

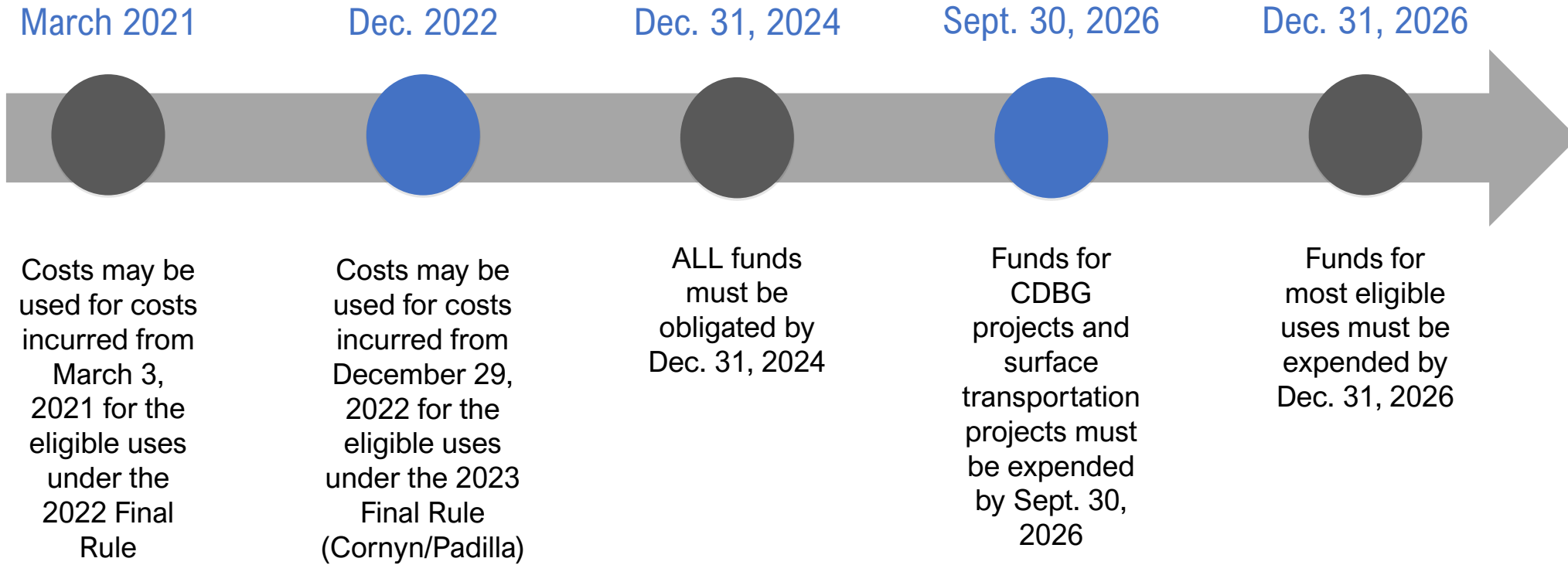


NACo LISTENING SESSION:

ARPA State and Local Fiscal Recovery Fund Obligation Updates and Reporting Requirements

April 12, 2024

TIMELINE FOR USE OF SLFRF FUNDS



SUMMARY OF TREASURY FAQs



On March 29, Treasury released new obligation FAQs to address counties and other recipients' questions about the November Obligation IFR and provide additional clarification and guidance.

Major wins for counties include:

- Counties may use SLFRF funds for personnel costs for **any eligible position through December 31, 2026, that was filed prior to December 31, 2024**
- If a county decides to use SLFRF funds for personnel costs, **it is required to collect information and report this to Treasury** by either January 31, 2025 (for quarterly ARPA report filers) and April 30, 2025 (annual ARPA report filers)
- Subrecipients are **NOT** subject to the December 31, 2024 obligation deadline
- After the December 31, 2024, obligation deadline, counties have the option to reclassify excess funds from one eligible project to another one

TREASURY'S NEW
OBLIGATION FAQs
INCORPORATE
FEEDBACK PROVIDED
BY NACo AND OFFER
INSIGHT INTO
PERSONNEL COSTS,
REVENUE LOSS AND
EXCESS FUNDS

OBLIGATION DEFINITION



Treasury provides two separate definitions of 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

PERSONNEL COSTS



Key updates to obligations for personnel costs:

- Counties may use SLFRF funds for personnel costs for **any eligible position through Dec. 31, 2026, that was filed prior to Dec. 31, 2024**
- Personnel costs include:
 - Salary and wages
 - Covered benefits
 - Payroll taxes
- Counties can reorganize positions and continue to cover personnel costs, so long as the positions were established prior to Dec. 31, 2024
- Funds **MAY NOT** be used to cover any new positions after Dec. 31, 2024
- Counties should estimate the amount of SLFRF funds they will use for personnel costs

