



Coronavirus Local Fiscal Recovery Funds

Frequently Asked Questions on Allowable Uses and Reporting Requirements

Purpose

This document provides answers to frequently asked questions by New Hampshire local government stakeholders regarding the Local Fiscal Recovery Funds established by the American Rescue Plan Act. This document is subject to revision as guidance evolves.

A. General Background

#	Question	Answer
1	What is ARPA? What are the Coronavirus Local Fiscal Recovery Funds?	<p>The American Rescue Plan Act (“ARPA”) was signed in to law by President Biden on March 11, 2021 to support coronavirus pandemic recovery. Among its many provisions, ARPA establishes the Coronavirus Local Fiscal Recovery Funds (“LFRFs”), which provide emergency funding for local governments to support their response to the impacts of the pandemic. ARPA authorizes the U.S. Department of the Treasury (“Treasury”) to administer the LFRFs.</p> <p>ARPA provides \$112.2 million specifically for New Hampshire local governments.</p> <p>ARPA refers to local governments as “non-entitlement units of local government” (“NEUs”).</p>
2	What is an NEU?	<p>Non-entitlement units of local government (NEUs) are defined in ARPA as local governments typically serving populations of less than 50,000. NEUs include cities, villages, towns, townships, or other types of local governments.</p> <p>Treasury identifies 229 NEUs in New Hampshire.</p>
3	What are the big picture objectives of the LFRF?	<p>Broadly, ARPA established the LFRFs for local governments to accomplish four key objectives:</p> <ol style="list-style-type: none"> 1. Support urgent pandemic response efforts 2. Replace lost state and local government revenue 3. Support economic stabilization 4. Address public health and economic inequities that exacerbated the impacts of the pandemic for some.
4	Where will the LFRF funds come from, and when will funds be distributed to NEUs?	<p>Treasury will distribute funds to the states, who will then distribute them to their NEUs. Treasury expects to make payments to states for distribution to NEUs in two equal tranches approximately twelve months apart. Following receipt of funding from Treasury, ARPA requires each state to distribute funds to its NEUs within 30 days unless granted an extension by Treasury.</p> <p>The invoice date of the first NEU tranche to New Hampshire was May 28, 2021. New Hampshire shows receipt of the funds on June 1, 2021.</p>

B. NEU Eligibility and Application Process

#	Question	Answer
1	What determines an NEU’s funding allocation through the LFRF?	<p>Funding allocations to NEUs are based on their population.</p> <p>Additionally, the total amount to be distributed to an NEU may not exceed the amount equal to 75 percent of its most recent budget as of January 27, 2020.</p>
2	Does an NEU need to do anything in order to receive funds?	<p>Yes. An NEU must take action in order to receive funds. New Hampshire’s application portal is on the GOFERR website (beginning June 17, 2021).</p> <p>To submit an application, an NEU must have available and/or provide:</p>

		<ul style="list-style-type: none"> Local government name, Taxpayer Identification Number, DUNS number, State Vendor Number, and address Authorized representative name, title, and email Contact person name, title, phone, and email Financial institution information (e.g., routing and account number, financial institution name and contact information) Total NEU budget (defined as the annual total operating budget, including general fund and other funds, in effect as of January 27, 2020) or top-line expenditure total (in exceptional cases in which the NEU does not adopt a formal budget) Agreement to certain terms and conditions of the funding <p>Treasury has prepared a checklist to assist NEUs in this process.</p>
3	Are there eligibility criteria that an NEU must meet in order to receive funds?	<p>As noted above, an NEU’s allocation is based on its population. Additionally, ARPA specifies that an NEU’s allocation may not exceed the amount equal to 75 percent of its most recent budget as of January 27, 2020.</p> <p>Broadly, an NEU must accept award terms and conditions and assure compliance with Title VI of the Civil Rights Act of 1964.</p> <p>A state may not impose additional requirements on an NEU in order to receive its allocation of funds.</p>
4	What if an NEU does not adopt a formal annual budget?	If an NEU does not adopt a formal budget, it may instead certify its most recent annual total expenditures as of January 27, 2020. Note: these numbers may be verified against a copy of the appropriate budget documents submitted in the NEU’s first report to Treasury.
5	What happens if an NEU’s funding allocation exceeds 75 percent of its budget?	If an NEU’s total allocation is found to be more than 75 percent of its budget, the State must return the amount of the allocation in excess of the NEU’s reference budget to Treasury.
6	Can an NEU decline funding?	<p>Yes. An NEU may decline its funding allocation and transfer funds to the State by providing a signed notice to the State.</p> <p>Importantly, per Treasury guidance: “If the NEU does not provide such notice, it will remain legally obligated under the award with respect to accounting for the uses of the funds and the reporting on such uses. Treasury will provide a standard notice form that will be required for this use.”</p>
7	What if an NEU doesn’t take any action (e.g. neither applies for nor declines funding)?	If an NEU is unresponsive, the State may distribute its funds to other NEUs – specifically to “residual NEUs,” which are those whose initial funding distribution was below their 75 percent budget cap.
8	Can an NEU receive funds directly through Treasury?	No. NEUs may only receive funds through the state. NEUs are not eligible to receive this funding directly from Treasury and should not request funding.
9	Who is authorized to represent an NEU in this process?	<p>Per Treasury’s June 10th FAQs:</p> <p><i>“An Authorized Representative is an individual with legal authority to bind the government entity (e.g., the Chief Executive Officer of the government entity). An Authorized Representative must sign the Acceptance of Award terms for it to be valid.”</i></p>

10	Are federal compliance requirements applicable for receipt of LFRF funds?	<p>Yes. The Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") apply to the LFRF. These include, <u>but are not limited to</u>:</p> <ul style="list-style-type: none"> • Contracts must follow federal procurement rules and cost principles. • Cities/towns may enter into Grant Agreements with subrecipients (such as to broadband suppliers, water departments, or school districts that serve multiple NEUs). Cities/towns are responsible for monitoring and reporting on sub-recipient use of LFRF funds. • Single Audit requirements apply to subrecipients who receive <u>in the aggregate</u> more than \$750,000 in federal funds annually. <p>For a summary of LFRF-applicable requirements, see the SAM.gov site specific to Coronavirus State and Local Fiscal Recovery Funds here (see "Compliance Requirements" section). For the full text of applicable requirements, see Title 2, Part 200 of the Code of Federal Regulations here.</p>
11	What if an NEU has other questions about funding eligibility and allocations that are not answered here?	Treasury maintains a lengthy FAQ inventory of its own and periodically updates it with additional guidance and direction. It is available online here (last updated June 10, 2021).

