



NCPRO

NC Pandemic Recovery Office

ARPA State Fiscal Recovery Funds

Interagency Meeting

January 25, 2024

Agenda

1. Obligations
2. Expenditures and Expenditure Projections by Project and Subrecipient
3. At-Risk Funds/Reallocations
 - Submit for inclusion in Governor's Budget
 - Share with Legislature
4. Office Hours (remaining time)

SFRF Obligation

- All SFRF dollars must be obligated by December 31, 2024
- Obligation occurs at agency level when an order is placed for **property and services and a state agency enters into contracts, subawards, and similar transactions that require payment. Some administrative costs to be incurred in 2025-26 are considered obligations.***
- Subrecipients and contractors are not subject to the obligation deadline once the subaward is in place
- UST has not released final obligation guidance, so questions remain

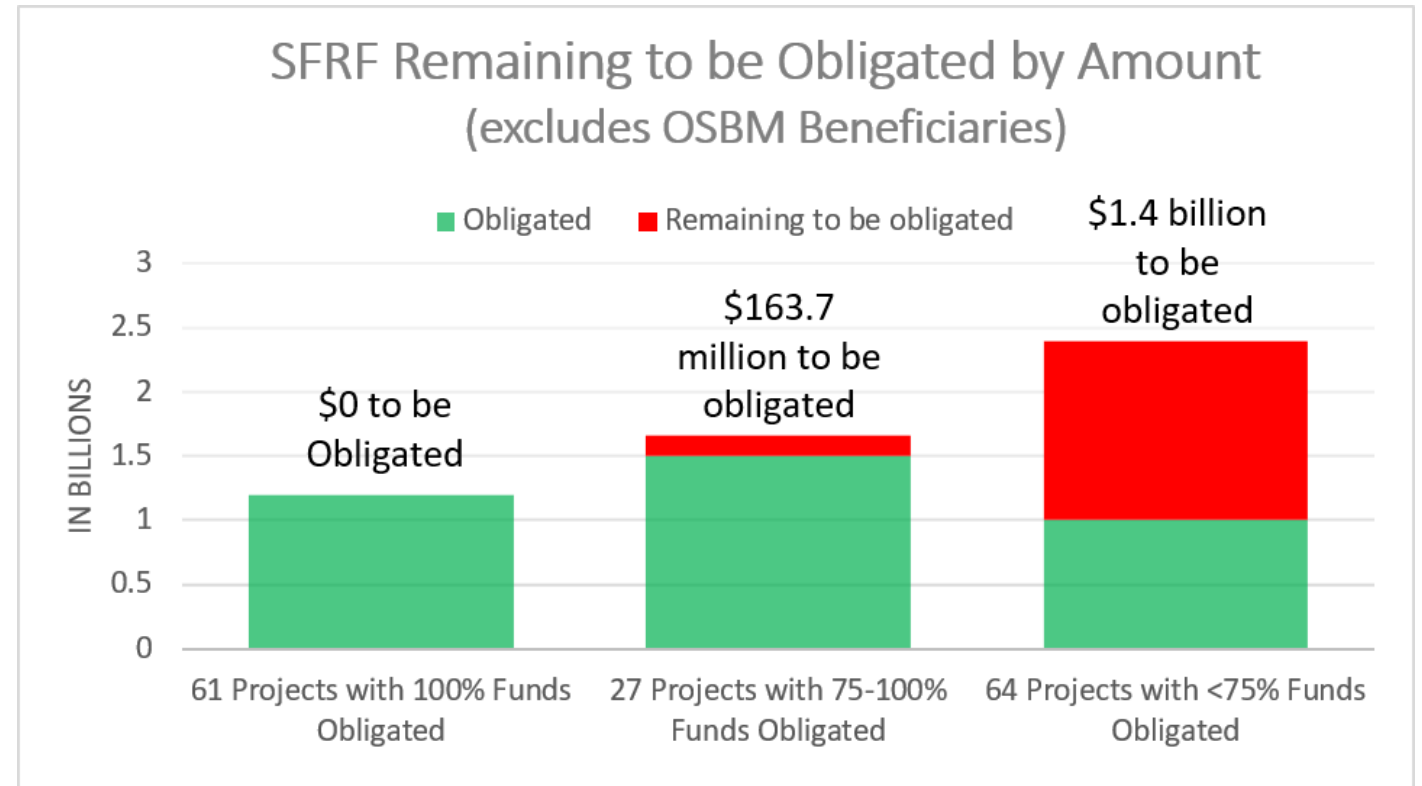
* Administrative costs include reporting & compliance (including monitoring), single audit, internal controls, etc.

