

State and Local Fiscal Recovery Funds (SLFRF) Update

2024 Local Government Officials Conference
March 27, 2024

Presented By:
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Quality Assurance and Technical Specialist

Agenda

- SLFRF 2023 Interim Final Rule
- SLFRF 2023 Obligation Interim Final Rule
- SLFRF Alternative Compliance Examination (ACE) Engagements

State and Local Fiscal Recovery Fund (SLFRF): 2023 Interim Final Rule

SLFRF 2023 Interim Final Rule

December 29, 2022: 2023 Consolidated Appropriations Act Passed, Expands SLFRF Eligible Use Categories

September 2023: Interim Final Rule Published*

*Guidance Subject to Change when Final Rule is Released

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SLFRF 2023 Interim Final Rule

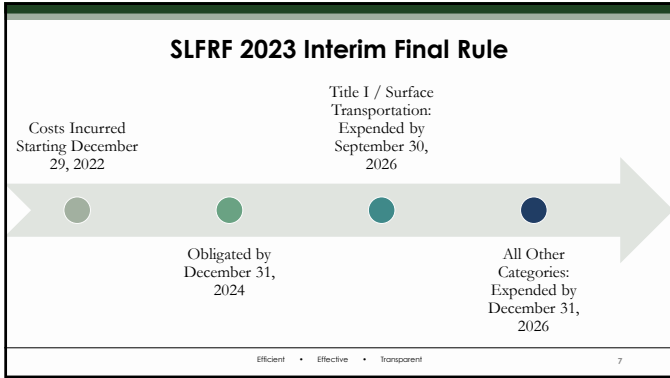
No Change to Existing Eligible Uses

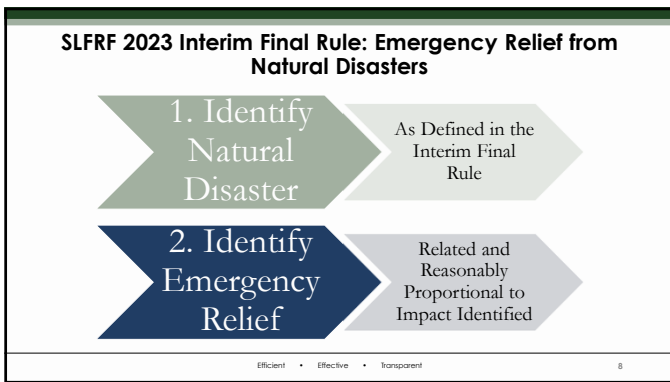
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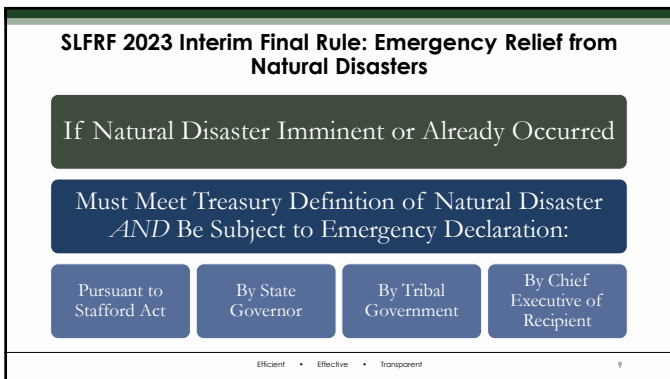
SLFRF 2023 Interim Final Rule

- Emergency Relief from Natural Disasters
- Surface Transportation Projects
- Title I Projects

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SLFRF 2023 Interim Final Rule: Emergency Relief from Natural Disasters

If Natural Disaster Imminent or Already Occurred

Enumerated Eligible Uses

- Temporary Emergency Housing
- Food Assistance
- Financial Assistance for Lost Wages
- Other Immediate Needs

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SLFRF 2023 Interim Final Rule: Emergency Relief from Natural Disasters

If Lessening or Averting Threat of Future Natural Disaster

- Document Evidence of Historical Patterns or Predictions
- Use Evidence to Support Mitigation Measures
- Written Justification for Capital Expenditures Over \$1 Million

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SLFRF 2023 Interim Final Rule: Emergency Relief from Natural Disasters

If Lessening or Averting Threat of Future Natural Disaster: Enumerated Eligible Uses

- Structure Elevation
- Mitigation Reconstruction
- Dry Flood Proofing
- Etc.

