



# **NACo, NLC & TREASURY LISTENING SESSION #3:**

**Countdown to the ARPA SLFRF Obligation Deadline –  
What Local Governments Need to Know**

**December 18, 2024**

**U.S. DEPARTMENT OF THE TREASURY**

## **Educational Resource Presentation**

**December 18, 2024**

# **State and Local Fiscal Recovery Funds Overview**



# Today's agenda

- Background on SLFRF
- Recently Released 2024 Reporting Data
- Public Data Demonstration
- Obligation Guidance – Interagency Agreements (IAA) and Revenue Replacement



## State and Local Fiscal Recovery Funds (SLFRF) Program Background

- The State and Local Fiscal Recovery Funds (SLFRF) program, authorized by the historic American Rescue Plan, allocated \$350 billion to states, territories, localities, and Tribal governments to respond to the COVID-19 pandemic and build a strong, resilient, and equitable recovery. Metropolitan cities were allocated \$45.6 billion and non-entitlement units of local government were allocated \$19.5 billion.
- Treasury has disbursed 99.99% of SLFRF funds to more than 30,000 recipients.
- Funds used for pandemic recovery, fiscal management and future-looking initiatives
  - Recipients used funds to respond to acute public health and negative economic impacts of the pandemic
  - Recipients also laid the foundation for future prosperity through investments in affordable housing, workforce development, infrastructure, and small businesses
- Recipients choose how to spend the funds on eligible uses
  - Additional information—including on the 7 eligible uses—at [Treasury.gov/SLFRF](https://www.treasury.gov/SLFRF)



# Topline Findings: Q2 Reporting Cycle

- **As of June 30, 2024:**
  - States and the largest cities and counties have reported budgeting **95%** of their total SLFRF funds to specific projects, with the total number of reported projects growing **7%** since the previous reporting period.
  - SLFRF recipients reported **\$353 billion** in lost revenue resulting from the pandemic.
  - More than **22,200 participating governments** reported that they are budgeting nearly **\$136 billion in SLFRF funds** to help replace this lost revenue, funding more than **83,000 projects** to provide fiscal stability in their jurisdictions.



# Q2 2024 SLFRF Data

## 1. Investing in Housing



**\$19.3 billion** budgeted for over **3,100** fiscal recovery projects focused on housing, a **0.8%** decrease since the last reporting period for quarterly reporters.

## 2. Supporting Workers



Over **3,100** individual projects and **\$13.4 billion** dedicated to worker support and premium pay to over **1.4 million** workers for quarterly reporters.

### State and Local Fiscal Recovery Funds (SLFRF)

provided under President Biden's American Rescue Plan Act continue to play a crucial role in allowing state, local, Tribal, and territorial governments to stabilize their budgets, respond to the pandemic, and invest in their communities.

View this page for key highlights, which are also available through the summary blog and the two year ARP anniversary report.

[July 2024 Summary Blog](#)

[ARP 2-Year Anniversary Report](#)

[Download July 2024 Dataset](#)

[Download Previous Datasets](#)

## 3. Stimulating Economic Growth Through Small Businesses



Over **1,400** small business projects with over **\$5 billion** budgeted for quarterly reporters.

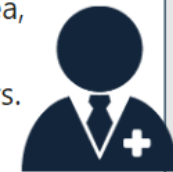
## 4. Making Transformative Investments in Key Infrastructure



Over **1,200** governments pursuing over **13,000** infrastructure projects, budgeting over **\$34.7 billion**. An increase of **2.5%** since the last reporting period for quarterly reporters.

## 5. Responding to Public Health Needs

More than **1,100** governments are undertaking over **5,500** individual projects in this area, budgeting more than **\$11.4 billion** for quarterly reporters.



# Data Dashboard Demonstration





# What is an obligation?

- Statutory requirement that SLFRF funds may only be used to cover costs incurred by December 31, 2024; a cost is considered incurred if a recipient has incurred an obligation by that date.
- All recipients must expend their SLFRF funds by December 31, 2026, except for Surface Transportation and Title I projects, which have an earlier deadline of September 30, 2026.

