

# Bloomberg Federal Assistance e311 Session: **Strategies for Obligating SLFRF**

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September 17, 2024

# Agenda

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1. Treasury Q&A and impact examples
2. Strategy overview
  - Revenue replacement
  - Interagency agreements
3. City perspective
4. Q&A

# Treasury Q&A and impact examples



**Mira Patel, U.S. Department of Treasury**  
*Director of Strategic Partnerships*



**James Bond, U.S. Department of Treasury**  
*Policy Advisor*



**Arianna Wooten, U.S. Department of Treasury**

U.S. DEPARTMENT OF THE TREASURY

## Educational Resource Presentation

September 17, 2024

# State and Local Fiscal Recovery Funds Overview



# Today's agenda

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



## 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)



# Q1 2024 SLFRF Data

## 1. Investing in Housing



**\$19.6 billion** budgeted for over **3,300** fiscal recovery projects focused on housing, a **3%** increase since the last reporting period.

## 2. Supporting Workers



Over **4,400** individual projects and **\$13.1 billion** dedicated to worker support and premium pay to nearly **1.5 million** workers.

### 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.

[April 2024 Summary Blog](#)

[ARP 2-Year Anniversary Report](#)

[Download April 2024 Dataset](#)

[Download Previous Datasets](#)

## 3. Stimulating Economic Growth Through Small Businesses



Over **1,700** small business projects with over **\$5 billion** budgeted.

## 4. Making Transformative Investments in Key Infrastructure



Over **3,500** governments pursuing **16,000** infrastructure projects, budgeting over **\$34.6 billion**. An increase of **4%** since the last reporting period.

## 5. Responding to Public Health Needs

More than **1,700** governments are undertaking over **6,700** individual projects in this area, budgeting more than **\$11.8 billion**.



# 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



## 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 slide 7.
- If a recipient is utilizing revenue loss to pay for government services, the recipient must report the use as project(s) under expenditure category 6.1.
- Recipients must enter a project description for any project entered under 6.1. Revenue loss project descriptions must summarize the project in sufficient detail to provide an understanding of the major activities that will occur. Descriptions should establish what the project seeks to accomplish and should include enough information to make clear how the recipient determined the project's eligibility.

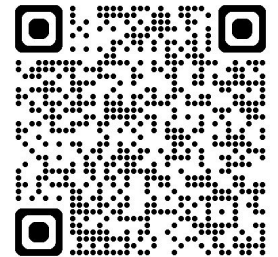


## Does an interagency agreement (IAA) count as an obligation?

- **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.



# Check out the Affordable Housing How-To Guide

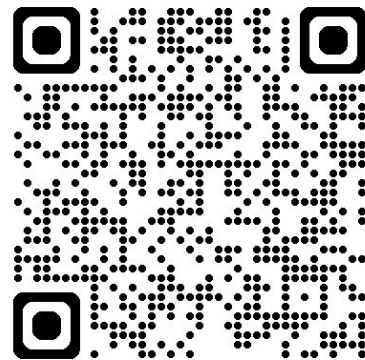
Find it on our website at [www.Treasury.gov/SLFRF](https://www.treasury.gov/SLFRF)

Scroll to the “News & Program Updates” column, then look under “June 2024” header

Or visit:

<https://home.treasury.gov/system/files/136/Affordable-Housing-How-To-Guide.pdf>

Or scan the QR code located on this slide:



The cover of the guide features a dark blue background. At the top left is the U.S. Department of the Treasury seal. The title "AFFORDABLE HOUSING HOW-TO GUIDE" is prominently displayed in white, bold, uppercase letters. Below the title, the subtitle "How to Use State and Local Fiscal Recovery Funds for Affordable Housing Production and Preservation" is written in a smaller white font. At the bottom, logos for the U.S. Department of Housing and Urban Development and the USDA are shown, along with the text "In partnership with the U.S. Department of Housing and Urban Development and the U.S. Department of Agriculture". The date "Updated June 2024" is printed at the very bottom.

Updated June 2024

# Braiding SLFRF and ERA Funds

## Affordable Housing Development

- St. Petersburg, Florida plans to use both its ERA and SLFRF funds toward the construction of a 75-unit affordable housing development named Burlington Post II.

