of such amounts.

Request for Reconsideration. Under the interim final rule, a recipient may submit a request for reconsideration of any amounts identified in the notice provided by Treasury. This reconsideration process provides a recipient the opportunity to submit additional information it believes supports its request in light of the notice of recoupment, including, for example, additional information regarding the recipient's use of Fiscal Recovery Funds or its tax revenues. The process also provides the Secretary with an opportunity to consider all information relevant to whether a violation has occurred, and if so, the appropriate amount for recoupment.

The interim final rule also establishes requirements for the timing of a request for reconsideration. Specifically, if a recipient wishes to request reconsideration of any amounts identified in the notice, the recipient must submit a written request for reconsideration to the Secretary within 60 calendar days of receipt of such notice. The request must include an explanation of why the recipient believes that the finding of a violation or recoupable amount identified in the notice of recoupment should be reconsidered. To facilitate the Secretary's review of a recipient's request for reconsideration, the request should identify all supporting reasons for the request. Within 60 calendar days of receipt of the recipient's request for reconsideration, the recipient will be notified of the Secretary's decision to affirm, withdraw, or modify the notice of recoupment. Such notification will include an explanation of the decision, including responses to the recipient's supporting reasons and consideration of additional information provided.

The process and timeline established by the interim final rule are intended to provide the recipient with an adequate opportunity to fully present any issues or arguments in response to the notice of recoupment.[175] This process will allow the Secretary to respond to the issues and considerations raised in the request for reconsideration taking into account the information and arguments presented by the recipient along with any other relevant information.

Repayment. Finally, the interim final rule provides that any amounts subject to recoupment must be repaid within 120 calendar days of receipt of any final notice of recoupment or, if the recipient has not requested reconsideration, within 120 calendar days of the initial notice provided by the Secretary.

Question 34: Discuss the timeline for requesting reconsideration under the interim final rule. What, if any, challenges does this timeline present?

V. Payments in Tranches to Local Governments and Certain States

Section 603 of the Act provides that the Secretary will make payments to local governments in two tranches, with the second tranche being paid twelve months after the first payment. In addition, section 602(b)(6)(A)(ii) provides that the Secretary may withhold payment of up to 50 percent of the amount allocated to each State and territory for a period of up to twelve months from the date on which the State or territory provides its certification to the Secretary. Any such withholding for a State or territory is required to be based on the unemployment rate in the State or territory as of the date of the certification.

The Secretary has determined to provide in this interim final rule for withholding of 50 percent of the amount of Fiscal Recovery Funds allocated to all States (and the District of Columbia) other than those with an unemployment rate that is 2.0 percentage points or more above its pre-pandemic (*i.e.,* February 2020) level. The Secretary will refer to the latest available monthly data from the Bureau of Labor Statistics as of the date the certification is provided. Based on data available at the time of public release of this interim final rule, this threshold would result in a majority of States being paid in two tranches.

Splitting payments for the majority of States is consistent with the requirement in section 603 of the Act to make payments from the Coronavirus Local Fiscal Recovery Fund to local governments in two tranches.[176] Splitting payments to States into two tranches will help encourage recipients to adapt, as necessary, to new developments that could arise over the coming twelve months, including potential changes to the nature of the public health emergency and its negative economic impacts. While the U.S. economy has been recovering and adding jobs in aggregate, there is still considerable uncertainty in the economic outlook and the interaction between the pandemic and the economy.[177] For these reasons, Treasury believes it will be appropriate for a majority of recipients to adapt their plans as the recovery evolves. For example, a faster-than-expected economic recovery in 2021 could lead a recipient to dedicate more Fiscal Recovery Funds to longer-term investments starting in 2022. In contrast, a slower-than-expected economic recovery in 2021 could lead a recipient to use additional funds for near-term stimulus in 2022.

At the same time, the statute contemplates the possibility that elevated unemployment in certain States could justify a single payment. Elevated unemployment is indicative of a greater need to assist unemployed workers and stimulate a faster economic recovery. For this reason, the interim final rule provides that States and territories with an increase in their unemployment rate over a specified threshold may receive a single payment, with the expectation that a single tranche will better enable these States and territories to take additional immediate action to aid the unemployed and strengthen their economies.

Following the initial pandemic-related spike in unemployment in 2020, States' unemployment rates have been trending back towards pre-pandemic levels. However, some States' labor markets are healing more slowly than others. Moreover, States varied widely in their pre-pandemic levels of unemployment, and some States remain substantially further from their pre-

[175] The interim final rule also provides that Treasury may extend any deadlines.

[176] With respect to Federal financial assistance more generally, States are subject to the requirements of the Cash Management Improvement Act (CMIA), under which Federal funds are drawn upon only on an as needed basis and States are required to remit interest on unused balances to Treasury. Given the statutory requirement for Treasury to make payments to States within a certain period, these requirements of the CMIA and Treasury's implementing regulations at 31 CFR part 205 will not apply to payments from the Fiscal Recovery Funds. Providing funding in two tranches to the majority of States reflects, to the maximum extent permitted by section 602 of the Act, the general principles of Federal cash management and stewardship of Federal funding, yet will be much less restrictive than the usual requirements to which States are subject.

[177] The potential course of the virus, and its impact on the economy, has contributed to a heightened degree of uncertainty relative to prior periods. *See, e.g.,* Dave Altig et al., Economic uncertainty before and during the COVID–19 pandemic, J. of Public Econ. (Nov. 2020), *available at https://www.sciencedirect.com/science/article/abs/pii/S0047272720301389.*

pandemic starting point. Consequently, Treasury is delineating States with significant remaining elevation in the unemployment rate, based on the net difference to pre-pandemic levels.

Treasury has established that significant remaining elevation in the unemployment rate is a net change in the unemployment rate of 2.0 percentage points or more relative to pre-pandemic levels. In the four previous recessions going back to the early 1980s, the national unemployment rate rose by 3.6, 2.3, 2.0, and 5.0 percentage points, as measured from the start of the recession to the eventual peak during or immediately following the recession.[178] Each of these increases can therefore represent a recession's impact on unemployment. To identify States with significant remaining elevation in unemployment, Treasury took the lowest of these four increases, 2.0 percentage points, to indicate states where, despite improvement in the unemployment rate, current labor market conditions are consistent still with a historical benchmark for a recession.

No U.S. territory will be subject to withholding of its payment from the Fiscal Recovery Funds. For Puerto Rico, the Secretary has determined that the current level of the unemployment rate (8.8 percent, as of March 2021[179]) is sufficiently high such that Treasury should not withhold any portion of its payment from the Fiscal Recovery Funds regardless of its change in unemployment rate relative to its pre-pandemic level. For U.S. territories that are not included in the Bureau of Labor Statistics' monthly unemployment rate data, the Secretary will not exercise the authority to withhold amounts from the Fiscal Recovery Funds.

VI. Transfer

The statute authorizes State, territorial, and Tribal governments; counties; metropolitan cities; and nonentitlement units of local government (counties, metropolitan cities, and nonentitlement units of local government are collectively referred to as ''local governments'') to transfer amounts paid from the Fiscal Recovery Funds to a number of specified entities. By permitting these transfers, Congress recognized the importance of providing flexibility to governments seeking to achieve the greatest impact with their funds, including by working with other levels or units of government or private entities to assist recipient governments in carrying out their programs. This includes special-purpose districts that perform specific functions in the community, such as fire, water, sewer, or mosquito abatement districts.

Specifically, under section 602(c)(3), a State, territory, or Tribal government may transfer funds to a ''private nonprofit organization . . . a Tribal organization . . . a public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of State or local government.''[180] Similarly, section 603(c)(3) authorizes a local government to transfer funds to the same entities (other than Tribal organizations).

The interim final rule clarifies that the lists of transferees in sections 602(c)(3) and 603(c)(3) are not exclusive. The interim final rule permits State, territorial, and Tribal governments to transfer Fiscal Recovery Funds to other constituent units of government or private entities beyond those specified in the statute. Similarly, local governments are authorized to transfer Fiscal Recovery Funds to other constituent units of government (*e.g.,* a county is able to transfer Fiscal Recovery Funds to a city, town, or school district within it) or to private entities. This approach is intended to help provide funding to local governments with needs that may exceed the allocation provided under the statutory formula.

State, local, territorial, and Tribal governments that receive a Federal award directly from a Federal awarding agency, such as Treasury, are ''recipients.'' A transferee receiving a transfer from a recipient under sections 602(c)(3) and 603(c)(3) will be a subrecipient. Subrecipients are entities that receive a subaward from a recipient to carry out a program or project on behalf of the recipient with the recipient's Federal award funding. The recipient remains responsible for monitoring and overseeing the subrecipient's use of Fiscal Recovery Funds and other activities related to the award to ensure that the subrecipient complies with the statutory and regulatory requirements and the terms and conditions of the award. Recipients also remain responsible for reporting to Treasury on their subrecipients' use of payments from the Fiscal Recovery Funds for the duration of the award.

