

American Rescue Plan Act: Coronavirus State & Local Fiscal Recovery Funds

Presentation for the Southern
NH Regional Planning
Commission

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September 28, 2021



INTRODUCTION TO ARPA

New Hampshire received a total of \$112 million in Local Fiscal Recovery Funds.

Glossary of Terms (from NHMA's "ARPA At A Glance"):

► Types of local government under the Act:

- Metros: Metropolitan communities (i.e., entitlement cities under CDBG): Manchester, Nashua, Portsmouth, Rochester & Dover
- NEUs: Non-entitlement units of local government: All other cities and towns in NH

► ARPA: The American Rescue Plan Act

► CSLFRF: Coronavirus State and Local Fiscal Recovery Funds (created by ARPA)

► LFRF: Local Fiscal Recovery Funds (just the money going to local government from the CSLFRF, sometimes even abbreviated as FRF)

► IFR: [Interim Final Rule](#): US Treasury's rule on eligible uses of the CSLFRF (must read for all local governments)

► [GOFERR](#): The Governor's Office for Emergency Relief and Recovery, responsible for administering the money to NEUs (created by Governor Sununu in 2020)

► [Guidehouse](#): The entity contracted by GOFERR to provide resources and support to NEUs.

► [2 CFR Part 200](#): Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly referred to as 'Uniform Guidance,' applies to all new federal funding, (new award, continuation awards, supplements, etc.)



ELIGIBLE USES FOR CORONAVIRUS LOCAL FISCAL RECOVERY FUNDS

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The Coronavirus State and Local Fiscal Recovery Funds provide eligible state, local governments with a substantial infusion of resources to meet pandemic response needs and rebuild a stronger and more equitable economy as the country recovers. Recipients may use these funds to:

- ▶ **Support public health expenditures**, by, for example, funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
- ▶ **Address negative economic impacts caused by the public health emergency**, including economic harms to workers, households, small businesses, impacted industries, and the public sector
- ▶ **Replace lost public sector revenue**, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic
- ▶ **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors
- ▶ **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet

***Administrative expenses** (relative to administering/spending/reporting on use of LFRF money)



Revenue Replacement

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How to Calculate Revenue Loss

- 1 Compute extent of revenue reduction by **comparing actual revenue to a counterfactual trend** representing what could have been expected to occur in the absence of the pandemic
- 2 Use most recent pre-pandemic fiscal year as the starting point for **estimates of revenue growth** absent the pandemic
- 3 Presume any **diminution in actual revenues** relative to the counterfactual pre-pandemic trend is due to the COVID-19 public health emergency
- 4 For purposes of measuring revenue growth in the counterfactual trend, a growth adjustment of either **4.1% per year or the average annual revenue growth** over the three full fiscal years prior to the COVID-19 public health emergency, whichever is higher may be used

Revenue loss may be calculated as of: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023



Example – Town with December FYE:

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Revenue Growth Rate: Pre-pandemic revenue growth rate was calculated to be 2.1 percent; Town opts to use the Treasury's greater growth rate amount of 4.1 percent.

Base year - fiscal year ending prior to pandemic: December 31, 2019

Base year annual revenue: \$500,000

First Reporting Period: December 31, 2020

Projected revenue for the first reporting period using 4.1 percent growth rate: $\$500,000 * 1.041 = \underline{\$520,500}$

Actual revenue for the first reporting period: \$505,000

Extent of lost revenue for first reporting period: $\$520,500 - \$505,000 = \underline{\$15,500}$

Use the [GFOA Revenue Loss Calculator](#) to complete these calculations

Administrative Expenses

Funds can be used to cover the cost of any administrative work necessary to effectively distribute these funds, including:

Salaries and benefits for individuals administering the funds

Technology costs associated with fund distribution

Third party fees associated with fund administration



Category 7

Category		Cumulative expenditures to date (\$)
7	Administrative and Other	
7.1	Administrative Expenses	
7.2	Evaluation and data analysis	
7.3	Transfers to Other Units of Government	
7.4	Transfers to Nonentitlement Units (States and Territories only)	

General Statements

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We are still waiting for the final rule.

RESTRICTED USES:

- Depositing funds into a pension fund.
- Generally, using funds as non-Federal match for other Federal Programs.
- Generally, recipients may not use funds directly to service debt, satisfy a judgment or settlement, or contribute to a “rainy day” fund.