## Extending Eviction Prevention with SLFRF

- The State of New Jersey has spent over \$800 million in ERA funds and has committed an additional \$790 million through its SLFRF award, to bring rental and utility assistance to eligible renters. The State is also using its SLFRF resources to fund an Office of Eviction Prevention to provide services supporting housing stability and helping households avoid eviction. Over 24,000 households across the state are being assisted.
- The State of Oregon has supplemented its ERA funding with \$100 million of its SLFRF funding, as well as state funds, to operate the Eviction Prevention Rapid Response Program, which provides rapid financial assistance to prevent eviction and homelessness.

See **Housing Stability and Supply Playbook**: <https://home.treasury.gov/system/files/136/ORPHousingStabilityandSupply.pdf>



# Q&A



# SLFRF Resource Toolkit





# SLFRF Resource Toolkit (Fundamental Resources)

- [SLFRF Home Page](#)
- [SLFRF FAQs](#)
  - Notable sections: 2.14 (affordable housing), 17.1-17.23 (obligation), 17.6 (interagency agreements)
  - NEU-specific: section 7 (NEU FAQs), 11.6 (NEUs and the Portal), 17.4 (obligation)
- [2022 Final Rule](#) and [Overview of the 2022 Final Rule](#)
- [Obligation Interim Final Rule](#) and [Obligation Interim Final Rule Quick Reference Guide](#)
- [Compliance and Reporting Guidance](#)
- [Project and Expenditure Report User Guide \(July\)](#)
- [SLFRF Self-Services Resources](#)



# SLFRF Resource Toolkit (Understanding Obligations)

- [Updated FAQs on Obligations Webinar](#) and [slide deck](#)
- [SLFRF Educational Session for Obligating Funds \(NACo / RFA / Treasury\)](#)
- Revenue Replacement:
  - [2022 Overview of the Final Rule](#) pp. 9-11
  - [SLFRF FAQs](#) pp. 23-30
- Inter-Agency Agreements:
  - [SLFRF FAQs](#) section 17.6, pp. 95-96
  - [Interagency Agreement Quick Reference Guide](#)



## SLFRF Resource Toolkit (Project Expenditure Best Practices)

- [Interagency Agreement Quick Reference Guide](#)
- [Updated Affordable Housing How-To Guide](#)
- [Playbook: Workforce Investments that Work](#)
- [Equity and Community Engagement Presentation](#)
- [SLFRF Equity and Outcomes Resource Guide](#)



## SLFRF Resource Toolkit (Treasury Portal Support)

- [Project and Expenditure Simplified Reporting](#)
- [How to Fix Expenditures](#)
- [How to Fix Obligations](#)
- [Obligating and Expending All Funds](#)
- [Troubleshooting When Unable to Lock Projects](#)
- [SLFRF Self-Services Resources Sections 2-5](#)
- [Special Edition June SLFRF NewsFlash: Updating User Roles](#)



# Thank you.



**For More Information about SLFRF:**

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



**Strategy  
Overview:  
Revenue  
Replacement and  
Interagency  
Agreements**



**John Hageman, Hagerty Consulting**  
*Deputy Director  
Former Chief of Staff, City of Detroit Office of the  
Chief Financial Officer*

# Strategy Overview

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- Revenue Replacement
- Interagency Agreements (IA)

## Revenue Replacement – Overview

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- Recipients may use funds to replace lost public sector revenue, using this funding to **provide government services** up to the amount of revenue lost due to the pandemic
- Option to select between a standard amount of revenue loss (\$10 million) or complete a full revenue loss calculation of revenue lost due to the COVID-19 public health emergency
- Includes any service traditionally provided by a government unless Treasury has stated otherwise



# Why Use Revenue Replacement?


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- ✓ **Broadest eligibility standard for use of funds**
- ✓ **Simplified reporting and compliance requirements:**
  - Only a subset of the requirements in Subparts D and E of the Uniform Guidance apply
  - Does not give rise to subawards (SLFRF FAQ 13.14)
  - Procurement standards (2 CFR 200.317 – 200.327) do not apply
  - Program income requirements (2 CFR 200.307) do not apply
  - Property standards (2 CFR 200.310 – 200.316) do not apply
  - NEPA and Davis-Bacon Act requirements do not apply
- ✓ **Generally, may be used to meet the non-federal cost-share or matching requirements of other federal programs (with exceptions)**

# Using Revenue Replacement to Obligate Funds

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## Obligation Strategies

 Consider existing projects that may be better classified under EC 6, especially if your revenue loss amount has increased since original allocations occurred

Including those with **program income**

Including those with **subrecipients and contractors**

 If available, use revenue loss for projects where **procurements are delayed or needed after 12/31/24**