Transfers under sections 602(c)(3) and 603(c)(3) must qualify as an eligible use of Fiscal Recovery Funds by the transferor. Once Fiscal Recovery Funds are received, the transferee must abide by the restrictions on use applicable to the transferor under the ARPA and other applicable law and program guidance. For example, if a county transferred Fiscal Recovery Funds to a town within its borders to respond to the COVID–19 public health emergency, the town would be bound by the eligible use requirements applicable to the county in carrying out the county's goal. This also means that county A may not transfer Fiscal Recovery Funds to county B for use in county B because such a transfer would not, from the perspective of the transferor (county A), be an eligible use in county A.

Section 603(c)(4) separately provides for transfers by a local government to its State or territory. A transfer under section 603(c)(4) will not make the State a subrecipient of the local government, and such Fiscal Recovery Funds may be used by the State for any purpose permitted under section 602(c). A transfer under section 603(c)(4) will result in a cancellation or termination of the award on the part of the transferor local government and a modification of the award to the transferee State or territory. The transferor must provide notice of the transfer to Treasury in a format specified by Treasury. If the local government does not provide such notice, it will remain legally obligated to Treasury under the award and remain responsible for ensuring that the awarded Fiscal Recovery Funds are being used in accordance with the statute and program guidance and for reporting on such uses to Treasury. A State that receives a transfer from a local government under section 603(c)(4) will be bound by all of the use restrictions set forth in section 602(c) with respect to the use of those Fiscal Recovery Funds, including the prohibitions on use of such Fiscal Recovery Funds to offset certain reductions in taxes or to make deposits into pension funds.

Question 35: What are the advantages and disadvantages of treating the list of transferees in sections 602(c)(3) and 603(c)(3) as nonexclusive, allowing States and localities to transfer funds to entities outside of the list?

Question 36: Are there alternative ways of defining ''special-purpose unit of State or local government'' and

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[178] Includes the period during and immediately following recessions, as defined by the National Bureau of Economic Research. National Bureau of Economic Research, US Business Cycle Expansions and Contractions, *https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions* (last visited Apr. 27, 2021). Based on data from U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/UNRATE* (last visited Apr. 27, 2021).

[179] U.S. Bureau of Labor Statistics, Economic News Release—Table 1. Civilian labor force and unemployment by state and selected area, seasonally adjusted, *https://www.bls.gov/news.release/laus.t01.htm* (last visited Apr. 30, 2021).

[180] Section 602(c)(3) of the Act.

"public benefit corporation" that would better further the aims of the Funds?

VII. Nonentitlement Units of Government

The Fiscal Recovery Funds provides for $19.53 billion in payments to be made to States and territories which will distribute the funds to nonentitlement units of local government (NEUs); local governments which generally have populations below 50,000. These local governments have not yet received direct fiscal relief from the Federal Government during the COVID–19 public health emergency, making Fiscal Recovery Funds payments an important source of support for their public health and economic responses. Section 603 requires Treasury to allocate and pay Fiscal Recovery Funds to the States and territories and requires the States and territories to distribute Fiscal Recovery Funds to NEUs based on population within 30 days of receipt unless an extension is granted by the Secretary. The interim final rule clarifies certain aspects regarding the distribution of Fiscal Recovery by States and territories to NEUs, as well as requirements around timely payments from the Fiscal Recovery Funds.

The ARPA requires that States and territories allocate funding to NEUs in an amount that bears the same proportion as the population of the NEU bears to the total population of all NEUs in the State or territory, subject to a cap (described below). Because the statute requires States and territories to make distributions based on population, States and territories may not place additional conditions or requirements on distributions to NEUs, beyond those required by the ARPA and Treasury's implementing regulations and guidance. For example, a State may not impose stricter limitations than permitted by statute or Treasury regulations or guidance on an NEU's use of Fiscal Recovery Funds based on the NEU's proposed spending plan or other policies. States and territories are also not permitted to offset any debt owed by the NEU against the NEU's distribution. Further, States and territories may not provide funding on a reimbursement basis—*e.g.,* requiring NEUs to pay for project costs up front before being reimbursed with Fiscal Recovery Funds payments—because this funding model would not comport with the statutory requirement that States and territories make distributions to NEUs within the statutory timeframe.

Similarly, States and territories distributing Fiscal Recovery Funds payments to NEUs are responsible for complying with the Fiscal Recovery Funds statutory requirement that distributions to NEUs not exceed 75 percent of the NEU's most recent budget. The most recent budget is defined as the NEU's most recent annual total operating budget, including its general fund and other funds, as of January 27, 2020. Amounts in excess of such cap and therefore not distributed to the NEU must be returned to Treasury by the State or territory. States and territories may rely for this determination on a certified top-line budget total from the NEU.

Under the interim final rule, the total allocation and distribution to an NEU, including the sum of both the first and second tranches of funding, cannot exceed the 75 percent cap. States and territories must permit NEUs without formal budgets as of January 27, 2020 to self-certify their most recent annual expenditures as of January 27, 2020 for the purpose of calculating the cap. This approach will provide an administrable means to implement the cap for small local governments that do not adopt a formal budget.

Section 603(b)(3) of the Social Security Act provides for Treasury to make payments to counties but provides that, in the case of an amount to be paid to a county that is not a unit of general local government, the amount shall instead be paid to the State in which such county is located, and such State shall distribute such amount to each unit of general local government within such county in an amount that bears the same proportion to the amount to be paid to such county as the population of such units of general local government bears to the total population of such county. As with NEUs, States may not place additional conditions or requirements on distributions to such units of general local government, beyond those required by the ARPA and Treasury's implementing regulations and guidance.

In the case of consolidated governments, section 603(b)(4) allows consolidated governments (*e.g.,* a city-county consolidated government) to receive payments under each allocation based on the respective formulas. In the case of a consolidated government, Treasury interprets the budget cap to apply to the consolidated government's NEU allocation under section 603(b)(2) but not to the consolidated government's county allocation under section 603(b)(3).

If necessary, States and territories may use the Fiscal Recovery Funds under section 602(c)(1)(A) to fund expenses related to administering payments to NEUs and units of general local government, as disbursing these funds itself is a response to the public health emergency and its negative economic impacts. If a State or territory requires more time to disburse Fiscal Recovery Funds to NEUs than the allotted 30 days, Treasury will grant extensions of not more than 30 days for States and territories that submit a certification in writing in accordance with section 603(b)(2)(C)(ii)(I). Additional extensions may be granted at the discretion of the Secretary.

Question 37: What are alternative ways for States and territories to enforce the 75 percent cap while reducing the administrative burden on them?

Question 38: What criteria should Treasury consider in assessing requests for extensions for further time to distribute NEU payments?

VIII. Reporting

States (defined to include the District of Columbia), territories, metropolitan cities, counties, and Tribal governments will be required to submit one interim report and thereafter quarterly Project and Expenditure reports through the end of the award period on December 31, 2026. The interim report will include a recipient's expenditures by category at the summary level from the date of award to July 31, 2021 and, for States and territories, information related to distributions to nonentitlement units. Recipients must submit their interim report to Treasury by August 31, 2021. Nonentitlement units of local government are not required to submit an interim report.

The quarterly Project and Expenditure reports will include financial data, information on contracts and subawards over $50,000, types of projects funded, and other information regarding a recipient's utilization of the award funds. The reports will include the same general data (*e.g.,* on obligations, expenditures, contracts, grants, and sub-awards) as those submitted by recipients of the CRF, with some modifications. Modifications will include updates to the expenditure categories and the addition of data elements related to specific eligible uses, including some of the reporting elements described in sections above. The initial quarterly Project and Expenditure report will cover two calendar quarters from the date of award to September 30, 2021, and must be submitted to Treasury by October 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to Treasury within 30 days after the end of each calendar quarter.

Nonentitlement units of local government will be required to submit annual Project and Expenditure reports until the end of the award period on December 31, 2026. The initial annual Project and Expenditure report for nonentitlement units of local government will cover activity from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year.

States, territories, metropolitan cities, and counties with a population that exceeds 250,000 residents will also be required to submit an annual Recovery Plan Performance report to Treasury. The Recovery Plan Performance report will provide the public and Treasury information on the projects that recipients are undertaking with program funding and how they are planning to ensure project outcomes are achieved in an effective, efficient, and equitable manner. Each jurisdiction will have some flexibility in terms of the form and content of the Recovery Plan Performance report, as long as it includes the minimum information required by Treasury. The Recovery Plan Performance report will include key performance indicators identified by the recipient and some mandatory indicators identified by Treasury, as well as programmatic data in specific eligible use categories and the specific reporting requirements described in the sections above. The initial Recovery Plan Performance report will cover the period from the date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Thereafter, Recovery Plan Performance reports will cover a 12-month period, and recipients will be required to submit the report to Treasury within 30 days after the end of the 12-month period. The second Recovery Plan Performance report will cover the period from July 1, 2021 to June 30, 2022, and must be submitted to Treasury by July 31, 2022. Each annual Recovery Plan Performance report must be posted on the public-facing website of the recipient. Local governments with fewer than 250,000 residents, Tribal governments, and nonentitlement units of local government are not required to develop a Recovery Plan Performance report.

