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DEPARTMENT OF TREASURY
LANSING

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DATE: December 2, 2024

TO: Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Recipients

FROM: Michigan Department of Treasury

SUBJECT: ARPA Fund Obligation Deadline December 31, 2024

This memorandum serves as an important reminder regarding your allocation of funds under the American Rescue Plan Act (ARPA). All ARPA funds provided to local governments in Michigan through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program must be obligated by December 31, 2024. Any funds not obligated by this date will be subject to recapture, resulting in a loss of critical resources for your community.

Regarding Michigan Treasury:

The Michigan Department of Treasury does not directly regulate the use of ARPA funds. For specific compliance questions, refer to the [U.S. Treasury's official guidance](#). Also note that federal rules may change and the following information is based on current rules.

Three Key Actions Required

To retain these funds and ensure compliance with federal requirements, please complete the following steps without delay:

1. Review Allocations and Current Plans:

Assess the status of your ARPA funds to identify any amounts not yet obligated. Evaluate all proposed or ongoing projects to ensure they align with program requirements and funding timelines.

2. Obligate Funds – Formalize Contracts and Agreements:

Execute all necessary contracts, purchase orders, or other binding agreements by December 31, 2024, to meet the obligation requirement. Obligations are only recognized if legally binding commitments are in place by this deadline.

• **Eligible Use of Funds:**

1. Public Health Response: Funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and public health staff.
2. Economic Impact Mitigation: Addressing economic harms caused by the pandemic, such as aid to households, small businesses, impacted industries, and public-sector employees.

3. Revenue Replacement: Recovering lost public sector revenue due to the pandemic and using it to fund government services.
 4. Water, Sewer, and Broadband Infrastructure: Investments in critical infrastructure to improve quality and access.
- **Under the rule adopted in 2021** and amended in [2023 Obligation IFR](#), an “obligation” means:
 1. An order placed for property and services, including entering into contracts, subawards, and similar transactions that require payment.
 2. An interagency agreement meeting certain conditions to constitute a transaction requiring payment similar to a contract or subaward. See [FAQ 17.6](#)
 3. Maintenance of certain personnel costs for personnel whose salary may be paid under an eligible use of SLFRF funds through December 31, 2026, for any position that existed and was filled by December 31, 2024. See [FAQ 17.7](#)
 4. Costs Associated with Satisfying Certain Legal and Administrative Requirements of the SLFRF Program After December 31, 2024. See [FAQ 17.10](#)
 - **What an obligation is not:**
 1. An adopted budget or budget amendment.
 2. An appropriation.
 3. A resolution.
 4. A written or oral intention to enter into a contract.
 5. Claiming funds under the revenue loss category.

Clarification: Subrecipients are not subject to the December 31, 2024 obligation deadline. The obligation deadline applies to the recipient of SLFRF funds, and a cost is considered to have been incurred once a recipient enters into a subaward or contract that obligates the recipient to cover that cost. Neither subrecipients nor contractors need to take additional steps to obligate SLFRF funds after entering into a subaward or contract with the recipient. Spending of obligated funds is allowed through December 31, 2026.

3. Update the U.S. Treasury Reporting Portal:

Use the [U.S. Treasury’s SLFRF Reporting Portal](#) to document all obligations. This includes:

- Project and Expenditure Reports (submitted quarterly or annually based on your allocation size).
- Recovery Plan Performance Reports (required annually for local governments that received \$10 million or more).

Reporting Deadlines:

- Obligations must be finalized by December 31, 2024, but the reporting aligns with the next quarterly or annual filing deadline:
 - **Quarterly Filers:** Likely January or February 2025.
 - **Annual Filers:** Typically, April 2025.

If a local government is unsure about the timing of its report, they should:

- Review their quarterly reporting schedule based on their allocation size.
- Consult the U.S. Treasury SLFRF Reporting Portal User Guide for clarification on exact reporting deadlines.

In short, the obligation deadline is December 31, 2024, but reporting of those obligations will align with the next scheduled reporting cycle.

Available Support

To help you meet this critical deadline, the following resources are available:

- Federal Guidance and Tools: Visit the [U.S. Treasury's ARPA Compliance and Reporting Guidance Page](#) for additional resources.

Timeline Overview

- **December 31, 2024:** All ARPA funds must be obligated.

Failure to obligate these funds by December 31, 2024, will result in forfeiture of the funds, limiting your ability to invest in critical local projects. Please act now to secure these valuable resources for your community.