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[Obligate It or Lose It! Preparing for the Upcoming ARPA SLFRF Obligation Deadline.](#)

The passage of the American Rescue Plan Act (ARPA) in 2021 provided a lifeline for local governments through its State and Local Fiscal Recovery Funds (SLFRF) program, which awarded every municipality a portion of \$65.1 billion in funding. June 2024 marked three years since initial disbursement, and the next three months are the home stretch for cities, towns and villages to obligate the funding they received under the SLFRF program. ARPA regulations require local governments to return grant funding that remains unobligated beyond the end-of-year deadline to the U.S. Department of Treasury, rendering this deadline one of the most important for cities, towns and villages. With three months left until the Dec. 31, 2024 [obligation deadline](#), local governments must obligate funding now or risk potential clawbacks of these funds.

To assist municipal government with remaining unobligated fiscal recovery funds, NLC and the U.S. Treasury hosted a webinar to clarify and answer questions related to the obligation deadline. Local leaders and grant administrators can watch the webinar [here](#). Other resources include the [Obligation Interim Final Rule](#) (IFR), the [U.S. Treasury's FAQ](#) with updated obligation answers and [Obligation IFR Quick Reference Guide](#).

How do you know if you've obligated your funds?

The [US Code of Federal Regulations](#) defines "obligation" as "an order placed for property and services and entering into contracts, subawards, and similar transactions that require payment." The U.S. Treasury has further clarified that "similar transactions that require payment" may include certain [interagency agreements](#) and, under certain circumstances, payroll expenses for recipients' employees. Consequently, municipalities must do more than budget their SLFRF dollars — they must allow extra time to place orders and negotiate contracts. Finalizing obligations, including funds used for revenue replacement, includes reporting the obligation through the normal reporting process. Subrecipients are not subject to the Dec. 31, 2024 obligation deadline. Subrecipients and contractors do not need to take additional steps to obligate funds after entering a subaward or contract with the recipient.

[Continue reading.](#)

National League of Cities

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October 1, 2024