

### **ARPA State Fiscal Recovery Funds**

State Agency Working Group March 3, 2022



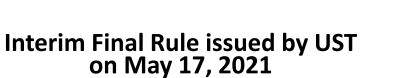
- 1. Updated US Treasury Guidance
- 2. Change to Revenue Replacement & Implications for State Agencies
  - OSBM Revision
  - Guidance, Compliance, Monitoring, Reporting and Auditing
  - Process Timeline
  - Next Steps
- 3. Learning Community
- 4. Optional Office Hours for Q&A



## **OSBM Revision to Revenue Loss Calculation**

#### NC Revenue Loss under Interim Final Rule

\$800 million



#### NC Revenue Loss under Final Rule

#### \$3.199 billion

Final Rule issued by UST on January 27, 2022 and takes effect on April 1, 2022



## How does revenue loss work?

- Revenue loss can be used by states to provide government services (UST Category 6.1 Provision of Government Services)
- Most state agency projects can be re-categorized under revenue loss, except for:
  - DOR Small Business Recovery Grant Program
  - DEQ Infrastructure
  - DIT Infrastructure



# What implications does revenue loss category change have for state agencies?

#### <u>Advantages</u>

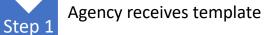
- Federal guidance is easier; projects as appropriated should qualify
- Minimal federal compliance requirements
- No federal monitoring
- Reduced federal reporting (FFATA still likely required)
- State agencies do not have to follow federal procurement rules

## Remaining

#### <u>Requirements</u>

- State appropriation guidance must still be met per appropriations
- State compliance requirements will apply
- State monitoring required
- State reporting required (including performance measures)
- Federal audit requirements still apply







Agency returns template and budget projections to NCPRO

Step 3 NCPRO processes documents and sends agency electronic MOU for signature

Step 4

Agency signs MOU electronically, and it is routed back to NCPRO

Step 5

Agency and NCPRO set up PANGRAM account for each award (requires information from agency) and agency requests first tranche of funding through grants management portal

Agency receives funds

Step 7

Agency develops pre-contracting processes, contracts, risk assessment, compliance and monitoring plans for projects; NCPRO advises and provides learning community & training to agencies on these requirements with UNC SOG