Covered period: March 3, 2021 - December 31, 2024

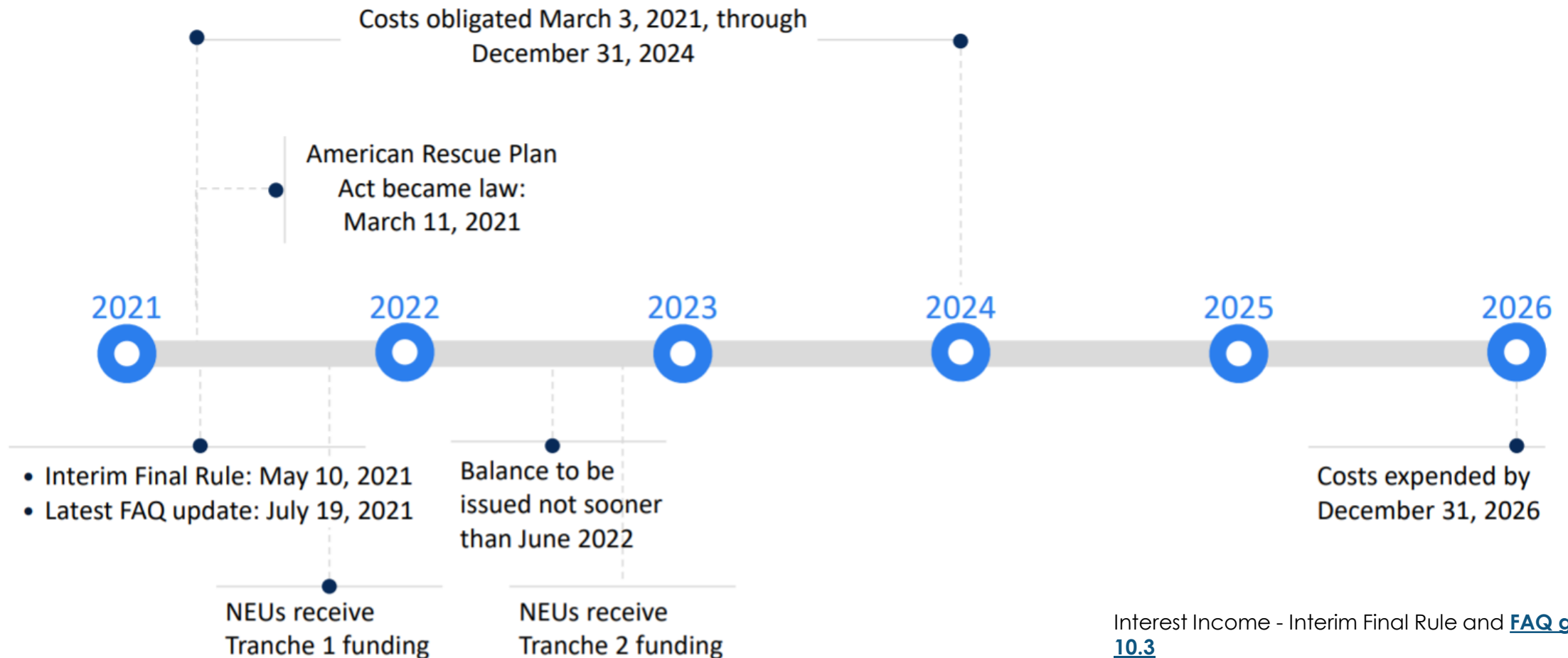
- Costs can be incurred by December 31, 2024
- Must be expended by December 31, 2026
Unless otherwise noted (e.g. premium pay)

“Incurred” has the same meaning given to “financial obligation” in 2 CFR § 200.1

Financial Obligation: “An order placed for property and services and entering into contracts, subawards, and similar transactions that require payment”.

NEU'S are considered **“Prime Recipients”** and are responsible for managing all aspects federal funds. Including: **Compliance, Monitoring, Reporting and Documentation.**