SFRF Dollars Obligated to Date

- **\$1.56 billion** still needs to be obligated across 91 projects

NC agencies have obligated:

- All funds for 61 projects
- At least 75% of funds for 27 projects
- Less than 75% of funds for 64 projects



All funds not obligated by December 31, 2024, will have to be returned to US Treasury in early 2025

Agency Expenditures

- US Treasury's obligation rules will lock agencies and their subrecipients into their reported projects regardless of revenue replacement designation
- Upcoming short session will be last opportunity for agencies to get SFRF dollars reappropriated and obligated if they are unable to expend them fully by December 31, 2026
 - Unlike obligations, SFRF expenditures must be fully expended through all contract and subrecipient levels by the deadline
- SFRF dollars not expended by December 31, 2026, must be returned to US Treasury in early 2027

Next Steps for SFRF Projects

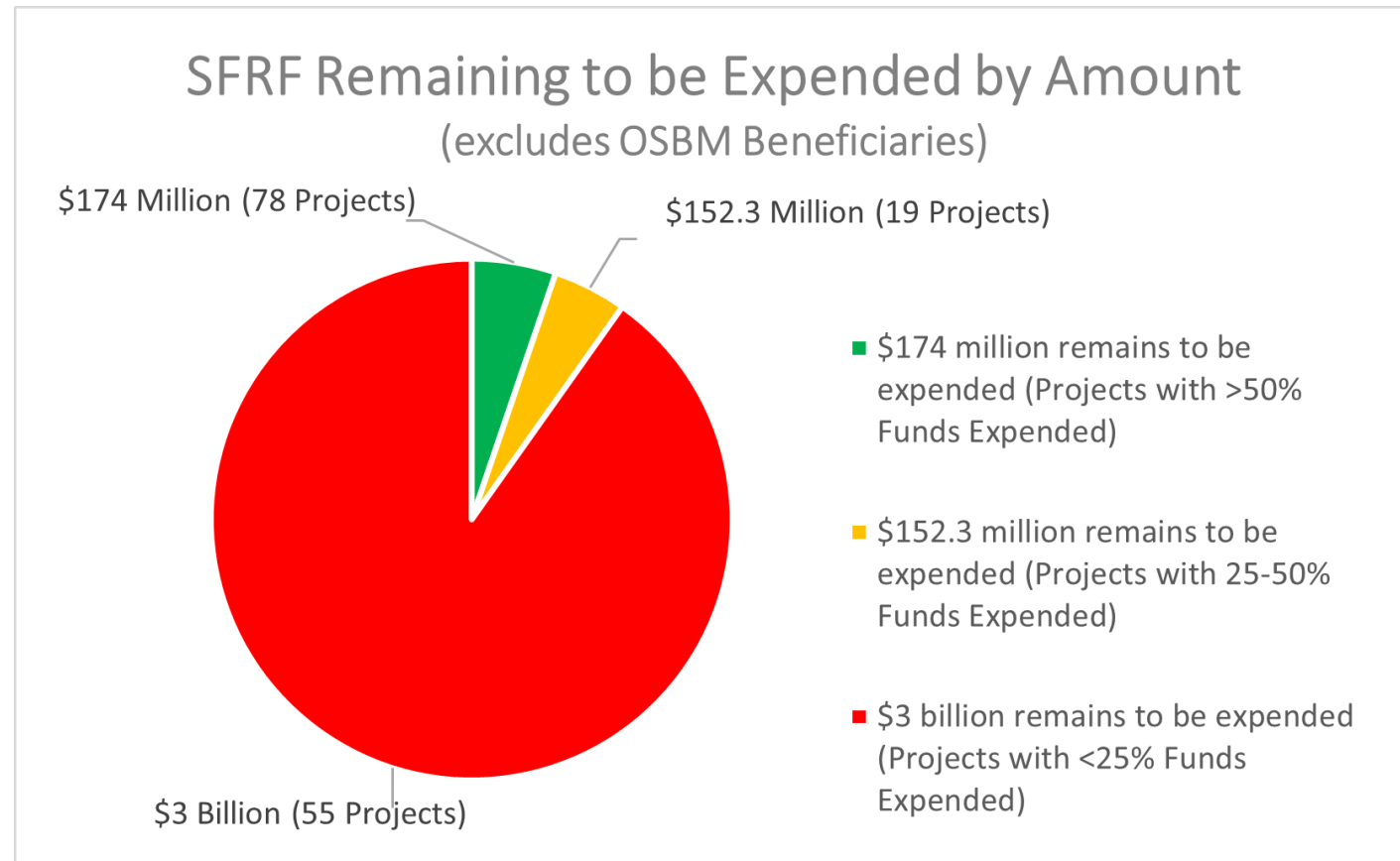
- NCPRO Grants Managers will meet with every agency on each project by March 7, 2024, to make sure that funds can be obligated by December 31, 2024, AND can be expended by December 31, 2026
- Agencies need to be prepared to share detailed plans for projects (down to the subrecipient level) and make projections of expenditures by calendar year
- Any projects that are at-risk of not obligating funds and/or not expending funds by UST deadlines will be identified for possible reappropriation
- CFOs and Agency Heads will be notified of these requirements for their agencies in the next week

NCPRO needs to report at-risk funds to OSBM and Governor's Office by mid-March 2024 and to the NCGA by May 2024



Agency SFRF Expenditures to date

- 78 projects are on-track in expending their funds
- 19 projects are spending funds more slowly than anticipated (\$152.3 million) and may not be able to expend their funds by December 2026
- 55 projects are significantly at-risk of spending their funds by December 2026. Excluding infrastructure projects at DIT and DEQ, there are **50** projects with **\$1.1 billion at-risk** of not being expended by December 2026





Office Hours