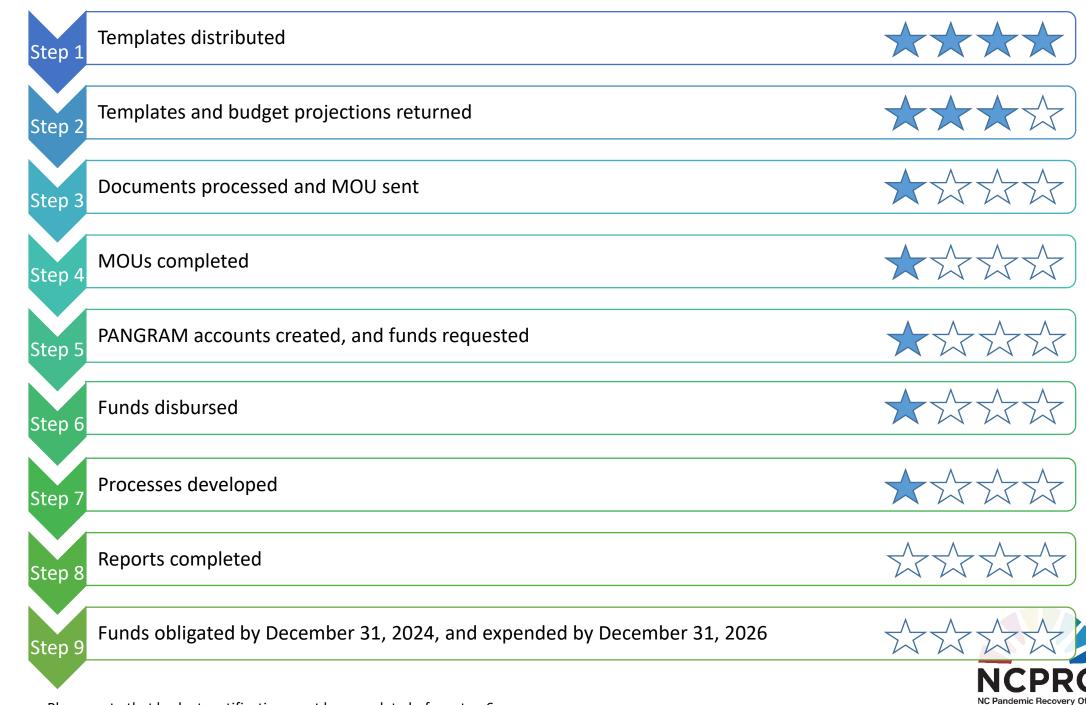
Step 8

Agency provides monthly reports to NCPRO, requests additional funds as needed (on a quarterly basis) and maintains documentation on compliance and monitoring



Agency ensures obligation of funds by December 31, 2024, and expenditure of funds by December 31, 2026, and notifies NCPRO as challenges arise





Please note that budget certification must be complete before step 6 commences



#### <u>NCPRO</u>

- Guidance and compliance requirements under development
- MOU Revision for new categorization nearly complete
- PANGRAM registration paused for one week
- Reporting considerations being developed



- Complete the financial information needed for PANGRAM
- Complete budget projections
- Have general counsel participate in learning community

NCPRO anticipates delay of 1 week for all impacted entities except for those with 1Q legislative mandates



## MOU Revisions for Revenue Replacement

MOU changes applicable to revenue replacement funded projects

- Agency will not be a federal pass-through entity under 2 CFR 200
- Most of 2 CFR 200 will not apply, such as the Procurement Subpart
- However, agency grant programs covered by NCAC do incorporate the Cost Principles Subpart
- Many other state requirements similar to 2 CFR 200 will apply to agencies and agency grant programs
- Federal Single Audit will still apply to the agency itself, scope of that audit TBD

On the horizon: SFRF Audit Compliance Supplement for FY22 is due out at the end of March



## State Agency Learning Community

#### Email your NCPRO contact to participate in our upcoming learning community starting March 9, 2022

**DUNC** SCHOOL OF GOVERNMENT



# NCPRO Contacts by Agency and Fund

Agency	Funding Sources	NCPRO Contact	Email	Phone
AOC, DPS, NCGA, DOI, DOT, DST	SFRF	Heather Laffler	Heather.laffler@osbm.nc.gov	919-816-7983
External entities	CRF, SFRF	Laura Jimenez	Laura.jimenez@osbm.nc.gov	919-441-0973
DHHS, NCHFA, NCORR (ERA only)	SFRF, ERA, HAF	Tara Fikes	Tara.fikes@osbm.nc.gov	984-227-5340
DOR, DOA, DNCR, DACS	SFRF, LFRF	Nate Halubka	Nate.Halubka@osbm.nc.gov	919-437-6006
UNC, NCCCS, DPI	SFRF, GEER	Adam Shull	Adam.shull@osbm.nc.gov	919-737-3517
Commerce, DIT, DEQ, OSBM	SFRF, CPF, EDAT	Marquis Crews	Marquis.crews@osbm.nc.gov	984-960-7056

- SFRF State Fiscal Recovery Funds (ARPA)
- LFRF Local Fiscal Recovery Funds (ARPA)
- CRF Coronavirus Relief Funds (CARES)
- ERA Emergency Rental Assistance (CRRSA and ARPA)
- HAF Homeowners' Assistance Funds (ARPA)
- GEER Governor's Emergency Education Relief (CARES and CRRSA)
- EDAT Economic Development Administration Tourism (ARPA)
- CPF Capital Projects Fund (ARPA)

