



Support Additional SLFRF Flexibility

NCACC Obligation — February 2024

Action

Tell your Member of Congress that legislation is needed to give counties more flexibility to draw down State and Local Fiscal Recovery Funds (SLFRF) provided by the American Rescue Plan Act (ARPA). Express support for extending the obligation deadline for ALL eligible use categories.

Background

December 31, 2024, is the deadline to obligate¹ all American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF), which all 100 counties received directly from the U.S. Treasury. Any SLFRF funds that are not obligated by December 31, 2024, must be returned to U.S. Treasury. All SLFRF funds must be fully expended by December 31, 2026.

Last November, U.S. Treasury issued interim guidance, known as the "[Obligation Interim Final Rule](#)," which sought to provide more clarity on what qualifies as an "obligation," and more flexibility to meet the administrative requirements of the program. However, counties still expect to face challenges due to the difficulty in predicting costs for projects between December 31, 2024 (obligation deadline) and December 31, 2026 (expenditure deadline), and the inability to move funds between projects after the obligation deadline has passed.

NCACC, along with NACo, the NC Pandemic Recovery Office, the NC Department of Environmental Quality, the NC League of Municipalities, the Government Finance Officers Association, and the National League of Cities expressed similar concerns to U.S. Treasury asking for additional flexibility in drawing down SLFRF funds, but certain fixes will require an act of Congress.

Legislation

Senators Cornyn (R-TX) and Padilla (D-CA) are planning to introduce bipartisan legislation to help SLFRF recipients draw down their funds in a timely manner. Please raise this issue with your Member of Congress. See main points below:

- We are very grateful for the direct federal funds each county received through the American Rescue Plan Act (ARPA).
- Every county is doing its best to meet the obligation deadline for the State and Local Fiscal Recovery Fund program (SLFRF), which is December 31, 2024.
- However, under current U.S. Treasury guidance there are certain restrictions that create obstacles in predicting obligation costs for certain types of projects.
- Senators Cornyn and Padilla are introducing legislation to provide greater flexibility in drawing down the funds in a timely manner.
- Would you please contact Senators Cornyn and/or Padilla to express support for extending the obligation deadline for ALL eligible use categories and join as a cosponsor of the Cornyn/Padilla bill?
- **Senate staffers working on the Cornyn-Padilla bill are Courtney Young (courtney_young@cornyn.senate.gov) and Priscilla Kim (priscilla_kim@padilla.senate.gov).**

¹ Under Treasury's current definition, an "obligation" is an order placed for property and services and entry into contracts, subawards and similar transactions that require payment to counties.