



STATE OF VERMONT

Obligating State and Local Fiscal Recovery Funds

Agency of Administration

September 2024



ABOUT THIS TRAINING

Background

All State of Vermont agencies and departments (“agencies”) must fully obligate their State and Local Fiscal Recovery Fund (SLFRF) dollars by **September 30, 2024**. Starting October 1, 2024, AOA will revert unobligated funds and obligate them to predetermined projects. As the prime recipient of SLFRF, AOA has assumed responsibility for obligating all SLFRF dollars by the federal deadline, December 31, 2024. AOA will use this reversion process to help achieve that goal.

Purpose

This training reviews how agencies and departments can obligate SLFRF funds to meet the September 30, 2024, deadline. It also introduces the process for adjusting uses of funds after 2024.

Topics Covered

1. Overview of State and Local Fiscal Recovery Funds
2. How to Obligate SLFRF dollars
3. Adjustments After 2024
4. Reporting Requirements

Disclaimer: This presentation contains guidance from the U.S. Department of Treasury that is current as of **September 4, 2024**. This guidance may change. Please contact AOA at ADM.COVID@vermont.gov to confirm this presentation is still current.



SLFRF OVERVIEW

About SLFRF

- The State of Vermont (the “State”) received **\$1.05B** from the U.S. Department of Treasury through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program.
- The SLFRF program - sometimes referred to as ARPA - was authorized by the American Rescue Plan Act (ARPA).
- SLFRF funds support the State’s response to and recovery from the COVID-19 public health emergency.

Deadlines

Key deadline for this presentation

▪ Sep. 30, 2024	Agency Obligations	Agencies must have their SLFRF funds fully obligated. After this date, AOA begins the process of reverting unobligated funds.
▪ Dec. 31, 2024	State Obligations	Federal deadline for the State to fully obligate SLFRF funds
▪ Mar. 31, 2026	Subrecipient Expenditures	Subrecipients must have their SLFRF fully expended to provide agencies time for monitoring and closeout.
▪ Jun. 30, 2026	Agency Expenditures	Agencies must have their SLFRF funds fully expended.
▪ Dec. 31, 2026	State Expenditures	Federal deadline for the State to fully expend SLFRF funds



OBLIGATING SLFRF DOLLARS

Key Points

- Agencies must obligate or expend all their SLFRF funds, *including revenue loss dollars*, by September 30, 2024.
- After September 30, 2024, all agencies **must request FFP approval for all funding adjustments, including for programs and projects have not previously required FFP approval**. Agencies can request FFP approval through the [SFR Document Upload Form](#).
- If your agency anticipates having unobligated SLFRF funds after September 30, 2024, contact AOA at ADM.COVID@vermont.gov.

You can obligate SLFRF dollars through:

- ✓ Subawards
- ✓ Contracts
- ✓ Grants/beneficiary payments
- ✓ Certain interagency agreements – [Slide 6](#)
- ✓ Estimates for 2025-2026 of:
 - ✓ Personnel costs – [Slide 7](#)
 - ✓ Administrative and Legal expenses – [Slide 8](#)
 - ✓ Contract contingencies – [Slide 9](#)

} [Slide 5](#)

An SLFRF obligation is not:

- ✗ An adopted budget or budget amendment
- ✗ An appropriation of SLFRF funds
- ✗ An executive order or 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 revenue loss funds to a general fund without further obligating the funds

CONTRACTS, SUBAWARDS, AND GRANTS

Key Points

- Agencies can obligate SLFRF funds by executing contracts, subawards, and other transactions requiring payment (e.g., grants to beneficiaries) before September 30, 2024.
- Agencies may amend contracts, subawards, and grants after September 30, 2024, following the instructions below. **FFP approval is required for all amendments after Sep. 30, 2024, including for programs and projects that have not previously required FFP approval.**
- After December 31, 2024, adjustments may cover cost increases or decreases but not scope changes. See [Slide 10](#) for allowable changes.