Treasury will provide additional guidance and instructions on the reporting requirements outlined above for the Fiscal Recovery Funds at a later date.

IX. Comments and Effective Date

This interim final rule is being issued without advance notice and public comment to allow for immediate implementation of this program. As discussed below, the requirements of advance notice and public comment do not apply ''to the extent that there is involved . . . a matter relating to agency . . . grants.'' [181] The interim final rule implements statutory conditions on the eligible uses of the Fiscal Recovery Funds grants, and addresses the payment of those funds, the reporting on uses of funds, and potential consequences of ineligible uses. In addition and as discussed below, the Administrative Procedure Act also provides an exception to ordinary notice-and-comment procedures ''when the agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.'' [182] This good cause justification also supports waiver of the 60-day delayed effective date for major rules under the Congressional Review Act at 5 U.S.C. 808(2). Although this interim final rule is effective immediately, comments are solicited from interested members of the public and from recipient governments on all aspects of the interim final rule.

These comments must be submitted on or before July 16, 2021.

X. Regulatory Analyses

Executive Orders 12866 and 13563

This interim final rule is economically significant for the purposes of Executive Orders 12866 and 13563. Treasury, however, is proceeding under the emergency provision at Executive Order 12866 section 6(a)(3)(D) based on the need to act expeditiously to mitigate the current economic conditions arising from the COVID–19 public health emergency. The rule has been reviewed by the Office of Management and Budget (OMB) in accordance with Executive Order 12866. This rule is necessary to implement the ARPA in order to provide economic relief to State, local, and Tribal governments adversely impacted by the COVID–19 public health emergency.

Under Executive Order 12866, OMB must determine whether this regulatory action is ''significant'' and, therefore, subject to the requirements of the Executive Order and subject to review by OMB. Section 3(f) of Executive Order 12866 defines a significant regulatory action as an action likely to result in a rule that may:

(1) Have an annual effect on the economy of $100 million or more, or adversely affect a sector of the economy; productivity; competition; jobs; the environment; public health or safety; or State, local, or Tribal governments or communities in a material way (also referred to as ''economically significant'' regulations);

(2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impacts of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles stated in the Executive order.

This regulatory action is an economically significant regulatory action subject to review by OMB under section 3(f) of Executive Order 12866. Treasury has also reviewed these regulations under Executive Order 13563, which supplements and explicitly reaffirms the principles, structures, and definitions governing regulatory review established in Executive Order 12866. To the extent permitted by law, section 1(b) of Executive Order 13563 requires that an agency:

(1) Propose or adopt regulations only upon a reasoned determination that their benefits justify their costs (recognizing that some benefits and costs are difficult to quantify);

(2) Tailor its regulations to impose the least burden on society, consistent with obtaining regulatory objectives taking into account, among other things, and to the extent practicable, the costs of cumulative regulations;

(3) Select, in choosing among alternative regulatory approaches, those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity);

(4) To the extent feasible, specify performance objectives, rather than the behavior or manner of compliance a regulated entity must adopt; and

(5) Identify and assess available alternatives to direct regulation, including providing economic incentives—such as user fees or marketable permits—to encourage the desired behavior, or providing information that enables the public to make choices.

Executive Order 13563 also requires an agency ''to use the best available

[181] 5 U.S.C. 553(a)(2).

[182] 5 U.S.C. 553(b)(3)(B); *see also* 5 U.S.C. 553(d)(3) (creating an exception to the requirement of a 30-day delay before the effective date of a rule ''for good cause found and published with the rule'').

techniques to quantify anticipated present and future benefits and costs as accurately as possible.'' OMB's Office of Information and Regulatory Affairs (OIRA) has emphasized that these techniques may include ''identifying changing future compliance costs that might result from technological innovation or anticipated behavioral changes.''

Treasury has assessed the potential costs and benefits, both quantitative and qualitative, of this regulatory action, and is issuing this interim final rule only on a reasoned determination that the benefits exceed the costs. In choosing among alternative regulatory approaches, Treasury selected those approaches that would maximize net benefits. Based on the analysis that follows and the reasons stated elsewhere in this document, Treasury believes that this interim final rule is consistent with the principles set forth in Executive Order 13563.

Treasury also has determined that this regulatory action does not unduly interfere with States, territories, Tribal governments, and localities in the exercise of their governmental functions.

This Regulatory Impact Analysis discusses the need for regulatory action, the potential benefits, and the potential costs.

Need for Regulatory Action. This interim final rule implements the $350 billion Fiscal Recovery Funds of the ARPA, which Congress passed to help States, territories, Tribal governments, and localities respond to the ongoing COVID–19 public health emergency and its economic impacts. As the agency charged with execution of these programs, Treasury has concluded that this interim final rule is needed to ensure that recipients of Fiscal Recovery Funds fully understand the requirements and parameters of the program as set forth in the statute and deploy funds in a manner that best reflects Congress' mandate for targeted fiscal relief.

This interim final rule is primarily a transfer rule: It transfers $350 billion in aid from the Federal Government to states, territories, Tribal governments, and localities, generating a significant macroeconomic effect on the U.S. economy. In making this transfer, Treasury has sought to implement the program in ways that maximize its potential benefits while minimizing its costs. It has done so by aiming to target relief in key areas according to the congressional mandate; offering clarity to States, territories, Tribal governments, and localities while maintaining their flexibility to respond to local needs; and limiting administrative burdens.

Analysis of Benefits. Relative to a pre-statutory baseline, the Fiscal Recovery Funds provide a combined $350 billion to State, local, and Tribal governments for fiscal relief and support for costs incurred responding to the COVID–19 pandemic. Treasury believes that this transfer will generate substantial additional economic activity, although given the flexibility accorded to recipients in the use of funds, it is not possible to precisely estimate the extent to which this will occur and the timing with which it will occur. Economic research has demonstrated that state fiscal relief is an efficient and effective way to mitigate declines in jobs and output during an economic downturn.[183] Absent such fiscal relief, fiscal austerity among State, local, and Tribal governments could exert a prolonged drag on the overall economic recovery, as occurred following the 2007–09 recession.[184]

This interim final rule provides benefits across several areas by implementing the four eligible funding uses, as defined in statute: Strengthening the response to the COVID–19 public health emergency and its economic impacts; easing fiscal pressure on State, local, and Tribal governments that might otherwise lead to harmful cutbacks in employment or government services; providing premium pay to essential workers; and making necessary investments in certain types of infrastructure. In implementing the ARPA, Treasury also sought to support disadvantaged communities that have been disproportionately impacted by the pandemic. The Fiscal Recovery Funds as implemented by the interim final rule can be expected to channel resources toward these uses in order to achieve substantial near-term economic and public health benefits, as well as longer-term benefits arising from the allowable investments in water, sewer, and broadband infrastructure and aid to families.

These benefits are achieved in the interim final rule through a broadly flexible approach that sets clear guidelines on eligible uses of Fiscal Recovery Funds and provides State, local, and Tribal government officials discretion within those eligible uses to direct Fiscal Recovery Funds to areas of greatest need within their jurisdiction. While preserving recipients' overall flexibility, the interim final rule includes several provisions that implement statutory requirements and will help support use of Fiscal Recovery Funds to achieve the intended benefits. The remainder of this section clarifies how Treasury's approach to key provisions in the interim final rule will contribute to greater realization of benefits from the program.