## An obligation is:

- 1. An order placed for property and services and entry into contracts, subawards, and similar transactions that require payment, which may include:**
  - An order placed for property or services
  - Contract
  - Subaward
  - Similar transactions that require payment, which may include:
    - Certain interagency agreements (including MOUs) (see **FAQ 17.6**)
    - Under certain circumstances, payroll expenses for recipients' employees (see **FAQ 17.7**)
- 2. A requirement under federal law or regulation or a provision of the SLFRF award terms and conditions to which the recipient becomes subject as a result of receiving or expending SLFRF funds.**

Treasury released FAQs to provide additional clarifications on these items in

FAQs Section 17: <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf>





## An obligation is NOT:

- An adopted budget or budget amendment
- An appropriation of SLFRF funds
- An executive order
- A resolution
- A written or oral intention to enter into a contract
- A grant of legal authority to enter into a contract
- Claiming funds under the revenue loss category
- Moving SLFRF funds to a general fund as revenue loss but not further establishing an obligation with those funds by 12/31/24



## Does an interagency agreement (IAA) count as an obligation?

- **Yes**, if it meets certain conditions.
- An interagency agreement finalized by 12/31/2024 can be used to obligate funds that a government agency will expend in 2025 and 2026.
- Eligible agreements include memoranda of understanding (MOU) or agreement (MOA). The agreement must meet these conditions:

<u>ONE</u> requirement from Column A:	<u>ALL</u> requirements from Column B:
Imposes conditions on the use of funds by recipient agency, department, or part of government	Has specific requirements (e.g., scope of work)
Governs provision of funds from one agency, department, or part of government to another	Is signed by the parties or evidences assent of parties
Governs the procurement of goods or services	Does not disclaim binding effect or state that it doesn't create rights or obligations

- See **FAQ 17.6** for more information.



## Aren't revenue loss funds automatically obligated?

- **NO.** See **FAQ 17.15.**
- All SLFRF funds under any eligible use category are subject to the obligation requirements – including funds used under the revenue loss category.
- This means that, when a recipient uses funds to provide government services, those funds must be obligated via one of the pathways discussed on the earlier slide.
- **Neither electing the standard allowance, nor reporting calculated revenue loss, establishes an obligation for those funds.**
- Recipients must report revenue loss projects to Treasury through a two-step process.

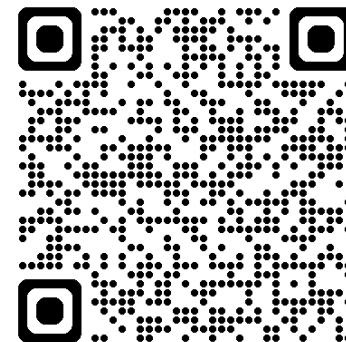


# How do I report revenue loss projects as obligated?

- **STEP ONE: Report claimed revenue loss.**
  - Elect either \$10 million Standard Allowance, up to award amount, or calculate revenue loss according to formula in 2022 Final Rule.
- **STEP TWO: Report projects under expenditure category 6.**

These projects must include:

  - Amount of SLFRF funds budgeted (if applicable), obligated, and expended for that specific project
  - Project description that summarizes the project in sufficient detail to provide an understanding of the major activities that will occur.
  - *If the project is reported under a different expenditure category, Treasury will not consider the project to be under the Revenue Loss eligible use category, and the project will be subject to more detailed reporting and other requirements.*



## Example Error: Failure to Report Revenue Loss Obligations

### Overview

Total Obligations	\$0.00
Total Expenditures	\$0.00
Total Adopted Budget	\$0.00
Total Number of Projects	
Total Number of Subawards	0
Total Number of Expenditures	0

Have you expended \$750,000 or more in federal award funds during your most recently completed fiscal year?	Yes
Have you submitted a single audit or program specific audit report to the Federal Audit Clearinghouse (FAC)?	Yes

### Revenue Replacement

Is your jurisdiction electing to use the standard allowance of up to \$10 million, not to exceed your total award allocation, for identifying revenue loss?	Yes
Revenue Loss Due to Covid-19 Public Health Emergency	\$10,000,000.00
Were Fiscal Recovery Funds used to make a deposit into a pension fund?	No
Please provide an explanation of how revenue replacement funds were allocated to government services	<b>[Description of project recipient plans to use funds for]</b>

## When can I correct a reporting issue?

- You may update your report during the next reporting cycle.
- The final chance to report obligations made by the obligation deadline will be in the report submitted between:
  - January 1 – January 31, 2025 for quarterly reporters
  - April 1 - April 30, 2025 for annual reporters
- **Please remember that the report is cumulative.** The Q4 2024 or fourth annual report (as the case may be) must include all obligations and expenditures from earlier in the SLFRF period of performance. If you failed to correctly report earlier obligations and expenditures, you can do so in the upcoming report.



