

Bloomberg Federal Assistance e311 Session: **SLFRF obligation strategies and Q&A**

November 11, 2024

Agenda

1. Treasury presentation
2. City perspective
3. Strategies presentation
4. City Q&A

Treasury presentation



Vero Soto, U.S. Department of Treasury
*Director, State and Local Fiscal Recovery Funds
Program/Local Assistance and Tribal Consistency Fund*



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Director of Strategic Partnerships



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Policy Advisor

U.S. DEPARTMENT OF THE TREASURY

Educational Resource Presentation

November 12, 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)



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.

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.

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](#)

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>



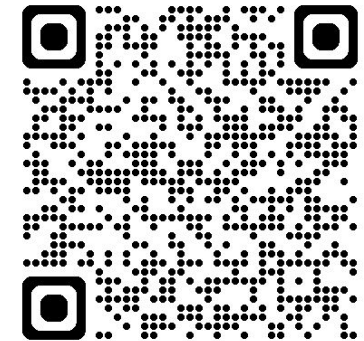
An obligation is NOT:

- 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



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.

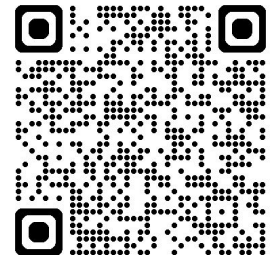


Does an interagency agreement (IAA) count as an obligation?

- **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.



Thank you.



For More Information about SLFRF:

Please visit Treasury's State & Local website at www.treasury.gov/SLFRF

To share your stories:

Please email 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



City perspective



Candice Hill, St. Clair, AL
*Retail & Marketing Specialist, St. Clair
County*

Grants Resource Center

- EDC History: Supporting St. Clair County's economic growth through strategic planning.
- New 2024-2029 Goal: Grant Resource Center to assist municipalities in managing federal funds.
- Federal Funding Support: Partnership with Witt O'Brien's to provide guidance for ARPA SLFRF funds, crucial for municipalities new to federal funding.
- Leveraging BIL Funding: Pursuing infrastructure and large-scale projects in alignment with our strategic plan.

Our Process

- Needs Assessment & Compliance Assessment: Custom policy guidance, compliance support for municipalities.
- Simplified Compliance: Suggested streamlined payroll allocations for municipalities receiving under \$10M.
- Addressing Procurement Challenges: EDC-led consolidated procurement support.
- Building Federal Funding Experience: ARPA grants as a foundation for future opportunities under BIL.

SLFRF Strategies



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

Obligation Strategies

- ❖ Maximize time remaining
- ❖ Leverage existing programs/initiatives (*i.e.*, Affordable Housing)
- ❖ “Mine existing applications/data”
- ❖ Utilize administrative and programmatic flexibility provided by Treasury
- ❖ Look for fiscal agents and safe harbors
- ❖ Be strategic but realistic

Key Obligation Reminders

- ❖ Follow the Guidance
- ❖ Reporting obligations vs. documenting obligations
- ❖ Revenue Loss/Provision of Government Services Funds also need to be obligated
- ❖ Partnerships are key (both internal and external)
 - Who can actually execute
- ❖ Don't overthink Interagency Agreement approach
- ❖ Plan for the future

City Q&A



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Associate Managing Director
Former Statewide Grant Administrator, State of Arizona