- *Revenue Loss:* Recipients will compute the extent of reduction in revenue by comparing actual revenue to a counterfactual trend representing what could have plausibly been expected to occur in the absence of the pandemic. The counterfactual trend begins with the last full fiscal year prior to the public health emergency (as required by statute) and projects forward with an annualized growth adjustment. Treasury's decision to incorporate a growth adjustment into the calculation of revenue loss ensures that the formula more fully captures revenue shortfalls relative to recipients' pre-pandemic expectations. Moreover, recipients will have the opportunity to re-calculate revenue loss at several points throughout the program, recognizing that some recipients may experience revenue effects with a lag. This option to re-calculate revenue loss on an ongoing basis should result in more support for recipients to avoid harmful cutbacks in future years. In calculating revenue loss, recipients will look at general revenue in the aggregate, rather than on a source-by-source basis. Given that recipients may have experienced offsetting changes in revenues across sources, Treasury's approach provides a more accurate representation of the effect of the pandemic on overall revenues.
- *Premium Pay:* Per the statute, recipients have broad latitude to designate critical infrastructure sectors and make grants to third-party employers for the purpose of providing premium pay or otherwise respond to essential workers. While the interim final rule generally preserves the flexibility in the statute, it does add a requirement that recipients give written justification in the case that premium pay would increase a worker's annual pay above a certain threshold. To set this threshold, Treasury analyzed data

[183] Gabriel Chodorow-Reich et al., Does State Fiscal Relief during Recessions Increase Employment? Evidence from the American Recovery and Reinvestment Act, American Econ. J.: Econ. Policy, 4:3 118–45 (Aug. 2012), *available at https://www.aeaweb.org/articles?id=10.1257/pol.4.3.118.*

[184] *See, e.g.,* Fitzpatrick, Haughwout & Setren, Fiscal Drag from the State and Local Sector?, Liberty Street Economics Blog, Federal Reserve Bank of New York (June 27, 2012), *https://www.libertystreeteconomics.newyorkfed.org/2012/06/fiscal-drag-from-the-state-and-local-sector.html;* Jiri Jonas, Great Recession and Fiscal Squeeze at U.S. Subnational Government Level, IMF Working Paper 12/184, (July 2012), *available at https://www.imf.org/external/pubs/ft/wp/2012/wp12184.pdf;* Gordon, *supra* note 9.

from the Bureau of Labor Statistics to determine a level that would not require further justification for premium pay to the vast majority of essential workers, while requiring higher scrutiny for provision of premium pay to higher-earners who, even without premium pay, would likely have greater personal financial resources to cope with the effects of the pandemic. Treasury believes the threshold in the interim final rule strikes the appropriate balance between preserving flexibility and helping encourage use of these resources to help those in greatest need. The interim final rule also requires that eligible workers have regular in-person interactions or regular physical handling of items that were also handled by others. This requirement will also help encourage use of financial resources for those who have endured the heightened risk of performing essential work.

- *Withholding of Payments to Recipients:* Treasury believes that for the vast majority of recipient entities, it will be appropriate to receive funds in two separate payments. As discussed above, withholding of payments ensures that recipients can adapt spending plans to evolving economic conditions and that at least some of the economic benefits will be realized in 2022 or later. However, consistent with authorities granted to Treasury in the statute, Treasury recognizes that a subset of States with significant remaining elevation in the unemployment rate could face heightened additional near-term needs to aid unemployed workers and stimulate the recovery. Therefore, for a subset of State governments, Treasury will not withhold any funds from the first payment. Treasury believes that this approach strikes the appropriate balance between the general reasons to provide funds in two payments and the heightened additional near-term needs in specific States. As discussed above, Treasury set a threshold based on historical analysis of unemployment rates in recessions.
- *Hiring Public Sector Employees:* The interim final rule states explicitly that recipients may use funds to restore their workforces up to pre-pandemic levels. Treasury believes that this statement is beneficial because it eliminates any uncertainty that could cause delays or otherwise negatively impact restoring public sector workforces (which, at time of publication, remain significantly below pre-pandemic levels).

Finally, the interim final rule aims to promote and streamline the provision of assistance to individuals and communities in greatest need, particularly communities that have been historically disadvantaged and have experienced disproportionate impacts of the COVID–19 crisis. Targeting relief is in line with Executive Order 13985, ''Advancing Racial Equity and Support for Underserved Communities Through the Federal Government,'' which laid out an Administration-wide priority to support ''equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality.'' [185] To this end, the interim final rule enumerates a list of services that may be provided using Fiscal Recovery Funds in low-income areas to address the disproportionate impacts of the pandemic in these communities; establishes the characteristics of essential workers eligible for premium pay and encouragement to serve workers based on financial need; provides that recipients may use Fiscal Recovery Funds to restore (to pre-pandemic levels) state and local workforces, where women and people of color are disproportionately represented; [186] and targets investments in broadband infrastructure to unserved and underserved areas. Collectively, these provisions will promote use of resources to facilitate the provision of assistance to individuals and communities with the greatest need.

Analysis of Costs. This regulatory action will generate administrative costs relative to a pre-statutory baseline. This includes, chiefly, costs required to administer Fiscal Recovery Funds, oversee subrecipients and beneficiaries, and file periodic reports with Treasury. It also requires States to allocate Fiscal Recovery Funds to nonentitlement units, which are smaller units of local government that are statutorily required to receive their funds through States.

Treasury expects that the administrative burden associated with this program will be moderate for a grant program of its size. Treasury expects that most recipients receive direct or indirect funding from Federal Government programs and that many have familiarity with how to administer and report on Federal funds or grant funding provided by other entities. In particular, States, territories, and large localities will have received funds from the CRF and Treasury expects them to rely heavily on established processes developed last year or through prior grant funding, mitigating burden on these governments.

Treasury expects to provide technical assistance to defray the costs of administration of Fiscal Recovery Funds to further mitigate burden. In making implementation choices, Treasury has hosted numerous consultations with a diverse range of direct recipients—States, small cities, counties, and Tribal governments—along with various communities across the United States, including those that are underserved. Treasury lacks data to estimate the precise extent to which this interim final rule generates administrative burden for State, local, and Tribal governments, but seeks comment to better estimate and account for these costs, as well as on ways to lessen administrative burdens.

Executive Order 13132

Executive Order 13132 (entitled Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State, local, and Tribal governments, and is not required by statute, or preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. This interim final rule does not have federalism implications within the meaning of the Executive order and does not impose substantial, direct compliance costs on State, local, and Tribal governments or preempt state law within the meaning of the Executive order. The compliance costs are imposed on State, local, and Tribal governments by sections 602 and 603 of the Social Security Act, as enacted by the ARPA. Notwithstanding the above, Treasury has engaged in efforts to consult and work cooperatively with affected State, local, and Tribal government officials and associations in the process of developing the interim final rule. Pursuant to the requirements set forth in section 8(a) of Executive Order 13132, Treasury certifies that it has complied with the requirements of Executive Order 13132.

Administrative Procedure Act

The Administrative Procedure Act (APA), 5 U.S.C. 551 *et seq.,* generally requires public notice and an opportunity for comment before a rule

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[185] Executive Order on Advancing Racial Equity and Support for Underserved Communities through the Federal Government (Jan. 20, 2021) (86 FR 7009, January 25, 2021), *https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/* (last visited May 9, 2021).

[186] David Cooper, Mary Gable & Algernon Austin, Economic Policy Institute Briefing Paper, The Public-Sector Jobs Crisis: Women and African Americans hit hardest by job losses in state and local governments, *https://www.epi.org/publication/bp339-public-sector-jobs-crisis* (last visited May 9, 2021).

becomes effective. However, the APA provides that the requirements of 5 U.S.C. 553 do not apply ''to the extent that there is involved . . . a matter relating to agency . . . grants.'' The interim final rule implements statutory conditions on the eligible uses of the Fiscal Recovery Funds grants, and addresses the payment of those funds, the reporting on uses of funds, and potential consequences of ineligible uses. The rule is thus ''both clearly and directly related to a federal grant program.'' *National Wildlife Federation* v. *Snow,* 561 F.2d 227, 232 (D.C. Cir. 1976). The rule sets forth the ''process necessary to maintain state . . . eligibility for federal funds,'' *id.,* as well as the ''method[s] by which states can . . . qualify for federal aid,'' and other ''integral part[s] of the grant program,'' *Center for Auto Safety* v. *Tiemann,* 414 F. Supp. 215, 222 (D.D.C. 1976). As a result, the requirements of 5 U.S.C. 553 do not apply.

The APA also provides an exception to ordinary notice-and-comment procedures ''when the agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.'' 5 U.S.C. 553(b)(3)(B); *see also* 5 U.S.C. 553(d)(3) (creating an exception to the requirement of a 30-day delay before the effective date of a rule ''for good cause found and published with the rule''). Assuming 5 U.S.C. 553 applied, Treasury would still have good cause under sections 553(b)(3)(B) and 553(d)(3) for not undertaking section 553's requirements. The ARPA is a law responding to a historic economic and public health emergency; it is ''extraordinary'' legislation about which ''both Congress and the President articulated a profound sense of 'urgency.''' *Petry* v. *Block,* 737 F.2d 1193, 1200 (D.C. Cir. 1984). Indeed, several provisions implemented by this interim final rule (sections 602(c)(1)(A) and 603(c)(1)(A)) explicitly provide funds to ''respond to the public health emergency,'' and the urgency is further exemplified by Congress's command (in sections 602(b)(6)(B) and 603(b)(7)(A)) that, ''[t]o the extent practicable,'' funds must be provided to Tribes and cities ''not later than 60 days after the date of enactment.'' *See Philadelphia Citizens in Action* v. *Schweiker,* 669 F.2d 877, 884 (3d Cir. 1982) (finding good cause under circumstances, including statutory time limits, where APA procedures would have been ''virtually impossible''). Finally, there is an urgent need for States to undertake the planning necessary for sound fiscal policymaking, which requires an understanding of how funds provided under the ARPA will augment and interact with existing budgetary resources and tax policies. Treasury understands that many states require immediate rules on which they can rely, especially in light of the fact that the ARPA ''covered period'' began on March 3, 2021. The statutory urgency and practical necessity are good cause to forego the ordinary requirements of notice-and-comment rulemaking.

