

Obligating SLFRF Funds Through an Interagency Agreement

State, local, territorial and Tribal governments across the country are using State and Local Fiscal Recovery Funds (SLFRF) to mitigate the fiscal impacts of the pandemic and serve the needs of their communities.

Treasury has clarified that a recipient may enter into an **interagency agreement**, including a memorandum of understanding, between departments and agencies within a recipient's government and treat those funds as obligated for purposes of SLFRF if the interagency agreement meets certain conditions, as discussed below and pursuant to FAQ 17.6.

SLFRF recipients must **obligate all funds by the end of 2024**, and must **expend all funds by the end of 2026**.¹ Treasury published the additional guidance in Section 17 of the SLFRF FAQs to clarify how recipients can complete obligated projects in 2025 and 2026, using contracts or subawards or interagency agreements.

Recipients may wish to use funds for a variety of projects undertaken themselves:

- To carry out educational programs, such as payroll for teachers for a summer program to address learning loss related to the pandemic;
- To administer a workforce training program;
- To finance capital projects through a housing agency;
- To provide public safety services.

The interagency agreement must be in effect by December 31, 2024, and must meet these conditions:

ONE requirement from Column A:	ALL requirements from Column B:
<ul style="list-style-type: none">• Imposes conditions on the use of funds by recipient agency, department, or part of government receiving funds to carry out the program• Governs provision of funds from one agency, department, or part of government to another to carry out an eligible use of SLFRF funds• Governs the procurement of goods or services by one agency, department, or part of government from another	<ul style="list-style-type: none">• Sets forth specific requirements (e.g., scope of work and project deliverables)• Is signed by the parties or otherwise evidences assent of parties• Does not disclaim binding effect or state that it does not create rights or obligations

The interagency agreement must be reported to Treasury as described in the [Compliance and Reporting Guidance](#). A recipient can modify an existing interagency agreement before December 31, 2024 to ensure it meets the requirements described above and in FAQ 17.6. The agreement may also be between units of a Tribal government, as described in FAQ 17.23.

You can learn more about obligating SLFRF Funds through an interagency agreement by visiting our webpage, Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions at <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf> and see FAQs 17.6 and 17.23, or scan this QR code:



¹ For projects under the Surface Transportation and Title I eligible use categories, recipients must expend funds by September 30, 2026.