

STATE CONTROLLER POLICY

SLFRF REFINANCED GRANTS AND CONTRACTS

1) Background

- a. HB 24-1466 Refinancing Bill changes the source of funding for many programs by reducing State and Local Fiscal Recovery Funds (SLFRF) and replacing them with General Fund (GF).
- b. The State is making this change so that every SLFRF dollar is utilized in the most beneficial manner and to ensure compliance with US Treasury guidance. The refinancing also provides the State with more flexibility.

2) Policy

- a. All agencies shall use the OSC's Funding Source Change Letter for all grants and contracts refinanced under HB24-1466, unless they are new grants or contracts as described in 2(b) and 2(c) below. The Funding Source Change Letter template, as well as a recommended Cover Letter template, can be found on the [OSC's ARPA webpage](#) under the "SLFRF Grant Agreement Templates" ribbon.
- b. New Grants or Contracts that are 100% GF after July 1, 2024 - New subrecipient projects starting after July 1, 2024 that are 100% General Fund as a result of HB24-1466 must use one of the OSC's standard Grant Agreement templates. Contracts would continue to include the Contract Federal Provision Exhibit (no change). OSC Grant Agreement templates can be found on the [Contract & Grants webpage](#) under the "Contract & Grant Templates" ribbon. Agencies should give special attention to new Drafter's Notes included in the templates. Agencies may use the SLFRF grant agreement in this situation as long as that agreement receives pre-approval from OSC and is signed by September 1, 2024.
 - i. The primary provision that will be required under these grants is that the same provisions of 2 CFR 200 that are applicable to projects under the SLFRF category of 6.1 Revenue Replacement apply to compliance for those grants.
- c. New Grants that are braided SLFRF and GF - For new subrecipient projects that are funded with SLFRF and General Fund, departments must use one of the OSC's SLFRF Grant Agreement templates found on the [OSC's ARPA webpage](#) under the "SLFRF Grant Agreement Templates" banner. Agencies should give special attention to new Drafter's Notes included in the templates.
- d. Other Changes in Subrecipient Projects - Subrecipient projects that are changing project end dates, scope of work, and/or funding amounts, must issue the SLFRF Grant Agreement Amendment in addition to issuing the Funding Source Change Letter. The SLFRF Grant

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Agreement Amendment template can be found on the [OSC's ARPA website](#) under the "SLFRF Grant Agreement Templates" ribbon.

3) Refinancing Process

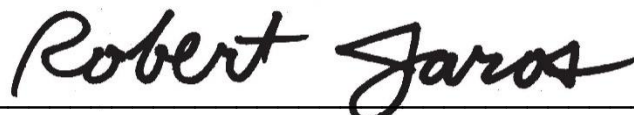
- a. Agencies should identify their projects in HB 24-1466.
- b. Agencies should enter the revised budget amounts with the new GF and SLFRF amounts for each project into the Performance Budgeting module in CORE.
- c. The revised total of the grants and contracts after the refinance must equal the total appropriation for the project included in the ARPA Refinancing Bill by funding source (GF/SLFRF)
 - i. An agency should allocate GF to all state FTE who will be employed beyond 12/30/24;
 - ii. An agency should allocate SLFRF to contracts and grants that pose low/no risk or reverting unspent funding or having funds clawed back; and,
 - iii. An agency should allocate the SLFRF portions of an appropriation to contracts or grants that are spending *quickly* rather than those that are expected to have spending over a long period.

4) Due Date for Agency Revisions for SLFRF Refinancing

- a. Agencies shall complete all revisions for SLFRF refinancing by **September 30, 2024**.
- b. This date is critical for the State to meet its reporting requirements for the U.S. Treasury.
- c. Any exceptions must be approved by the Office of the State Controller and the Governor's Office.

5) Resources and Training

- a. The Office of the State Controller has developed a dedicated [ARPA website](#) for SLFRF including other programs in the American Rescue Plan Act.



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State Controller