Congressional Review Act

The Administrator of OIRA has determined that this is a major rule for purposes of Subtitle E of the Small Business Regulatory Enforcement and Fairness Act of 1996 (also known as the Congressional Review Act or CRA) (5 U.S.C. 804(2) *et seq.*). Under the CRA, a major rule takes effect 60 days after the rule is published in the **Federal Register**. 5 U.S.C. 801(a)(3). Notwithstanding this requirement, the CRA allows agencies to dispense with the requirements of section 801 when the agency for good cause finds that such procedure would be impracticable, unnecessary, or contrary to the public interest and the rule shall take effect at such time as the agency promulgating the rule determines. 5 U.S.C. 808(2). Pursuant to section 808(2), for the reasons discussed above, Treasury for good cause finds that a 60-day delay to provide public notice is impracticable and contrary to the public interest.

Paperwork Reduction Act

The information collections associated with State, territory, local, and Tribal government applications materials necessary to receive Fiscal Recovery Funds (*e.g.,* payment information collection and acceptance of award terms) have been reviewed and approved by OMB pursuant to the Paperwork Reduction Act (44 U.S.C. chapter 35) (PRA) emergency processing procedures and assigned control number 1505–0271. The information collections related to ongoing reporting requirements, as discussed in this interim final rule, will be submitted to OMB for emergency processing in the near future. Under the PRA, an agency may not conduct or sponsor and a respondent is not required to respond to, an information collection unless it displays a valid OMB control number.

Estimates of hourly burden under this program are set forth in the table below. Burden estimates below are preliminary.

Reporting	Number of respondents (estimated)	Number of responses per respondent	Total responses	Hours per response	Total burden in hours	Cost to respondent ($48.80 per hour*)
Recipient Payment Form	5,050	1	5,050	.25 (15 minutes)	1,262.5	$61,610
Acceptance of Award Terms	5,050	1	5,050	.25 (15 minutes)	1,262.5	61,610
Title VI Assurances	5,050	1	5,050	.50 (30 minutes)	2,525	123,220
Quarterly Project and Expenditure Report.	5,050	4***	20,200	25	505,000	24,644,000
Annual Project and Expenditure Report from NEUs.	TBD	1 per year	† 20,000–40,000	15	300,000–600,000	14,640,000–29,280,000
Annual Recovery Plan Performance report.	418	1 per year	418	100	41,800	2,039,840
Total	(**)	N/A	55,768–75,768	141	851,850–1,151,850	41,570,280–56,210,280

*Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Accountants and Auditors, on the internet at *https://www.bls.gov/ooh/business-and-financial/accountants-and-auditors.htm* (visited March 28, 2020). Base wage of $33.89/hour increased by 44 percent to account for fully loaded employer cost of employee compensation (benefits, etc.) for a fully loaded wage rate of $48.80.

**5,050–TBD.

***Per year after first year.

† (Estimate only).

Periodic reporting is required by section 602(c) of Section VI of the Social Security Act and under the interim final rule.

As discussed in Section VIII of this **SUPPLEMENTARY INFORMATION**, recipients of Fiscal Recovery Funds will be required to submit one interim report and thereafter quarterly Project and Expenditure reports until the end of the award period. Recipients must submit interim reports to Treasury by August

31, 2021. The quarterly Project and Expenditure reports will include financial data, information on contracts and subawards over $50,000, types of projects funded, and other information regarding a recipient's utilization of the award funds.

Nonentitlement unit recipients will be required to submit annual Project and Expenditure reports until the end of the award period. The initial annual Project and Expenditure report for Nonentitlement unit recipients must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year. States, territories, metropolitan cities, and counties with a population that exceeds 250,000 residents will also be required to submit an annual Recovery Plan Performance report to Treasury. The Recovery Plan Performance report will include descriptions of the projects funded and information on the performance indicators and objectives of the award. Each annual Recovery Plan Performance report must be posted on the public-facing website of the recipient. Treasury will provide additional guidance and instructions on the all the reporting requirements outlined above for the Fiscal Recovery Funds program at a later date.

These and related periodic reporting requirements are under consideration and will be submitted to OMB for approval under the PRA emergency provisions in the near future.

Treasury invites comments on all aspects of the reporting and recordkeeping requirements including: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility; (b) the accuracy of the estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. Comments should be sent by the comment deadline to the *www.regulations.gov* docket with a copy to the Office of Information and Regulatory Affairs, U.S. Office of Management and Budget, 725 17th Street NW, Washington, DC 20503; or email to *oira_submission@omb.eop.gov.*

Regulatory Flexibility Analysis

The Regulatory Flexibility Act (RFA) generally requires that when an agency issues a proposed rule, or a final rule pursuant to section 553(b) of the Administrative Procedure Act or another law, the agency must prepare a regulatory flexibility analysis that meets the requirements of the RFA and publish such analysis in the **Federal Register**. 5 U.S.C. 603, 604.

Rules that are exempt from notice and comment under the APA are also exempt from the RFA requirements, including the requirement to conduct a regulatory flexibility analysis, when among other things the agency for good cause finds that notice and public procedure are impracticable, unnecessary, or contrary to the public interest. Since this rule is exempt from the notice and comment requirements of the APA, Treasury is not required to conduct a regulatory flexibility analysis.

List of Subjects in 31 CFR Part 35

Executive compensation, Public health emergency, State and local governments, Tribal governments.

For the reasons stated in the preamble, the Department of the Treasury amends 31 CFR part 35 as follows:

PART 35—PANDEMIC RELIEF PROGRAMS

■ 1. The authority citation for part 35 is revised to read as follows:

Authority: 42 U.S.C. 802(f); 42 U.S.C. 803(f); 31 U.S.C. 321; Division N, Title V, Subtitle B, Pub. L. 116–260, 134 Stat. 1182; Section 104A, Pub. L. 103–325, 108 Stat. 2160, as amended (12 U.S.C. 4701 *et seq.*); Pub. L. 117–2, 135 Stat. 4 (42 U.S.C. 802 *et seq.*).

■ 2. Revise the part heading to read as set forth above.

■ 3. Add subpart A to read as follows:

Subpart A—Coronavirus State and Local Fiscal Recovery Funds

§ 35.1 Purpose.

This subpart implements section 9901 of the American Rescue Plan Act (Subtitle M of Title IX of Pub. L. 117–2), which amends Title VI of the Social Security Act (42 U.S.C. 801 *et seq.*) by adding sections 602 and 603 to establish the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund.

§ 35.2 Applicability.

This subpart applies to States, territories, Tribal governments, metropolitan cities, nonentitlement units of local government, counties, and units of general local government that accept a payment or transfer of funds made under section 602 or 603 of the Social Security Act.

§ 35.3 Definitions.

As used in this subpart:

Baseline means tax revenue of the recipient for its fiscal year ending in 2019, adjusted for inflation in each reporting year using the Bureau of Economic Analysis's Implicit Price Deflator for the gross domestic product of the United States.

County means a county, parish, or other equivalent county division (as defined by the Census Bureau).

Covered benefits include, but are not limited to, the costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans (Federal and State), workers' compensation insurance, and Federal Insurance Contributions Act taxes (which includes Social Security and Medicare taxes).

Covered change means a change in law, regulation, or administrative interpretation. A change in law includes any final legislative or regulatory action, a new or changed administrative interpretation, and the phase-in or taking effect of any statute or rule if the phase-in or taking effect was not prescribed prior to the start of the covered period.

Covered period means, with respect to a State, Territory, or Tribal government, the period that:

(1) Begins on March 3, 2021; and

(2) Ends on the last day of the fiscal year of such State, Territory, or Tribal government in which all funds received by the State, Territory, or Tribal government from a payment made under section 602 or 603 of the Social Security Act have been expended or returned to, or recovered by, the Secretary.

COVID–19 means the Coronavirus Disease 2019.

COVID–19 public health emergency means the period beginning on January 27, 2020 and 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.*).

Deposit means an extraordinary payment of an accrued, unfunded liability. The term deposit does not refer to routine contributions made by an employer to pension funds as part of the employer's obligations related to payroll, such as either a pension contribution consisting of a normal cost component related to current employees or a component addressing the amortization of unfunded liabilities calculated by reference to the employer's payroll costs.