 Evaluate project performance and consider **reallocating projected excess funds to projections under EC 6**

## Action Items

 Conduct project reviews now to identify risks and **create an obligation plan**

 **Ensure revenue loss funds are obligated by 12/31/24**

# Interagency Agreements (IAAs) – Overview

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- Agreement with an agency, department, or part of government
- Treasury considers an IAA, including MOUs/MOAs, to constitute a “*transaction requiring payment*,” similar to a contract or subaward, and therefore, an obligation (SLFRF FAQ 17.6)

The agreement must meet:

## ONE of the following conditions:

- ✓ Imposes conditions on the recipient agency, department, or part of government
- ✓ Governs the provision of funds from one agency, department, or part of government to another
- ✓ Governs the procurement of goods or services

## And ALL of the following:

- ✓ Has specific requirements (e.g., scope of work)
- ✓ Is signed by the parties or evidences assent of parties
- ✓ Does not disclaim binding effect or state that it doesn't create rights or obligations

# Why Use Interagency Agreements (IAAs)?




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- ✓ Treasury example FAQ 17.6
- ✓ Can choose to treat that unit of government **as a subrecipient** (must provide UEI if so) **or as a part of the recipient government**
- ✓ Only need to report estimates for personnel and certain legal and administrative costs **if not already obligated through a subaward, contract, or IAA**
- ✓ Because the IAA is an obligation, **the obligation deadline is met through establishing the IAA**
  - ➡ *That entity can then enter into subawards and contracts*



# Using Interagency Agreements to Obligate Funds

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## Obligation Strategies

-  Consider using IAAs to obligate **internal costs** (both personnel and certain legal and administrative costs)
-  Consider reviewing **existing subaward relationships** with units of your government to determine if an interagency agreement may be feasible or advisable to minimize administrative burden
-  Use IAAs to obligate costs for projects that may be behind or delayed due to unforeseen circumstances or **where procurement is pending**

## Action Items

-  **Modify or supplement existing MOUs/MOAs/IAAs** to ensure they meet the requirements described in SLFRF FAQ 17.6 and **enter into new MOUs/MOAs/IAAs before 12/31/24**
-  Ensure agreements **delineate roles and responsibilities** related to project activities and grant administration

## City perspective



**Elizabeth Goltry, Wichita, KS**  
*Budget officer, City of Wichita*

**Nikki Babcock, Wichita, KS**  
*Controller, City of Wichita*

## Obligation Final Countdown Goals

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- Stay true to your program's goals and objectives and the purpose of the ARPA SLFRF program
- Direct funds to one-time uses
- Leverage revenue replacement calculation
- Partner with external agencies to obligate funding
- Identify projects for cash financing
- Keep an eye on your governing body calendar and build in time for contract review

## Ideas for obligating funds

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- University Public Service Organizations
- Community Foundations
- Community Partners
- Cash-funded capital/maintenance projects



# University Public Service Organizations

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- Research universities have experience with federal grant management
- Wichita Examples:
  - WSU CEI – Violence Interrupters, Healthy Corner Store Initiative
  - Subrecipient/Contractor relationship
- Obligation occurs when you contract with the university
- Can provide capacity and an expanded timeline in cases where project objectives stretch your team
- *Resource: [www.cuspo.org](http://www.cuspo.org)*

# Community Foundations

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- Skilled at managing the distribution of funding with specific goals or guidelines
- Example: Wichita Foundation – Assistance to impacted non-profits
- Obligation occurs when you contract with the foundation
- The foundation advertises the opportunity, reviews applications, and distributes funding

# Community Partners

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- Inventory cases where you have community partners that have provided services in the past
- Examples that tie to UST and Wichita objectives, but in 6.1:
  - Child Advocacy Center expansion
  - HumanKind emergency winter shelter operations
- Obligation occurs when you contract with the community partner
- Outside partners could be in various areas, such as arts and culture, crime prevention, affordable housing, and addiction prevention/treatment

## Cash Finance Existing Projects

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- Goal: Direct funding to one-time uses
- Time horizon: Obligated from 3/11/21 to 12/31/24
- Cash-fund projects to free up funding for future maintenance, renewal, and replacement needs
- Ideas: IT equipment replacement, fleet replacement, facility enhancements, contracted street maintenance

# Questions



**Matthew Hanson, Witt O'Brien's**  
*Associate Managing Director*  
*Former Statewide Grant Administrator, State of Arizona*