How to Obligate Before Sep. 30, 2024

1. **Execute** a federally-compliant contract, subaward, or grant.
2. **Report the obligated funds** through quarterly reporting to the U.S. Treasury. See [Slide 11](#) for more information.

How to Adjust After Sep. 30, 2024

1. **Request FFP approval** through the [SFR Document Upload Form](#). Include:
 - The subawards, contracts, and grants to adjust,
 - The proposed dollar amounts to adjust, and
 - The intended use of funds
2. **Amend** the documents for the approved amounts.
3. **Report the adjustments** through quarterly reporting to the U.S. Treasury, following the guidelines shared by the AOA.

INTERAGENCY AGREEMENTS (E.G., MOU)

Key Points

- Agencies can use interagency agreements to obligate funds towards services from other state agencies, such as technical assistance or IT services.
- Projects that require interagency services after December 31, 2024, must obligate funds through an interagency agreement.
- To qualify as obligations, interagency agreements must meet the requirements outlined below.
- After September 30, 2024, agencies can adjust the amount of SLFRF funds obligated through an interagency agreement with FFP approval.

How to Obligate

1. **Request FFP approval** through the [SFR Document Upload Form](#). Include the agencies providing services, dollar value, and work requirements. **FFP approval is required for all interagency agreements.**
2. **Once approved, establish the interagency agreement** using a template that meets the Treasury requirements.
3. **Report the obligated funds** through quarterly reporting to the U.S. Treasury. See [Slide 11](#) for more information.

Interagency Agreement Requirements

An interagency agreement is considered an obligation if it satisfies:

1. **One of the following conditions:**
 - Imposes conditions on the use of funds by the recipient agency, department, or part of government
 - Governs provision of funds from one agency, department, or part of government to another
 - Governs the procurement of goods or services;
2. **And all the following conditions:**
 - Has specific work requirements (e.g., scope of work and project deliverables)
 - Is signed by the parties to the agreement, or evidences assent of parties
 - Does **not disclaim** binding effect nor state that it **does not** create rights or obligations.

2025-2026 PERSONNEL COST ESTIMATES

Key Points

- Agencies can obligate funds to a personnel cost estimate to cover payroll costs for time spent on SLFRF-funded programs from 2025-2026.
- Personnel costs include all salary and wages, covered benefits, and payroll taxes.
- Agencies must fill SLFRF-funded positions by December 31, 2024. The positions can be vacant *on* December 31 if they were filled previously.
- Agencies may replace personnel or reorganize positions (e.g., promoting someone), including after December 31, 2024.
- Agencies may request FFP approval to reclassify funds obligated to payroll after September 30, 2024.

How to Obligate

1. Contact AOA at the ADM.COVID@vermont.gov to coordinate calculating the estimated amount of SLFRF funds required to cover eligible payroll expenses.
2. Once approved, document a reasonable justification for the estimate that includes:
 - Positions covered
 - SLFRF projects supported
 - Proportions of time spent on SLFRF
3. Use the [SFR Document Upload Form](#) to share the estimate and documentation with AOA by September 30, 2024.
4. Report the approved estimate to Treasury in January 2025. See [Slide 11](#) for more information.

Payroll estimates are not the same as payroll replacement programs. Contact ADM.COVID@vermont.gov if you are unsure whether your agency uses payroll replacement.

2025-2026 LEGAL AND ADMINISTRATIVE COST ESTIMATES

Key Points

- Agencies can obligate funds to a legal and administrative cost estimate to cover the costs of complying with federal laws, regulations, or provisions of the SLFRF award terms and conditions. Examples of eligible costs include:
 - Reporting and compliance requirements, including subrecipient monitoring
 - Single Audit costs
 - Record retention and internal control requirements
 - Costs of compliance with property standards and environmental requirements
 - Closeout costs
- **To minimize timekeeping burdens, agencies should avoid using this obligation channel to cover payroll and instead use personnel cost estimates.**
- Agencies can claim these cost estimates in addition to charging their indirect cost rate.