# Thank you.



**For More Information about SLFRF:**

Please visit Treasury's State & Local website at [www.treasury.gov/SLFRF](http://www.treasury.gov/SLFRF)

**To share your stories:**

Please email [SLFRFstories@treasury.gov](mailto:SLFRFstories@treasury.gov)

**For Media Inquiries:**

Please contact the U.S. Treasury Press Office at (202) 622-2960

**For General Inquiries:**

Please email [SLFRF@treasury.gov](mailto:SLFRF@treasury.gov)





# FAQs



## What is the definition of an obligation?

### 2021 ADOPTED RULE

1. An order placed for property and services and entry into contracts, subawards and similar transactions that require payment

### 2023 ADOPTED RULE

2. If your county received/spent SLFRF funds, you must comply with the federal SLFRF obligation requirements by Dec. 31, 2024

### FAQ CLARIFICATION

1. Treasury considers an interagency agreement meeting certain conditions (i.e. payments similar to contract or subaward) an obligation

### FAQ CLARIFICATION

1. An obligation can include eligible personnel costs for positions that were established prior to Dec. 31, 2024

## What does the December 31, 2024 obligation deadline mean? Do I have to spend all my funds by the deadline?

- Under ARPA, the SLFRF obligation deadline is the date by which local government must have invested, encumbered, or contracted their designated funds.
- While cities/counties have until December 31, 2026, to complete spending, any funds uncommitted by December 31, 2024, must be given back to Treasury, reducing a city/county's overall ARPA allocation amount and potential impact on local communities.

# FAQs



## What is not considered an obligation?

- Adopted budget or budget amendment
- Appropriation of SLFRF funds
- Executive order
- Resolution
- Written or oral intention to enter a contract
- Grant of legal authority to enter a contract
- Claiming funds under the revenue loss category
- **Moving SLFRF dollars to a general fund as revenue loss but not further establishing an obligation with those funds by 12/31/24**

# FAQs



## **What if I claimed the \$10 million revenue loss standard allowance? Does that mean my ARPA funds are already obligated, and I don't need to do anything?**

- No. You need to ensure the ARPA dollars are in a contract, interagency agreements, used for personnel costs or cover purchase orders, contracts and similar transactions.
- Ensure you have those documents as your local government can be audited for up to 5 years after ARPA concludes.

# FAQs



## Am I allowed to use ARPA dollars for the non-federal matching requirements?

- Yes. Under certain circumstances, you can use ARPA dollars to satisfy the non-federal matching requirements:
  - Revenue loss –You are able to use these types of funds for non-federal match EXCEPT for Medicaid and the Children’s Health Insurance Program (CHIP)
  - Certain projects under IIJA
  - Title I projects (under CDBG)
  - Certain surface transportations projects (INFRA Grants, Fixed Guideway Capital Investment Grants, Mega Grants, TIFIA loan)

# FAQs



## The person who was the Authorized Representative/Point of Contact for ARPA left my city/county. How do I change the Authorized Representative/Point of Contact, so that I can manage our ARPA funds?

- If your ARPA Authorized Representative has left your city/county, you are able to change the roles in your ARPA portal.
- Ensure you have an account on ID.me or Login.gov and verify your postal code
- You will be taken to a landing page where you are able to update the roles as needed
- If you do not have your account identifier (required to update roles), you will need to email Treasury at [COVIDReliefITSupport@treasury.gov](mailto:COVIDReliefITSupport@treasury.gov) – Make sure to mention “Account Identifier” in the subject line of the email

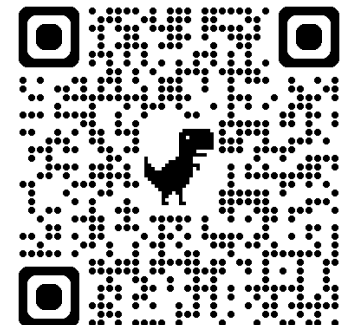
# FAQs



## Can I use ARPA dollars for personnel costs after the Dec. 31, 2024 obligation deadline?

- Yes. You must estimate the amount that you anticipate to use toward personnel costs through the expenditure period and report that estimate to Treasury.
  - Deadline for quarterly reporters to send estimates is January 31, 2025
  - Deadline for annual reporters to send estimates is April 30, 2025
- Personnel costs include all salary and wages, covered benefits and payroll taxes.
- You are only allowed to use ARPA funds to cover personnel costs for **ELIGIBLE** employees under Treasury’s guidance.

*Scan to QR code and go to FAQ #2.12 (pg. 11) to see what are eligible positions*





# FAQs



## What do I have to do to ensure my ARPA funds are obligated if we are using it for personnel costs?

- There are two primary ways to ensure your funds are obligated for personnel costs:
  - FAQ 17.7 – You DO NOT need an interagency agreement. Your estimate for personnel costs is considered an obligation, which will be reported to Treasury in the future (date dependent on your reporting tier).
    - NOTE: Any personnel you are covering, their position MUST be established prior to 12/31/2024.
  - FAQ 17.6 – If you decide to create an interagency agreement, you should submit the account agreed upon in your next Project & Expenditure Report.
  - Revenue replacement – Recipients should enter a project description summarizing personnel costs covered with ARPA dollars

# FAQs



## Does the obligation deadline apply to subrecipients?

- No. Subrecipients are not subject to the December 31, 2024, obligation deadline. The obligation deadline applies **ONLY** to the recipient of SLFRF funds.

