How to Calculate your Eligible Revenue Loss

The Federal Government has developed the following calculation to determine the eligible revenue loss for ARPA funding:

\[ \text{Base Year Revenue} \times (1+\text{Growth Adjustment})^{(n/12)} - \text{Actual General Revenue} \]

For your convenience, ACF has developed a spreadsheet that will calculate your eligible loss when you plug in your organization’s numbers as described below.

**Base Year Revenue**
Because the Base Year Revenue is defined as the “General Revenue collected in the most recent full fiscal year prior to the COVID-19 public health emergency,” that year is most likely FY19, for Fiscal Years running July to June, October to September, or January to December. As an example, Sample Organization’s general revenue in FY19 was $750,000. Enter this number into B3 in the Excel

**Growth Adjustment**
Growth Adjustment is equal to the greater of 4.1 percent (or 0.041) and the recipient’s average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency. If your organization’s growth over the FY17, FY18, and FY19 years was over 4.1%, use that metric. Otherwise, use a growth rate of 4.1%. As an example, Sample organization’s growth rate was 6.2% (written in the formula as 0.062), so as that number is greater than 4.1%, it will be used in the formula.

\[ n \]

\( n \) equals the number of months elapsed from the end of the base year to December 31, 2020. The number of months elapsed since end of your fiscal year would be:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Months Included</th>
<th>Total Months = n</th>
</tr>
</thead>
<tbody>
<tr>
<td>June to July</td>
<td>July 2019 – June 2020</td>
<td>18</td>
</tr>
<tr>
<td>October to September</td>
<td>October 2019 – September 2020</td>
<td>15</td>
</tr>
<tr>
<td>January to December</td>
<td>January 2020 – December 2020</td>
<td>12</td>
</tr>
</tbody>
</table>

Our sample organization is on a July to June fiscal year, and so will use the 18 month calculation in the formula.

**Actual General Revenue**
Actual General Revenue is a recipient’s actual general revenue collected during 12-month period ending on the calculation date. If calculating on September 1, 2021, include the general revenue collected from September 1, 2020 through August 31, 2021. As an example, Sample Organization’s general revenue during the 12 month period was $580,000.
Calculation
We will plug the numbers shared above into the formula. Here is the prescribed formula:

\[
\text{Base Year Revenue} \times (1 + \text{Growth Adjustment})^{(n/12)} - \text{Actual General Revenue}
\]

Here is what the formula looks like with our sample numbers plugged in:

Formula Plug In: \[\$750,000 \times (1 + 0.062)(18/12)] - \$580,000\]

Step 1 of Calculation: \[\$750,000 \times (1.062)(1.5)] - \$580,000\]

Step 2 of Calculation: \[\$750,000 \times 1.593 - \$580,000\]

Final Calculation: \$1,194,750 - \$580,000

Result: \$614,750