How to Obligate

1. **Contact AOA about using legal and administrative cost estimates. AOA does not anticipate using this obligation channel.**
2. Once approved, calculate the estimated amount of SLFRF funds required to cover eligible legal and administrative expenses.
3. Document a reasonable justification for this estimate.
4. Share the estimate and documentation with AOA by September 30, 2024.
5. Report the estimate to Treasury following instructions shared by AOA.

2025-2026 CONTRACT CONTINGENCY ESTIMATES

Key Points

- Agencies can obligate funds to a contract contingency estimate to cover contract contingencies in 2025-2026.
- Only contracts that are executed by December 31, 2024, and expressly provide for change orders or contract contingencies may use funds from the contingency estimate.
- After December 31, 2024, change orders or amendments must be for substantially the same scope and purpose as the original contract. See [Slide 10](#) for more information.

How to Obligate

1. Calculate the estimated amount of SLFRF funds required to cover contract contingencies for each project.
2. Document a reasonable justification for the estimates.
3. Upload the estimate and supporting documentation through the [SFR Document Upload Form](#) by September 30, 2024.
4. Once approved, report the estimate to Treasury in January 2025. See [Slide 11](#) for more information.

CONTRACT & SUBAWARD CHANGES AFTER 2024

Key Points

- After December 31, 2024, agencies can request FFP approval to make the following changes to contracts and subawards with certain restrictions. Agencies must request FFP approval through the [SFR Document Upload Form](#).

Change	Purpose	Requirements	Restrictions
Change order or contingency	To cover cost increases or other changes anticipated in the contract or subaward	The contract or subaward must expressly provide for change orders or contingencies.	The only restrictions are from the contract or subaward, or Uniform Guidance.
Contract Amendment	To retain the same contractor or subrecipient while addressing unanticipated changes	The contract or subaward must allow for amendments.	The amended contract or subaward must be within substantially the same scope and purpose as the original one.
Contract replacement	To terminate a contract or subaward with one party to use another	The contract or subaward must have been terminated because: <ol style="list-style-type: none"> The contractor or subrecipient could not carry out the project The parties mutually agreed to terminate for convenience It was improperly awarded (e.g., the contractor or subrecipient was ineligible) 	The replacement contract or subaward must be within substantially the same scope and purpose as the original one.

REPORTING REQUIREMENTS

Key Points

- All obligations (i.e., executed subawards, contracts and interagency agreements) must be **executed by and reported in the October quarterly report to the U.S. Treasury** to be considered obligated. This requirement also applies to revenue loss projects.
- Unreported funds will be subject to reversion.

