

Memorandum

To: Livingston County Leadership

From: Guidehouse, Detroit

Date: 6/13/2025

Re: Eligibility of Reclassification of ARPA SLFRF

Purpose

This memo documents the eligibility for Livingston County (the County) to reclassify American Rescue Plan Act (ARPA) State Local Fiscal Recovery Fund (SLFRF) dollars from the JROTC project to the Fiber project.

Background

On March 11, 2021, the United States Congress passed the American Rescue Plan Act (ARPA) of 2021.¹ ARPA is a \$1.9 trillion economic stimulus package to respond the negative public health and economic impacts of the COVID-19 health pandemic. The State and Local Fiscal Recovery Fund (SLFRF), included in the stimulus package, provide \$350 billion for “eligible state, local, territorial, and tribal governments to respond to the COVID-19 emergency and bring back jobs.”² The United States Treasury (“the Treasury”) published the Final Rule for SLFRF eligibility on January 6, 2022 with an effective date of April 1, 2022.³

The Final Rule outlines four broad categories of funding eligibility:

- 1) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- 2) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;

¹ 117th Congress. H.R.1319: American Rescue Plan Act of 2021. Accessed January 30, 2023. <https://www.congress.gov/bill/117th-congress/house-bill/1319/text>

² U.S. Department of Treasury. Coronavirus State and Local Fiscal Recovery Funds. Accessed January 30, 2023. <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

³ U.S. Department of Treasury. Coronavirus State and Local Fiscal Recovery Funds: Final Rule. Accessed January 30, 2023. <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

- 3) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- 4) To make necessary investments in water, sewer, or broadband infrastructure.⁴

Overview

In anticipation of the December 31, 2024 SLFRF obligation deadline, Treasury released a series of communications providing additional clarity to recipients. This included specifics as to how projects could meet the obligation definition before and after the obligation deadline. These communications included guidance to recipients as to how funds for projects which came in underbudget could reclassify funds to other eligible projects.

SLFRF Eligibility

Treasury's SLFRF FAQ document provides the following explanation in question **17.19**:

*"After the December 31, 2024, obligation deadline, recipients may have excess funds that were obligated as of the deadline but ultimately not expended on an eligible activity...In such cases, the recipient may reclassify the SLFRF funds from the original activity to another project that would be eligible under the SLFRF program rules, including the requirement that the recipient incurred an obligation by December 31, 2024, to expend funds on the activity."*⁵

Treasury provides additional guidance in FAQ **17.16**:

*"...recipients may cover the cost of amendments to contracts if the amended contract is within substantially the same scope and for substantially the same purpose as the contract that was incurred by December 31, 2024."*⁶

As the County JROTC project will not expend the allocated funds assigned to the project, the SLFRF dollars assigned to the project can be reclassified to the County Fiber project as it had been obligated by the December 31, 2024 deadline.

Should there be a need to amend the Fiber contract with Ex2 Technology, LLC, those changes can be made if the contract retains substantially the same purpose and scope of the original.

⁴ ibid

⁵ U.S. Department of Treasury. Coronavirus State and Local Fiscal Recovery Funds: Frequently Asked Questions. Accessed May 22, 2025. <https://home.treasury.gov/system/files?file=136/SLFRF-Final-Rule-FAQ.pdf>

⁶ U.S. Department of Treasury. Coronavirus State and Local Fiscal Recovery Funds: Frequently Asked Questions. Accessed May 22, 2025. <https://home.treasury.gov/system/files?file=136/SLFRF-Final-Rule-FAQ.pdf>