Eligible employer means an employer of an eligible worker who performs essential work.

Eligible workers means workers needed to maintain continuity of operations of essential critical infrastructure sectors, including health care; emergency response; sanitation, disinfection, and cleaning work; maintenance work; grocery stores, restaurants, food production, and food delivery; pharmacy; biomedical research; behavioral health work; medical testing and diagnostics; home- and community-based health care or assistance with activities of daily living; family or child care; social services work; public health work; vital services to Tribes; any work performed by an employee of a State, local, or Tribal government; educational work, school nutrition work, and other work required to operate a school facility; laundry work; elections work; solid waste or hazardous materials management, response, and cleanup work; work requiring physical interaction with patients; dental care work; transportation and warehousing; work at hotel and commercial lodging facilities that are used for COVID–19 mitigation and containment; work in a mortuary; work in critical clinical research, development, and testing necessary for COVID–19 response.

(1) With respect to a recipient that is a metropolitan city, nonentitlement unit of local government, or county, workers in any additional sectors as each chief executive officer of such recipient may designate as critical to protect the health and well-being of the residents of their metropolitan city, nonentitlement unit of local government, or county; or

(2) With respect to a State, Territory, or Tribal government, workers in any additional sectors as each Governor of a State or Territory, or each Tribal government, may designate as critical to protect the health and well-being of the residents of their State, Territory, or Tribal government.

Essential work means work that:

(1) Is not performed while teleworking from a residence; and

(2) Involves:

(i) Regular in-person interactions with patients, the public, or coworkers of the individual that is performing the work; or

(ii) Regular physical handling of items that were handled by, or are to be handled by patients, the public, or coworkers of the individual that is performing the work.

Funds means, with respect to a recipient, amounts provided to the recipient pursuant to a payment made under section 602(b) or 603(b) of the Social Security Act or transferred to the recipient pursuant to section 603(c)(4) of the Social Security Act.

General revenue means money that is received from tax revenue, current charges, and miscellaneous general revenue, excluding refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and intergovernmental transfers from the Federal Government, including transfers made pursuant to section 9901 of the American Rescue Plan Act. General revenue does not include revenues from utilities. Revenue from Tribal business enterprises must be included in general revenue.

Intergovernmental transfers means money received from other governments, including grants and shared taxes.

Metropolitan city has the meaning given that term in section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4)) and includes cities that relinquish or defer their status as a metropolitan city for purposes of receiving allocations under section 106 of such Act (42 U.S.C. 5306) for fiscal year 2021.

Net reduction in total spending is measured as the State or Territory's total spending for a given reporting year excluding its spending of funds, subtracted from its total spending for its fiscal year ending in 2019, adjusted for inflation using the Bureau of Economic Analysis's Implicit Price Deflator for the gross domestic product of the United States.

Nonentitlement unit of local government means a ''city,'' as that term is defined in section 102(a)(5) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(5)), that is not a metropolitan city.

Nonprofit means a nonprofit organization that is exempt from Federal income taxation and that is described in section 501(c)(3) of the Internal Revenue Code.

Obligation means an order placed for property and services and entering into contracts, subawards, and similar transactions that require payment.

Pension fund means a defined benefit plan and does not include a defined contribution plan.

Premium pay means an amount of up to $13 per hour that is paid to an eligible worker, in addition to wages or remuneration the eligible worker otherwise receives, for all work performed by the eligible worker during the COVID–19 public health emergency. Such amount may not exceed $25,000 with respect to any single eligible worker. Premium pay will be considered to be in addition to wages or remuneration the eligible worker otherwise receives if, as measured on an hourly rate, the premium pay is:

(1) With regard to work that the eligible worker previously performed, pay and remuneration equal to the sum of all wages and remuneration previously received plus up to $13 per hour with no reduction, substitution, offset, or other diminishment of the eligible worker's previous, current, or prospective wages or remuneration; or

(2) With regard to work that the eligible worker continues to perform, pay of up to $13 that is in addition to the eligible worker's regular rate of wages or remuneration, with no reduction, substitution, offset, or other diminishment of the workers' current and prospective wages or remuneration.

Qualified census tract has the same meaning given in 26 U.S.C. 42(d)(5)(B)(ii)(I).

Recipient means a State, Territory, Tribal government, metropolitan city, nonentitlement unit of local government, county, or unit of general local government that receives a payment made under section 602(b) or 603(b) of the Social Security Act or transfer pursuant to section 603(c)(4) of the Social Security Act.

Reporting year means a single year or partial year within the covered period, aligned to the current fiscal year of the State or Territory during the covered period.

Secretary means the Secretary of the Treasury.

State means each of the 50 States and the District of Columbia.

Small business means a business concern or other organization that:

(1) Has no more than 500 employees, or if applicable, the size standard in number of employees established by the Administrator of the Small Business Administration for the industry in which the business concern or organization operates; and

(2) Is a small business concern as defined in section 3 of the Small Business Act (15 U.S.C. 632).

Tax revenue means revenue received from a compulsory contribution that is exacted by a government for public purposes excluding refunds and corrections and, for purposes of § 35.8, intergovernmental transfers. Tax revenue does not include payments for a special privilege granted or service rendered, employee or employer assessments and contributions to finance retirement and social insurance trust systems, or special assessments to pay for capital improvements.

Territory means the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, or American Samoa.

Tribal enterprise means a business concern:

(1) That is wholly owned by one or more Tribal governments, or by a corporation that is wholly owned by one or more Tribal governments; or

(2) That is owned in part by one or more Tribal governments, or by a corporation that is wholly owned by one or more Tribal governments, if all other owners are either United States citizens or small business concerns, as these terms are used and consistent with the definitions in 15 U.S.C. 657a(b)(2)(D).

Tribal government means the recognized governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, community, component band, or component reservation, individually identified (including parenthetically) in the list published by the Bureau of Indian Affairs on January 29, 2021, pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 5131).

Unemployment rate means the U–3 unemployment rate provided by the Bureau of Labor Statistics as part of the Local Area Unemployment Statistics program, measured as total unemployment as a percentage of the civilian labor force.

Unemployment trust fund means an unemployment trust fund established under section 904 of the Social Security Act (42 U.S.C. 1104).

Unit of general local government has the meaning given to that term in section 102(a)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(1)).

Unserved and underserved households or businesses means one or more households or businesses that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.

§ 35.4 Reservation of authority, reporting.

(a) *Reservation of authority.* Nothing in this subpart shall limit the authority of the Secretary to take action to enforce conditions or violations of law, including actions necessary to prevent evasions of this subpart.

(b) *Extensions or accelerations of timing.* The Secretary may extend or accelerate any deadline or compliance date of this subpart, including reporting requirements that implement this subpart, if the Secretary determines that such extension or acceleration is appropriate. In determining whether an extension or acceleration is appropriate, the Secretary will consider the period of time that would be extended or accelerated and how the modified timeline would facilitate compliance with this subpart.

(c) *Reporting and requests for other information.* During the covered period, recipients shall provide to the Secretary periodic reports providing detailed accounting of the uses of funds, all modifications to a State or Territory's tax revenue sources, and such other information as the Secretary may require for the administration of this section. In addition to regular reporting requirements, the Secretary may request other additional information as may be necessary or appropriate, including as may be necessary to prevent evasions of the requirements of this subpart. False statements or claims made to the Secretary may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in Federal awards or contracts, and/or any other remedy available by law.

§ 35.5 Use of funds.

(a) *In general.* A recipient may only use funds to cover costs incurred during the period beginning March 3, 2021, and ending December 31, 2024, for one or more of the purposes enumerated in sections 602(c)(1) and 603(c)(1) of the Social Security Act, as applicable, including those enumerated in section § 35.6, subject to the restrictions set forth in sections 602(c)(2) and 603(c)(2) of the Social Security Act, as applicable.

(b) *Costs incurred.* A cost shall be considered to have been incurred for purposes of paragraph (a) of this section if the recipient has incurred an obligation with respect to such cost by December 31, 2024.

(c) *Return of funds.* A recipient must return any funds not obligated by December 31, 2024, and any funds not expended to cover such obligations by December 31, 2026.

§ 35.6 Eligible uses.