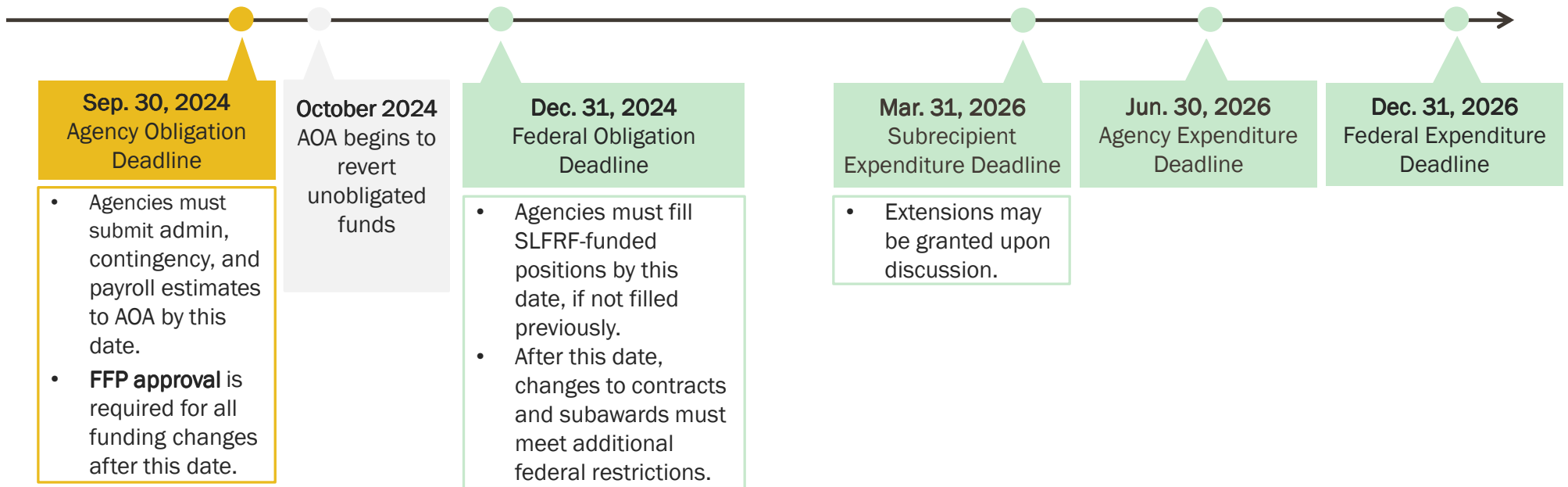
Obligation Channel	Reporting Instructions
Revenue Loss	<ul style="list-style-type: none"> ▪ Report revenue loss obligations and expenditures on the Projects tab of the quarterly reporting template. ▪ Do not report subrecipient, subaward, or subaward expenditures data on the other workbook tabs.
Personnel Cost Estimate	<ul style="list-style-type: none"> ▪ AOA will calculate and report personnel cost estimates in coordination with agencies, per slide 7.
Change Order/Contingency Estimate	<ul style="list-style-type: none"> ▪ On the Subaward tab, report the estimate as a separate contract/subaward line with the information from the original contract/subaward. For example, an agency may refer to the contract/subaward estimate entry as “[subaward number]-EST”. ▪ Report estimated expenditures for 2025 and 2026 and an explanation for how the estimate was determined. After Q4 2024, report current period expenditures and cumulative expenditures towards the estimate.
Interagency Agreements (IAA)	<ul style="list-style-type: none"> ▪ On the Subaward tab, select IAA as the award type and report the name and address of the government receiving funds through the IAA. ▪ On the subaward tab, select which of the three basic conditions the IAA satisfies and attest to the IAA requirements. (See Slide 6 for more information). ▪ Report all IAAs on the Subawards tab of the quarterly reporting template, even if they are <\$50,000.

For details on reporting requirements, see U.S. Department of Treasury, [SLFRF Compliance and Reporting Guidance](#), June 2024. p. 20-27, and the [July P&E User Guide](#), July 2024.



NEXT STEPS

MEET THIS DEADLINE



Contact ADM.COVID@vermont.gov with questions.

SLFRF RESOURCES

Guidance	Description
<u>SLFRF Final Rule Overview</u>	Overview of the final rule on SLFRF, including guidance on eligible uses
<u>SLFRF FAQs</u>	Frequently asked questions about SLFRF, including on obligations. Most information about obligations is in FAQ section 17.
<u>Recording: SLFRF Obligation FAQs Webinar</u> <u>Slides: New Obligation FAQs Webinar</u>	Recording and slides from a webinar delivered by the U.S. Treasury about obligation guidance issued in the frequently asked questions
<u>SLFRF Obligation IFR Quick Reference Guide</u>	Use for reviewing circumstances permitting subaward and contract changes after 2024. Other information may be outdated and replaced by information in the SLFRF FAQs.
<u>State of Vermont SLFRF Process and Policy Guidance</u>	Use this manual for Vermont guidance on using SLFRF from program launch to making changes to existing programs, to program closeout. All agencies are required to follow the outlined processes, reporting, and record-retention requirements described in this document.