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SLFRF 2023 Interim Final Rule: Title I and Surface Transportation Projects



SLFRF 2023 Interim Final Rule: Title I and Surface Transportation Projects

Cap on Use of Funds

Cannot exceed greater of \$10 million or 30% of SLFRF allocation

Cap applies to combined total of Title I and Surface Transportation

SLFRF 2023 Interim Final Rule: Title I and Surface Transportation Projects

Requirements of Other Laws

Titles 23 (Transportation), 40 (Environmental Protection), and 49 (Transportation Safety) of the US Code

Title I of the Housing and Community Development Act of 1974

National Environmental Policy Act of 1969

SLFRF 2023 Interim Final Rule: Title I and Surface Transportation Projects

Supplement, Not Supplant

May not de-obligate funds obligated for eligible projects and replace with SLFRF

May not use SLFRF to replace funds identified in a federal commitment

SLFRF 2023 Interim Final Rule: Title I and Surface Transportation Projects

Obligation and Expenditure Deadline

Funds Must be Obligated by December 31, 2024, and Liquidated by September 30, 2026

SLFRF 2023 Interim Final Rule: Surface Transportation Projects

1
Pathway 1

• Supplement surface transportation projects receiving funding from DOT

2
Pathway 2

• Fund surface transportation projects *not* receiving funding from DOT

3
Pathway 3

• Satisfy non-Federal share requirements for certain surface transportation projects, or repay TIFIA loan

SLFRF 2023 Interim Final Rule: Surface Transportation Projects

**Pathway One:
Project Receiving Funding from DOT**

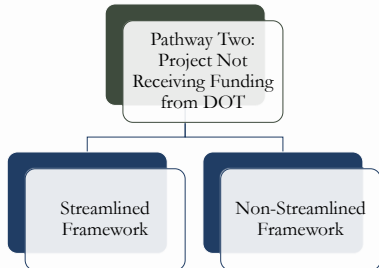
- Project must be subject to DOT's oversight during period that SLFRF funds are used.
- Recipients **MUST** consult with DOT before using funds under pathway one.
- May only use SLFRF for projects under the 26 programs specified in the Interim Final Rule.

SLFRF 2023 Interim Final Rule: Surface Transportation Projects

**Pathway One:
Project Receiving Funding from DOT**

- Expand existing project.
- Cover unexpected costs of existing project.
- Supplement DOT funding for projects that have not yet, but will, receive DOT funding.

SLFRF 2023 Interim Final Rule: Surface Transportation Projects



SLFRF 2023 Interim Final Rule: Surface Transportation Projects

Pathway Two: Streamlined Framework

- Project would be eligible under RAISE grant program.
- Contributes no more than \$10 million in SLFRF funds.
- Limited to actions that typically do not have significant environmental impact.

See RAISE Grants NoFo: <https://www.transportation.gov/RAISEgrants/raise-nofo>

SLFRF 2023 Interim Final Rule: Surface Transportation Projects

Pathway Two: Non-Streamlined Framework

- Must submit Notice of Intent to Treasury.
- Due 30 calendar days after the end of the Interim Final Rule comment period (60 days after issuance).

SLFRF 2023 Interim Final Rule: Surface Transportation Projects

Pathway Three: Satisfy Non-Federal Share Requirements for Certain Projects

Repay TIFIA Loan

Satisfy non-federal share requirements for projects under:

INFRA Grants

Fixed Guideway Capital Investment Grants

Mega Grants

Projects eligible for credit assistance under TIFIA program

SLFRF 2023 Interim Final Rule: Surface Transportation Projects

Pathway Three: Satisfy Non-Federal Share Requirements for Certain Projects

Recipients must consult with DOT.

Requirements associated with the project, as administered by DOT, continue to apply.

SLFRF 2023 Interim Final Rule: Title I

Activities eligible under the CDBG and ICDBG programs, subject to certain requirements and limitations.

SLFRF 2023 Interim Final Rule: Title I

See Interim Final Rule for Illustrative List of Eligible Projects, Including:

Homeownership Assistance

Disposition of Certain Property

Acquisition of Certain Real Property for Public Purpose

SLFRF 2023 Interim Final Rule: Title I

Ineligible Activities Under Title I

- Buildings, or Portions Thereof, for General Government Conduct
- General Government Expenses
- Political Activities
- Equipment
- Operating and Maintenance Expenses
- New Housing Construction
- Income Payments

SLFRF 2023 Interim Final Rule: Title I

Compliance Requirements for Title I Projects

- Primary Objective: At least 70% of SLFRF funds for Title I used to principally benefit low- and moderate-income persons.
- Public Services Cap: No more than 15% spent under “public services” category.
- Planning and Administrative Costs Cap: No more than 20% spent on planning and administrative costs.

SLFRF 2023 Interim Final Rule: Title I

Compliance Requirements for Title I Projects

- Broadband Equity, Access, and Deployment (BEAD) Program Requirements: Apply as outlined in section 60102 of IIJA.
- CDBG National Objectives: Project must satisfy at least one CDBG National Objective.
- Labor Standards Requirements: Prevailing wage requirements and other labor standards applied by HUD apply.

SLFRF 2023 Interim Final Rule: Title I

Pre-Approval Requirements

- Must comply with environmental review requirements in HUD statutes and regulations, submit project-level certification to Treasury, and receive Treasury approval prior to starting Title I project using SLFRF.
- Certain exemptions apply.