Example 1: If there is turnover in personnel, a county may continue to pay different personnel in the same job position

Example 2: Counties can reorganize positions within eligible SLFRF uses after Dec. 31, 2024, but cannot add new positions

Example 3: If a county has reported 10 job training specialist positions by Dec. 31, 2024, it may use the funds to cover payroll for one of those training specialists who is promoted

PERSONNEL COSTS



If a county decides to use SLFRF funds for personnel costs, it is required to complete the following steps:

1. Estimate the amount of SLFRF funds the county anticipates using for personnel costs
2. Identify a reasonable justification for the estimate
3. Report that estimate to Treasury by January 31, 2025 (quarterly reporters) and April 30, 2025 (annual reporters)
4. Report on December 31, 2026, how much was actually spent on personnel costs – *if the county does not spend up to the full estimate, you will not be required to return the remainder of the SLFRF funds so long as they are expended for another SLFRF eligible purpose*

TREASURY WILL
PROVIDE ADDITIONAL
GUIDANCE FOR HOW
PERSONNEL COSTS
SHOULD BE
REPORTED IN FUTURE
P&E REPORTS

LEGAL & ADMINISTRATIVE COSTS



In order to comply with federal SLFRF requirements, counties can use funds to cover these costs:

- Reporting and compliance costs
- Single Audit costs
- Record retention and internal control requirements
- Environmental requirements (NEPA)
- Civil rights and nondiscrimination requirements
- Subrecipient monitoring
 - Access to information
 - Communication of responsibilities
 - Processing and correcting invoices

LEGAL &
ADMINISTRATIVE
ESTIMATES DUE TO
TREASURY BY JANUARY
31, 2025 (QUARTERLY
REPORTERS) AND APRIL
30, 2025 (ANNUAL
REPORTERS)

REVENUE LOSS



Revenue loss dollars are subject to the obligation requirements:

- All revenue loss dollars must be **obligated by Dec. 31, 2024 and expended by Dec. 31, 2026**
- Under the revenue loss category, **counties can still use funds for general government services**
- Counties that use SLFRF funds for revenue loss, satisfy the obligation requirements by:
 - Contracts, orders
 - Personnel costs
 - Federal SLFRF requirements
 - Subrecipient agreements DO NOT exist under revenue loss category

ALL REVENUE
LOSS DOLLARS
MUST BE
OBLIGATED BY
DEC. 31, 2024,
AND EXPENDED
BY DEC. 31, 2026

PROGRAM INCOME



Counties are allowed to add program income earned from SLFRF funds to their overall award.

Key items to note:

- Program income can be earned between Dec. 31, 2024 to Dec. 31, 2026
- Counties can use program income in the following ways:
 1. Cover costs for any eligible SLFRF use if incurred by Dec. 31, 2024 (i.e. local workforce training program that the county had been funding with local funds)
 2. Pay for permissible upward cost adjustments in contracts or subawards (or replacement contracts/subawards)
 3. Cover expenses that are necessary to meet certain legal and administrative requirements
 4. Cover personnel costs obligated by Dec. 31, 2024

COUNTIES CAN
USE PROGRAM
INCOME ON
COSTS INCURRED
BY DEC. 31, 2024
IN FOUR
DIFFERENT WAYS

RECLASSIFYING FUNDS



Under the new FAQs, counties can reclassify excess funds to other eligible uses.

- After the Dec. 31, 2024, obligation deadline, a county may have excess funds that were obligated by the deadline but NOT expended on an activity
- In this case, the county may reclassify SLFRF funds from the original activity to another eligible SLFRF program, so long as the county had incurred an obligation for the project by Dec. 31, 2024

Example 1: A county allocated funds to a surface transportation project that was under budget, thereby freeing up previously obligated funds.

Example 2: An auditor in a county's 2024 Single Audit identifies that a project is not eligible. The county may withdraw SLFRF funds from the project and reclassify the funds to a workforce training program that the county had initially been financing with **LOCAL FUNDS**, but is eligible under SLFRF. The county can use the excess funds to finance this program, so long as they incurred an obligation (by entering into a contract) by Dec. 31, 2024.

KEY UPCOMING DEADLINES



- **April 30, 2024** – Project and Expenditure (P&E) report due for ALL counties
- **December 31, 2024** – Obligation deadline for ALL 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 counties



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



THE DEPARTMENT OF THE TREASURY

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