(a) *In general.* Subject to §§ 35.7 and 35.8, a recipient may use funds for one or more of the purposes described in paragraphs (b) through (e) of this section

(b) *Responding to the public health emergency or its negative economic impacts.* A recipient may use funds to respond to the public health emergency or its negative economic impacts, including for one or more of the following purposes:

(1) *COVID–19 response and prevention.* Expenditures for the mitigation and prevention of COVID–19, including:

(i) Expenses related to COVID–19 vaccination programs and sites, including staffing, acquisition of equipment or supplies, facilities costs, and information technology or other administrative expenses;

(ii) COVID–19-related expenses of public hospitals, clinics, and similar facilities;

(iii) COVID–19 related expenses in congregate living facilities, including skilled nursing facilities, long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities;

(iv) Expenses of establishing temporary public medical facilities and other measures to increase COVID–19 treatment capacity, including related construction costs and other capital investments in public facilities to meet COVID–19-related operational needs;

(v) Expenses of establishing temporary public medical facilities and other measures to increase COVID–19 treatment capacity, including related construction costs and other capital investments in public facilities to meet COVID–19-related operational needs;

(vi) Costs of providing COVID–19 testing and monitoring, contact tracing, and monitoring of case trends and genomic sequencing for variants;

(vii) Emergency medical response expenses, including emergency medical transportation, related to COVID–19;

(viii) Expenses for establishing and operating public telemedicine capabilities for COVID–19-related treatment;

(ix) Expenses for communication related to COVID–19 vaccination programs and communication or enforcement by recipients of public health orders related to COVID–19;

(x) Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment;

(xi) Expenses for disinfection of public areas and other facilities in response to the COVID–19 public health emergency;

(xii) Expenses for technical assistance to local authorities or other entities on mitigation of COVID–19-related threats to public health and safety;

(xiii) Expenses for quarantining or isolation of individuals;

(xiv) Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID–19 public health precautions;

(xv) Expenses for treatment of the long-term symptoms or effects of COVID–19, including post-intensive care syndrome;

(xvi) Expenses for the improvement of ventilation systems in congregate settings, public health facilities, or other public facilities;

(xvii) Expenses related to establishing or enhancing public health data systems; and

(xviii) Mental health treatment, substance misuse treatment, and other behavioral health services.

(2) *Public health and safety staff.* Payroll and covered benefit expenses for public safety, public health, health care, human services, and similar employees to the extent that the employee's time is spent mitigating or responding to the COVID–19 public health emergency.

(3) *Hiring State and local government staff.* Payroll, covered benefit, and other costs associated with the recipient increasing the number of its employees up to the number of employees that it employed on January 27, 2020.

(4) *Assistance to unemployed workers.* Assistance, including job training, for individuals who want and are available for work, including those who have looked for work sometime in the past 12 months or who are employed part time but who want and are available for full-time work.

(5) *Contributions to State unemployment insurance trust funds.* Contributions to an unemployment trust fund up to the level required to restore the unemployment trust fund to its balance on January 27, 2020 or to pay back advances received under Title XII of the Social Security Act (42 U.S.C. 1321) for the payment of benefits between January 27, 2020 and May 17, 2021.

(6) *Small businesses.* Assistance to small businesses, including loans, grants, in-kind assistance, technical assistance or other services, that responds to the negative economic impacts of the COVID–19 public health emergency.

(7) *Nonprofits.* Assistance to nonprofit organizations, including loans, grants, in-kind assistance, technical assistance or other services, that responds to the negative economic impacts of the COVID–19 public health emergency.

(8) *Assistance to households.* Assistance programs, including cash assistance programs, that respond to the COVID–19 public health emergency.

(9) *Aid to impacted industries.* Aid to tourism, travel, hospitality, and other impacted industries that responds to the negative economic impacts of the COVID–19 public health emergency.

(10) *Expenses to improve efficacy of public health or economic relief programs.* Administrative costs associated with the recipient's COVID–19 public health emergency assistance programs, including services responding to the COVID–19 public health emergency or its negative economic impacts, that are not federally funded.

(11) *Survivor's benefits.* Benefits for the surviving family members of individuals who have died from COVID–19, including cash assistance to widows, widowers, or dependents of individuals who died of COVID–19.

(12) *Disproportionately impacted populations and communities.* A program, service, or other assistance that is provided in a qualified census tract, that is provided to households and populations living in a qualified census tract, that is provided by a Tribal government, or that is provided to other households, businesses, or populations disproportionately impacted by the COVID–19 public health emergency, such as:

(i) Programs or services that facilitate access to health and social services, including:

(A) Assistance accessing or applying for public benefits or services;

(B) Remediation of lead paint or other lead hazards; and

(C) Community violence intervention programs;

(ii) Programs or services that address housing insecurity, lack of affordable housing, or homelessness, including:

(A) Supportive housing or other programs or services to improve access to stable, affordable housing among individuals who are homeless;

(B) Development of affordable housing to increase supply of affordable and high-quality living units; and

(C) Housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity and to reduce concentrated areas of low economic opportunity;

(iii) Programs or services that address or mitigate the impacts of the COVID–19 public health emergency on education, including:

(A) New or expanded early learning services;

(B) Assistance to high-poverty school districts to advance equitable funding across districts and geographies; and

(C) Educational and evidence-based services to address the academic, social, emotional, and mental health needs of students; and

(iv) Programs or services that address or mitigate the impacts of the COVID–19 public health emergency on childhood health or welfare, including:

(A) New or expanded childcare;

(B) Programs to provide home visits by health professionals, parent educators, and social service professionals to individuals with young children to provide education and assistance for economic support, health needs, or child development; and

(C) Services for child welfare-involved families and foster youth to provide support and education on child development, positive parenting, coping skills, or recovery for mental health and substance use.

(c) *Providing premium pay to eligible workers.* A recipient may use funds to provide premium pay to eligible workers of the recipient who perform essential work or to provide grants to eligible employers, provided that any premium pay or grants provided under this paragraph (c) must respond to eligible workers performing essential work during the COVID–19 public health emergency. A recipient uses premium pay or grants provided under this paragraph (c) to respond to eligible workers performing essential work during the COVID–19 public health emergency if it prioritizes low- and moderate-income persons. The recipient must provide, whether for themselves or on behalf of a grantee, a written justification to the Secretary of how the premium pay or grant provided under this paragraph (c) responds to eligible workers performing essential work if the premium pay or grant would increase an eligible worker's total wages and remuneration above 150 percent of such eligible worker's residing State's average annual wage for all occupations or their residing county's average annual wage, whichever is higher.

(d) *Providing government services.* For the provision of government services to the extent of a reduction in the recipient's general revenue, calculated according to paragraphs (d)(1) and (2) of this section.

(1) *Frequency.* A recipient must calculate the reduction in its general revenue using information as-of December 31, 2020, December 31, 2021, December 31, 2022, and December 31, 2023 (each, a calculation date) and following each calculation date.

(2) *Calculation.* A reduction in a recipient's general revenue equals:

$$Max\ \{[Base\ Year\ Revenue * \ (1 + Growth\ Adjustment)^{\left(\frac{n_t}{12}\right)}] - Actual\ General\ Revenue_t; 0\}$$

Where:

Base Year Revenue is the recipient's general revenue for the most recent full fiscal year prior to the COVD–19 public health emergency;

Growth Adjustment is equal to the greater of 4.1 percent (or 0.041) and the recipient's average annual revenue growth over the three full fiscal years prior to the COVID–19 public health emergency.

n equals the number of months elapsed from the end of the base year to the calculation date.

Actual General Revenue is a recipient's actual general revenue collected during 12-month period ending on each calculation date;

Subscript *t* denotes the specific calculation date.

(e) *To make necessary investments in infrastructure.* A recipient may use funds to make investments in:

(1) *Clean Water State Revolving Fund and Drinking Water State Revolving Fund investments.* Projects or activities of the type that would be eligible under section 603(c) of the Federal Water Pollution Control Act (33 U.S.C. 1383(c)) or section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j–12); or,

(2) *Broadband.* Broadband infrastructure that is designed to provide service to unserved or underserved households and businesses and that is designed to, upon completion:

(i) Reliably meet or exceed symmetrical 100 Mbps download speed and upload speeds; or

(ii) In cases where it is not practicable, because of the excessive cost of the project or geography or topography of the area to be served by the project, to provide service meeting the standards set forth in paragraph (e)(2)(i) of this section:

(A) Reliably meet or exceed 100 Mbps download speed and between at least 20 Mbps and 100 Mbps upload speed; and

(B) Be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.

§ 35.7 Pensions.

A recipient may not use funds for deposit into any pension fund.

§ 35.8 Tax.

(a) *Restriction.* A State or Territory shall not use funds to either directly or indirectly offset a reduction in the net tax revenue of the State or Territory resulting from a covered change during the covered period.

