Date of Meeting: March 10, 2026

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BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
ACTION ITEM

SUBJECT: **Update on American Rescue Plan Act Spending and FY 2026 Reclassification Recommendation**

ELECTION DISTRICT(S): Countywide

STAFF CONTACT(S): Megan Cox, Finance and Procurement
Elaine Crawford, Finance and Procurement

PURPOSE: This item provides an update on the American Rescue Plan Act (ARPA) funding spent as of December 31, 2025, and recommendations on reclassification of obligated funding to remaining active programming.

RECOMMENDATION(S):

Staff: Staff recommends the Finance/Government Operations and Economic Development Committee (FGOEDC) recommend the Board of Supervisors (Board) approve staff recommendations for reallocation of $1,254,514.47 in obligated funds from the Loudoun County State and Local Fiscal Recovery Funds (SLFRF) appropriation for projects as outlined in the March 10, 2026, FGOEDC Action Item.

BACKGROUND: The ARPA was signed into law by the President on March 11, 2021. The bill provides $1.9 trillion to address the continued impact of COVID-19 on the economy, public health, individuals, businesses, and state and local governments. Approximately $350 billion is allocated to the Coronavirus State and Local Fiscal Recovery Fund, of which Loudoun County is expected to receive a total of $80,324,909. As established in the law, 50 percent of this amount, or $40,162,454.50, was received by the County on June 1, 2021. A second distribution of the remaining funds, a total of $40,162,454.50, occurred no earlier than 12 months after the first disbursement. $80,300,768.96 was obligated by December 31, 2024, and must be spent by December 31, 2026.

At the Board Business Meeting on June 15, 2021, the Board approved (8-0-1: Buffington absent) the first tranche of funding based on staff's initial recommendations to address revenue shortfalls of Fiscal Year (FY) 2021 and FY 2022 short-term needs.

Additionally, on July 20, 2021, the Board authorized (9-0) the use of a portion of the second tranche as a match to the County's Virginia Telecommunications Initiative (VATI) broadband grant application. Finally, on November 3, 2021, the Board approved (9-0) the use of ARPA funds to support hazard pay bonuses for qualifying employees.

At the Business Meeting on April 19, 2022, the Board allocated $27,737,455 in ARPA funds. The approved funds focused on longer term services that support residents' needs for housing, clean water, and broadband. During the February 21, 2023, meeting, the Board approved (7-0-2: Buffington and Randall absent) the remaining second tranche of funds to support transformational initiatives, such as funding for child care, preliminary studies for future infrastructure projects, and small business support.

At the Board Business Meeting on May 23, 2024, staff presented an update, which included all ARPA activities and spending to illustrate how the County was meeting the December 31, 2024, deadline for obligating SLFRF funds, as stipulated by U.S. Department of the Treasury. At this meeting, the Board approved (5-2-1: Letourneau and Randall opposed; Kershner absent) the reallocation of $3,189,294 in underspent funds from Loudoun County ARPA SLFRF funds.

On July 16, 2024, the Board approved (6-0-3: Letourneau, Randall, and Saines absent) $2,232,296 of unspent ARPA funds to be reallocated to Department of Economic Development to pilot a Technical Assistance Program, the Department of General Services (DGS) to fully fund flood mitigation efforts in Howardsville, increase funding for DHCD's existing Rental Assistance Program, and secure funds to continued temporary staff through December 31, 2026. The final reallocation of CY2024 was approved (9-0) by the Board on October 16, 2024, which reallocated $911,000 of unspent ARPA funds to increase the award for Housing Preservation for Households with Eviction Filings, a program administered by DHCD. All current allocations, budgets and obligated funds for all SLFRF funds are described in Attachment 1.

Final total obligated funds were reported to U.S. Department of the Treasury within the quarterly Project and Expenditure Report covering the period of October 1 – December 31, 2024. Unobligated funds in the amount of $24,104.04 were returned to U.S. Department of the Treasury on May 9, 2025, bringing the County's final SLFRF budget to $80,300,786.96.