# FAQs



## What if my city/county obligates all its funds by the Dec. 31, 2024 deadline, but we end up having an excess amount after the obligation period? What do we do with the extra ARPA dollars?

- If your city/county already obligated ARPA funds by the Dec. 31, 2024 deadline, but have excess in the future, you may reclassify the SLFRF funds from the original activity to another project that is eligible under Treasury’s guidance.
- If you decided to reclassify, the costs must have been incurred BEFORE Dec. 31, 2024.

# FAQs



## I received an email from Treasury saying that my city/county hasn't obligated our ARPA dollars, but we have. Can I update an old report to reflect our obligations?

- Yes. Follow the below steps:
  - **Access the portal:** Log in to the Treasury portal using Login.gov or ID.me.
  - **Locate the report:** Once logged in, navigate to the specific ARPA report you need to update – Click the “Edit” button.
  - **Edit the information:** Within the report, find the fields that require correction and update them accordingly.
  - HOWEVER, do **NOT** update your report until your assigned reporting deadline – *Jan. 31, 2025 or April 30, 2025.*

**KEY REMINDER:** If your city/county claimed the \$10 million revenue loss standard allowance, you **MUST** mark **6.1 – Revenue Replacement** on your Project & Expenditure Report and provide a description about how you invested your ARPA dollars in order for your funds to be obligated

# FAQs



## Can I change projects, even if I've already reported obligations on another project?

- Yes, you can change projects up until the 12/31 obligation deadline. You will report these changes in your next report to Treasury with the proof of obligation.
- After the 12/31, obligation deadline, a city/county may have excess funds that were obligated by the deadline but NOT expended on an activity
- In this case, the city/county **may reclassify SLFRF funds from the original activity to another eligible SLFRF program, so long as the municipality had incurred an obligation for the project by Dec. 31, 2024**

# FAQs



## Do you have an Interagency Agreement Template I can reference?

- Yes. Scan the QR code to view the Interagency Agreement Template.
- If there are other templates that would be helpful to you, please put them in the chat.



# FAQs



## I've spent all my funds, how do I close out?

- Closeout for the SLFRF program is not yet available.
- Watch the Closeout Corner section of the SLFRF newsletter for more information over the coming weeks.



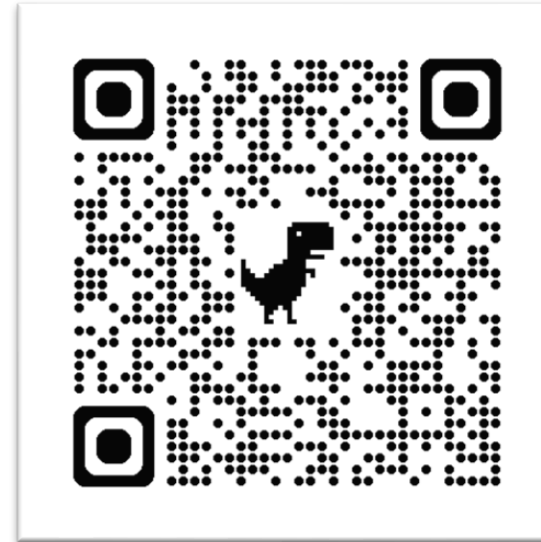
*Scan the QR code to go to Treasury's landing page and sign up for their ARPA newsletter*



# RESOURCES



*Scan the QR code for NLC, NACo and Brookings ARPA Investment Tracker*



*Scan the QR code for NACo's ARPA Resource Hub*

# KEY UPCOMING DEADLINES



- **December 31, 2024** – Obligation deadline for ALL cities and counties
- **January 31, 2025** – Submit estimated SLFRF fund expenditures to Treasury (Quarterly reporters)
  - This report will indicate any funds that will have to be returned to Treasury (if not obligated by Dec. 2024)
- **April 30, 2025** – Submit estimated SLFRF fund expenditures to Treasury (Annual reporters)
  - This report will indicate any funds that will have to be returned to Treasury (if not obligated by Dec. 2024)
- **December 31, 2026** – Expenditure deadline for ALL cities and counties



*Scan the QR code to read the April 2024 Project & Expenditure Report guidance*



DEPARTMENT OF THE TREASURY

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