C. How NEUs may use Fiscal Recovery Funds

#	Question	Answer
1	How may an NEU use these funds?	<p>Per Treasury's June 10th FAQs, eligible uses for the funds fall into four general categories:</p> <ol style="list-style-type: none"> a) <i>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;</i> b) <i>To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;</i> c) <i>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</i> d) <i>To make necessary investments in water, sewer, or broadband infrastructure.</i>
2	How may an NEU use these funds in the context of pandemic response?	<p>Treasury identifies a broad list of services related to COVID-19 response, mitigation and prevention for which an NEU may use these funds. Per Treasury's June 10th FAQs, these include:</p> <p><i>"vaccination programs; medical care; testing; contact tracing; support for isolation or quarantine; supports for vulnerable populations to access medical or public health services; public health surveillance (e.g., monitoring case trends, genomic sequencing for variants); enforcement of public health orders; public communication efforts; enhancement to health care capacity, including through alternative care facilities; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (e.g., nursing homes, incarceration settings, homeless shelters, group living facilities) and other key settings like schools; ventilation improvements in congregate settings, health</i></p>

		<p><i>care settings, or other key locations; enhancement of public health data systems; and other public health responses.”</i></p> <p>Note: NEUs may also use these funds for certain capital investments. Also per Treasury’s June 10th FAQs:</p> <p><i>“Capital investments in public facilities to meet pandemic operational needs are also eligible, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics.”</i></p> <p>Also note: The list above is non-exclusive, and Treasury’s explicit intention is to provide NEUs with flexibility in how funds are used.</p>
3	How may an NEU use these funds in the context of supporting economic stabilization?	<p>Treasury identifies a broad list of services related to households and businesses for which an NEU may use these funds. Per Treasury’s June 10th FAQs, these include:</p> <p><i>“assistance to households; small businesses and nonprofits; and aid to impacted industries.</i></p> <p><i>Assistance to households includes, but is not limited to: food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance; emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker’s occupation or level of training. Assistance to small business and non-profits includes, but is not limited to:</i></p> <ul style="list-style-type: none"> • <i>loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs;</i> • <i>Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs; and</i> • <i>Technical assistance, counseling, or other services to assist with business planning needs”</i>
4	How may an NEU use these funds in the context of addressing the disparate impacts of the pandemic?	<p>Treasury identifies a broad list of services related to households and businesses for which an NEU may use these funds. Per Treasury’s June 10th FAQs, these include:</p> <ul style="list-style-type: none"> • <i>Addressing health disparities and the social determinants of health, including: community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs;</i> • <i>Building stronger neighborhoods and communities, including: supportive housing and other services for individuals experiencing homelessness, development of affordable housing, and housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity;</i> • <i>Addressing educational disparities exacerbated by COVID-19, including: early learning services, increasing resources for high-poverty school districts, educational services like tutoring or afterschool programs, and supports for students’ social, emotional, and mental health needs; and</i>

		<ul style="list-style-type: none"> <i>Promoting healthy childhood environments, including: child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth.</i>
5	How may an NEU use these funds to replace lost revenue?	Treasury provides NEUs with a specific definition of revenue, a formula for calculating lost revenue, and direction on how to apply funds for replacement. This information may be found in Treasury's June 10th FAQs (see pages 9-12).
6	Are NEUs limited to using funds for costs incurred beginning on March 3, 2021 only?	For the eligible uses described above, funds may be used for costs incurred by the recipient beginning on March 3, 2021, But, in some cases, recipients may use the funds for circumstances occurring prior to March 3, 2021. Treasury provides guidance and examples on this important timing consideration in its June 10th FAQs (see item 4.7 on pages 14-15)
7	What if an NEU has other questions about how funds may be used?	Treasury maintains a lengthy FAQ inventory of its own and periodically updates it with additional guidance and direction. It is available online here (last updated June 10, 2021).

D. NEU Reporting Requirements

#	Question	Answer
1	Will an NEU be required to submit reports on how funds are used?	<p>Yes. NEUs will be required to report to Treasury on the use of funds annually by October 31st each year. First reports will be due to Treasury by October 31, 2021. Reporting instructions will be forthcoming. In advance of those instructions, NEUs should maintain detailed financial records and supporting documents accordingly.</p> <p>After the initial request for funding, an NEU will be required to report the following:</p> <ul style="list-style-type: none"> NEU Recipient Number (a unique ID code for each NEU assigned by the state to the NEU as part of the request for funding) Copy of signed award terms and conditions agreement Copy of signed assurances of compliance with Title VI of the Civil Rights Act of 1964 Copy of actual budget documents validating the top-line budget total provided to the state as part of the request for funding

E. Miscellaneous/Other

#	Question	Answer
1	Should an NEU expect to submit information through the Treasury Submission Portal in addition to the GOFERR website in order to receive funds?	No. NEUs will receive LFRF funds from the State and should not submit information via the Treasury Submission Portal.