U.S. Department of the Treasury advised recipients of SLFRF funds that reallocation of ARPA was allowed under certain circumstances, including removing excess funds that were obligated prior to the December 31, 2024, deadline but not expended. 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 that activity.[1] Restated, ARPA reallocation is allowable only among existing ARPA projects.

[1] SLFRF FAQ 17.9 Projects that are eligible under SLFRF program rules, including the requirement that the obligation was incurred by December 31, 2024.

ISSUES: Staff is monitoring spending of SLFRF funds and alignment of that spending with the December 31, 2026, deadline. APRA Project leads were asked to reevaluate spending projections for 2026 and report estimated ARPA funds that will not be spent on any project that meet requirements[2] to accept additional SLFRF funds. Table 1 illustrates current ARPA projects that are expected to remain under budget or have determined that spending will not be complete prior to the spending deadline of December 31, 2026.

Table 1. ARPA Projects Underspent[3]

Project	**Current Budget**	**Remaining Funds**	**Projected Unspent**
Paeonian Springs	$3,000,000.00	$2,358,000.00	$600,000
Howardsville Stormwater Mitigation	$663,000	$498,689.26	$32,479.60
Temporary Personnel	$753,229.26	$473,814.34	$264,794
DTCI – Old Ox Road	$357,910.28	$121,391.72	$32,898.61
DTCI – Cascades Pkwy	$322,089.72	$211,604.47	$12,546.00
Housing Management System	$1,604,285.60	$1,122,414.02	$322,414.02
Total Clawback			**$1,265,132.23**

Staff have identified obligated projects that have demonstrated additional need for ARPA funds along with the capacity to spend additional funding before the expenditure deadline of December 31, 2026. This proposed reallocation is illustrated in Table 2.

Table 2. ARPA Reclassification Recommendations

Project	**Current Budget**	**Recommended Reclassification**	**Revised Budget**
Rental Assistance	$8,308,000.00	**$1,065,132.23**	$9,373,132.23
Child Care Fee Reduction Program	$1,713,500	**$200,000**	$1,913,500
Total		**$1,265,132.23**	

Rental Assistance

Loudoun Cares currently administers a rental relief program utilizing ARPA funds, with a contract that is in place through December 31, 2026. This contract was awarded on March 11, 2024, with initial contact value of $5,750,000. Application volume and demonstrated resident need prompted additional funding that was approved on July 16, 2024 (6-0-3: Letourneau, Randall, and Saines

[2] SLFRF FAQ 17.9 Projects that are eligible under SLFRF program rules, including the requirement that the obligation was incurred by December 31, 2024.
[3] Remaining funds calculation based on status December 31, 2025.

absent) and October 16, 2024 (9-0), with Board action and reallocation of ARPA funds. Subsequent contract amendments increased total project budget to $8,308,000

Since the start of the pandemic, median rent has increased approximately 43 percent, from $1,618 in 2020, to $2,310 in 2025. In May 2025, it was determined that 12,915 renter households in Loudoun were cost burdened, meaning that they were spending more than 30 percent of their household income on housing. Loudoun Cares continues to receive more than 100 applications per month requesting rental assistance, with 152 new households enrolled in the rental relief program during the last reporting period of October – December 2025. For that same reporting period, 358 unduplicated residents were served through the rental relief program, with an average of $1,797.62 in financial assistance provided per instance (average amount per month, per household).

Current projections indicate that funds for rental assistance program will be depleted summer of 2026, and the program does have the capacity to provide support through December 31, 2026.

Child Care Fee Reduction Program

At the September 17, 2024 Business Meeting, the Board approved (7-0-2: Kershner and Saines absent) an increase of $713,500 for the Child Care Fee Reduction Program. This program provides eligible families in Loudoun County with up to 50 percent of child care tuition assistance. Eligibility criteria include families making 80 percent area median income (AMI) or below who are not currently enrolled in Virginia's Child Care Subsidy Program.

The Fee Reduction Program has gained momentum in FY 2026, now supplying 50 percent tuition assistance to 121 children in the County. Projections show an additional $200,000 is needed to maintain the current enrollment through the end of the ARPA funding period. This estimate is based on the average cost for child care for families enrolled in the program, $730/month per child.