(b) *Violation.* Treasury will consider a State or Territory to have used funds to offset a reduction in net tax revenue if, during a reporting year:

(1) *Covered change.* The State or Territory has made a covered change that, either based on a reasonable statistical methodology to isolate the impact of the covered change in actual revenue or based on projections that use reasonable assumptions and do not incorporate the effects of macroeconomic growth to reduce or increase the projected impact of the covered change, the State or Territory assesses has had or predicts to have the effect of reducing tax revenue relative to current law;

(2) *Exceeds the de minimis threshold.* The aggregate amount of the measured or predicted reductions in tax revenue caused by covered changes identified under paragraph (b)(1) of this section, in the aggregate, exceeds 1 percent of the State's or Territory's baseline;

(3) *Reduction in net tax revenue.* The State or Territory reports a reduction in net tax revenue, measured as the difference between actual tax revenue and the State's or Territory's baseline, each measured as of the end of the reporting year; and

(4) *Consideration of other changes.* The aggregate amount of measured or predicted reductions in tax revenue caused by covered changes is greater than the sum of the following, in each case, as calculated for the reporting year:

(i) The aggregate amount of the expected increases in tax revenue caused by one or more covered changes that, either based on a reasonable statistical methodology to isolate the impact of the covered change in actual revenue or based on projections that use reasonable assumptions and do not incorporate the effects of macroeconomic growth to reduce or increase the projected impact of the covered change, the State or Territory assesses has had or predicts to have the effect of increasing tax revenue; and

(ii) Reductions in spending, up to the amount of the State's or Territory's net reduction in total spending, that are in:

(A) Departments, agencies, or authorities in which the State or Territory is not using funds; and

(B) Departments, agencies, or authorities in which the State or Territory is using funds, in an amount equal to the value of the spending cuts in those departments, agencies, or authorities, minus funds used.

(c) *Amount and revenue reduction cap.* If a State or Territory is considered to be in violation pursuant to paragraph (b) of this section, the amount used in violation of paragraph (a) of this section is equal to the lesser of:

(1) The reduction in net tax revenue of the State or Territory for the reporting year, measured as the difference between the State's or Territory's baseline and its actual tax revenue, each measured as of the end of the reporting year; and,

(2) The aggregate amount of the reductions in tax revenues caused by covered changes identified in paragraph (b)(1) of this section, minus the sum of the amounts in identified in paragraphs (b)(4)(i) and (ii).

§ 35.9 Compliance with applicable laws.

A recipient must comply with all other applicable Federal statutes, regulations, and Executive orders, and a recipient shall provide for compliance with the American Rescue Plan Act, this subpart, and any interpretive guidance by other parties in any agreements it enters into with other parties relating to these funds.

§ 35.10 Recoupment.

(a) *Identification of violations*—(1) *In general.* Any amount used in violation of § 35.5, § 35.6, or § 35.7 may be identified at any time prior to December 31, 2026.

(2) *Annual reporting of amounts of violations.* On an annual basis, a recipient that is a State or Territory must calculate and report any amounts used in violation of § 35.8.

(b) *Calculation of amounts subject to recoupment*—(1) *In general.* Except as provided in paragraph (b)(2) of this section, Treasury will calculate any amounts subject to recoupment resulting from a violation of § 35.5, § 35.6, or § 35.7 as the amounts used in violation of such restrictions.

(2) *Violations of § 35.8.* Treasury will calculate any amounts subject to recoupment resulting from a violation of § 35.8, equal to the lesser of:

(i) The amount set forth in § 35.8(c); and,

(ii) The amount of funds received by such recipient.

(c) *Notice.* If Treasury calculates an amount subject to recoupment under paragraph (b) of this section, Treasury will provide the recipient a written notice of the amount subject to recoupment along with an explanation of such amounts.

(d) *Request for reconsideration.* Unless Treasury extends the time period, within 60 calendar days of receipt of a notice of recoupment provided under paragraph (c) of this section, a recipient may submit a written request to Treasury requesting reconsideration of any amounts subject to recoupment under paragraph (b) of this section. To request reconsideration of any amounts subject to recoupment, a recipient must submit to Treasury a written request that includes:

(1) An explanation of why the recipient believes all or some of the amount should not be subject to recoupment; and

(2) A discussion of supporting reasons, along with any additional information.

(e) *Final amount subject to recoupment.* Unless Treasury extends the time period, within 60 calendar days of receipt of the recipient's request for reconsideration provided pursuant to paragraph (d) of this section, the recipient will be notified of the Secretary's decision to affirm, withdraw, or modify the notice of recoupment. Such notification will include an explanation of the decision, including responses to the recipient's supporting reasons and consideration of additional information provided.

(f) *Repayment of funds.* Unless Treasury extends the time period, a recipient shall repay to the Secretary any amounts subject to recoupment in accordance with instructions provided by Treasury:

(1) Within 120 calendar days of receipt of the notice of recoupment provided under paragraph (c) of this section, in the case of a recipient that does not submit a request for reconsideration in accordance with the requirements of paragraph (d) of this section; or

(2) Within 120 calendar days of receipt of the Secretary's decision under paragraph (e) of this section, in the case of a recipient that submits a request for reconsideration in accordance with the requirements of paragraph (d) of this section.

§ 35.11 Payments to States.

(a) *In general.* With respect to any State or Territory that has an unemployment rate as of the date that it submits an initial certification for payment of funds pursuant to section 602(d)(1) of the Social Security Act that is less than two percentage points above its unemployment rate in February 2020, the Secretary will withhold 50 percent of the amount of funds allocated under section 602(b) of the Social Security Act to such State or territory until the date that is twelve months from the date such initial certification is provided to the Secretary.

(b) *Payment of withheld amount.* In order to receive the amount withheld under paragraph (a) of this section, the State or Territory must submit to the Secretary at least 30 days prior to the date referenced in paragraph (a) the following information:

(1) A certification, in the form provided by the Secretary, that such State or Territory requires the payment to carry out the activities specified in section 602(c) of the Social Security Act and will use the payment in compliance with section 602(c) of the Social Security Act; and,

(2) Any reports required to be filed by that date pursuant to this subpart that have not yet been filed.

§ 35.12 Distributions to nonentitlement units of local government and units of general local government.

(a) *Nonentitlement units of local government.* Each State or Territory that receives a payment from Treasury pursuant to section 603(b)(2)(B) of the Social Security Act shall distribute the amount of the payment to nonentitlement units of government in such State or Territory in accordance with the requirements set forth in section 603(b)(2)(C) of the Social Security Act and without offsetting any debt owed by such nonentitlement units of local governments against such payments.

(b) *Budget cap.* A State or Territory may not make a payment to a nonentitlement unit of local government pursuant to section 603(b)(2)(C) of the Social Security Act and paragraph (a) of this section in excess of the amount equal to 75 percent of the most recent budget for the nonentitlement unit of local government as of January 27, 2020. A State or Territory shall permit a nonentitlement unit of local government without a formal budget as of January 27, 2020, to provide a certification from an authorized officer of the nonentitlement unit of local government of its most recent annual expenditures as of January 27, 2020, and a State or Territory may rely on such certification for purposes of complying with this paragraph (b).

(c) *Units of general local government.* Each State or Territory that receives a payment from Treasury pursuant to section 603(b)(3)(B)(ii) of the Social Security Act, in the case of an amount to be paid to a county that is not a unit of general local government, shall distribute the amount of the payment to units of general local government within such county in accordance with the requirements set forth in section 603(b)(3)(B)(ii) of the Social Security Act and without offsetting any debt owed by such units of general local government against such payments.

(d) *Additional conditions.* A State or Territory may not place additional conditions or requirements on distributions to nonentitlement units of local government or units of general local government beyond those required by section 603 of the Social Security Act or this subpart.

Laurie Schaffer,

Acting General Counsel.

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Exhibit C:
Federal Clauses

Code of Federal Regulations

Title 2 - Grants and Agreements

Volume: 1
Date: 2014-01-01
Original Date: 2014-01-01
Title: Appendix II to Part 200 - Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
Context: Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. CHAPTER II - OFFICE OF MANAGEMENT AND BUDGET GUIDANCE. - Reserved. PART 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS.

Pt. 200, App. II

Appendix II to Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

(A) Contracts for more than the simplified acquisition threshold currently set at $150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

(B) All contracts in excess of $10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.

(C) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

(E) Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of $100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

(F) Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

(G) Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of $150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

(H) Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201).

(I) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide Excluded Parties List System in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235), "Debarment and Suspension." The Excluded Parties List System in SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

(J) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award of $100,000 or more must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

(K) See § 200.322 Procurement of recovered materials.

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY
CERTIFICATION OF FILING

Certificate Number:
2022-886375

Date Filed:
05/16/2022

Date Acknowledged:
05/24/2022

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

Catholic Charities of the Archdiocese of Galveston-Houston: Mamie George Community Center
Houston, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

Fort Bend County

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

22431 22-CoJdg-100964
Non-Profit ARPA Grant

4 Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
		Controlling	Intermediary

5 Check only if there is NO Interested Party. [X]

6 UNSWORN DECLARATION

My name is _______________________________, and my date of birth is _______________.

My address is _______________________, _______________, _______, _______________, _________.
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in ______________________County, State of ______________, on the _____day of ___________, 20_____.
(month) (year)

____
Signature of authorized agent of contracting business entity
(Declarant)