SLFRF 2023 Interim Final Rule

See Treasury's Website for
Additional Information

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

State and Local Fiscal Recovery Fund (SLFRF): 2023 Obligation Interim Final Rule

SLFRF 2023 Obligation Interim Final Rule

Obligation
Interim Final
Rule Published
November 2023*

Revises the
Definition of
Obligation

*Guidance Subject to Change when Final Rule is Released

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SLFRF 2023 Obligation Interim Final Rule

Does Not Change
Obligation or
Expenditure
Deadlines or
Eligible Uses

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SLFRF 2023 Obligation Interim Final Rule

Existing
Definition of
Obligation

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

Expansion
Under 2023
Obligation
Interim Final
Rule

- A recipient is also considered to have incurred an obligation by December 31, 2024, with respect to 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.

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SLFRF 2023 Obligation Interim Final Rule

Under Expanded Definition, Recipients May Cover Costs Related To:

- Reporting and compliance requirements, including subrecipient monitoring
- Single Audit costs
- Record retention and internal control requirements
- Property standards
- Environmental compliance requirements
- Civil rights and nondiscrimination requirements

SLFRF 2023 Obligation Interim Final Rule

Important Nuances

- An appropriation does not meet the definition of obligation.
- Recipient's established practices and policies regarding obligation of personnel costs must be followed and cannot be changed.

SLFRF 2023 Obligation Interim Final Rule

Must submit estimates to Treasury of SLFRF funds to be used for administrative and compliance related expenditures.

Determine amount of SLFRF funds estimated to be used to cover such expenditures.

Document a reasonable justification for the estimate.

Report to Treasury by April 30, 2024, with an explanation of how the estimate was determined.

Report at closeout the final amount expended for these costs.

SLFRF 2023 Obligation Interim Final Rule

Cannot re-obligate
or obligate
additional funds
after December 31,
2024, unless certain
circumstances are
met.

SLFRF 2023 Obligation Interim Final Rule

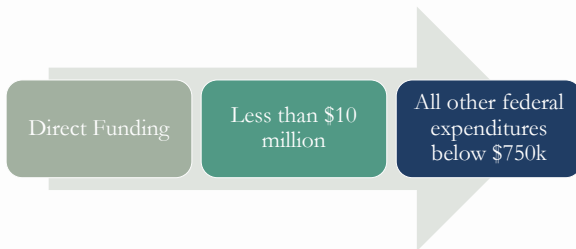
Recipients Must Read 2023
Obligation Interim Final Rule

**State and Local Fiscal Recovery Fund (SLFRF):
Alternative Compliance Examination (ACE)
Engagements**

Alternative Compliance Examination Engagement

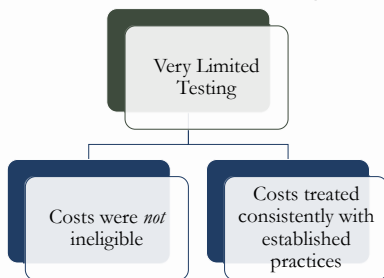


Eligibility



https://ohioauditor.gov/references/docs/21027_ComplianceExaminationEligibilityChecklist_FYE6.30.2023to6.29.2024_Final_Dec2023.pdf

What are we testing?



Reporting

```
graph TD; A[Issue Opinion on Compliance Requirements A and B] --> B[Findings in Report or Verbal]; B --> C[Data Collection Form (DCF) Filing];
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FAC Report Filing

Final Report Filed on FAC.gov

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SLFRF Closeout Information

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SLFRF Closeout Information

Treasury will provide closeout information in 2024.

Until closeout, recipients must continue to satisfy reporting requirements.

Resources

Resources




www.ohioauditor.gov



Federal Program Resources

[Learn More >>](#)

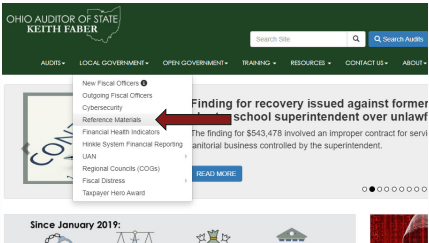
Resources

 <p>General Federal Resources General resources for Ohio governments who receive and expend federal funding. Including governments subject to a single audit.</p> <p>Federal Resources</p> <p>Cybersecurity Resources</p>	 <p>Covid-19 Assistance Resources and guidance for funding provided by COVID-19 Federal funding streams.</p> <p>COVID-19 Resources</p> <p>Road Tracking</p> <p>Guidance for Clients</p> <p>FAQs</p>	 <p>Infrastructure Law Resources and guidance for funding provided by the Infrastructure Investment and Jobs Act.</p> <p>Infrastructure Investment and Jobs Act</p>
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Resources



The screenshot shows the Ohio Auditor of State website with a navigation menu and a news article. The article title is "Finding for recovery issued against former school superintendent over unlawful". A red arrow points to the word "unlawful" in the title. Below the title, there is a brief description of the finding.

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Resources

Treasury's State and Local Fiscal Recovery Funds Website

2022 Final Rule and Overview

2023 Interim Final Rule and Overview

2023 Obligation Interim Final Rule and Overview

Frequently Asked Questions

Compliance and Reporting Guidance

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

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Questions?

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