FISCAL IMPACT: ARPA funds are a federal allocation and therefore do not affect the County's local tax funds. Reallocation of ARPA projects is allowable under the U.S. Department of the Treasury ARPA Final Rule.

ALTERNATIVES:

1. The FGOEDC may approve uses of ARPA funding for the $1,265,132.23, as outlined in this Action Item.

2. The FGOEDC may approve alternative projects that are eligible for ARPA reallocation to utilize the entire $1,265,132.23 balance and reprogramming.

3. The FGOEDC may not approve the recommended uses of ARPA funding for $1,265,132.23, as outlined in this Action Item and direct staff how to proceed.

DRAFT MOTIONS:

1. I move that the Finance/Government Operations and Economic Development Committee recommend that the Board of Supervisors approve the recommended use of the American Rescue Plan Act funding of $1,265,132.23, as outlined in the March 10, 2026, Finance/Government Operations and Economic Development Committee Action Item.

OR

2. I move an alternate motion.

ATTACHMENT(S):

1. Current ARPA Project Budgets and Remaining Balance.

Current ARPA Project Status – As of Dec 31, 2025

Project	ARPA Budget	Status	Remaining Balance
Water & Wastewater			
Paeonian Springs	$3,000,000.00	Active	$2,358,000.00
Village of St. Louis	$2,700.00	Complete	
Aldie Water Reservoir	$244,294.00	Complete	
Howardsville Stormwater	$662,982.00	Active	$498,689.26
Town of Hillsboro Sewer	$495,000.00	Active	$105,832.43
Town of Round Hill Water Tank	$1,500,000.00	Complete	
Transit			
Transit Travel Training	$249,857.00	Active	$688.86
Administrative & Ongoing Pandemic Response			
Temporary Personnel	$1,254,196.15	Active	$473,814.34
Admin – Public Engagement Platform	$8,000.00	Complete	
EOC After Action Report	$237,013.60	Complete	
Vaccinators (INOVA/LCPS)	$77,096.25	Complete	
Affordable Housing			
Rental Assistance	$8,308,000.00	Active	$2,816,461.67
Housing Preservation (Eviction Assistance)	$2,411,000.00	Active	
DHCD Housing Management System	$1,604,285.60	Active	$1,122.414.02
Broadband			
VATI Grant Match	$12,425,000.00	Active	$10,343,796.00
Broadband Expansion	$1,000,000.00	Active	$1,000,000.00
Non-Profit Support			
Tranche 1 Nonprofit Grant Program & CDBG/CV3	$2,658,363.33	Complete	
Tranche 2 Nonprofit Grant Program	$2,632,920.30	Complete	
Childcare Needs Assessment/Incentive Program	$532,832.00	Active	$206,869.04
Childcare Funding			
Child Care Fee Reduction Program	$1,713,500.00	Active	$833,745.77
Transportation and Capital Infrastructure			
DTCI – Old Ox Rd SUP	$357,910.28	Active	$121,391.72
DTCI – Cascades Pkwy	$322,088.00	Active	$211,604.47
PRCS – LPAT Rt 7 Connection	$160,000.00	Active	$73,913.45
Transformational Initiatives for Resident Support			
Behavioral Health Directory	$60,000.00	Active	$15,000.00

Emergency Shelter and Case Management	$775,000.00	Active	$545,117.39
Homeless Prevention and Diversion	$600,000.00	Active	$217,093.50
Community Support Services	$483,333.34	Active	$114,711.79
Small Business Support			
Launch Loudoun	$844,382.68	Active	$278,590.92
Revenue Replacement			
Revenue Replacement	$23,500,000.00	Complete	
Economic Development			
Hotel Relief Grant Program	$6,000,000.00	Complete	
Business Recovery & Reinvention Grant Program	$3,024,264.63	Complete	
Telehealth			
Telehealth	$94,500.00	Complete	
Hazard Bonuses			
Hazard Bonuses	$34062.250.00	Complete	
	Total		
	$80,300,768.96		**$18,874,200.37**