TIMELINE FOR LOCAL FISCAL RECOVERY FUNDS and PROGRAM DEVELOPMENT

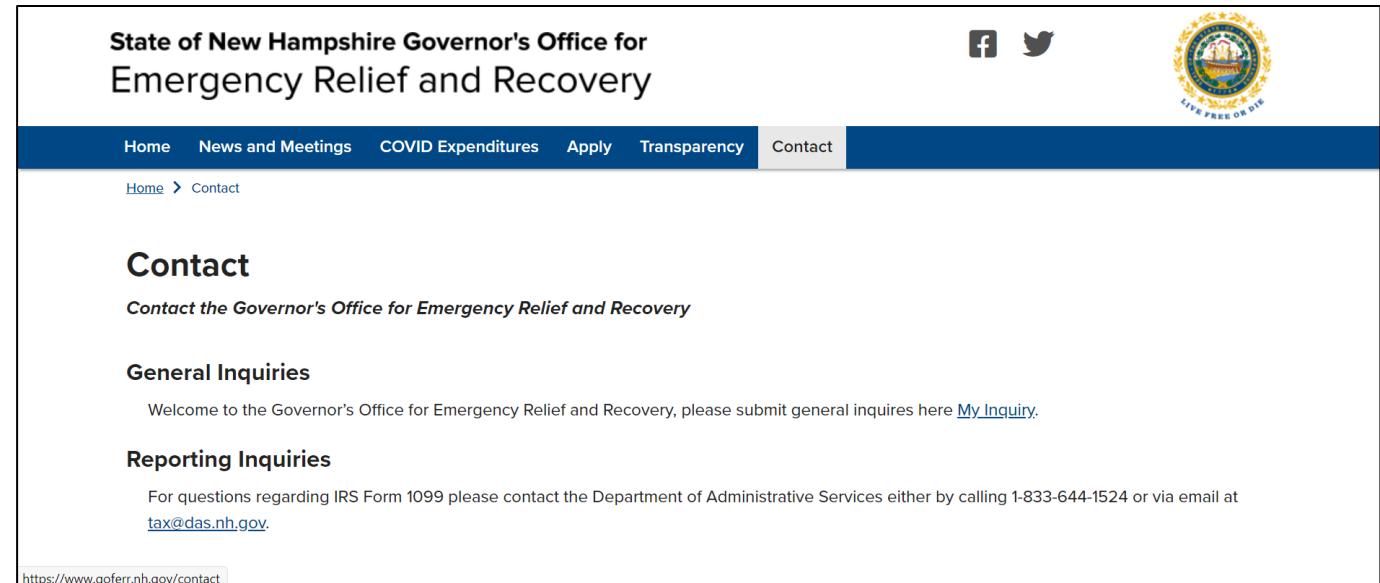


How NEUs Ask Questions About LFRF \$

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Steps to follow:

- Go to the New Hampshire GOFERR webpage: <https://www.goferr.nh.gov/>
- Click the 'Contact' tab found on the top ribbon of the page
- Under 'General Inquiries', click on 'My Inquiry'
- Fill out the 'Inquiry Request' form
 - Select 'City/Town Funding' from the 'I am reaching out about' dropdown menu
 - Identify yourself as an official of a city/town in your question



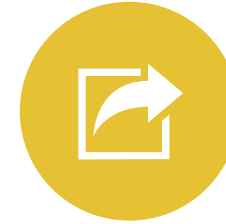
Considerations for Grant Management

How will funds be administered and monitored?

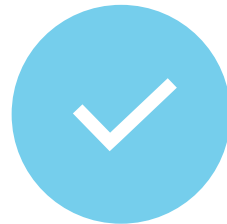
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Who, internally, will administer and oversee use of funds? Including determining allowability



What processes will be used to communicate, capture data, identify direct and indirect costs, and develop reporting and performance.



Who will Develop reporting and performance measures, metrics and standards?



What written policies and procedures are in place or need to be updated? E.g., allowability of costs, procurement, conflict of interest, property standards, records retention etc

Uniform Guidance 2 CFR Part 200:

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Parts 1D and 1E: Uniform Administrative Requirements and Award Terms and Conditions

SLFRF recipients must follow the Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) and the Terms and Conditions of the SLFRF assistance.

- Allowable Activities
- Allowable Costs/Cost Principles (such as administrative costs and salaries and expenses)
- Cash Management
- Eligibility
- Subrecipient Monitoring
- SAM.gov Requirements
- Recordkeeping Requirements
- Single Audit Requirements
- Civil Rights Compliance



NEU Reporting

NEUs FIRST REPORTING

DEADLINE: October 31, 2021,

and then it is due annually thereafter. For the first deadline, NEUs will be required to report only those funds that have been obligated or expended by September 30, 2021.

Guidance from Treasury is expected no later than October 1.

- ▶ As prime recipients of a Federal award, NEUs are required to report to the Treasury on the use of funds. The first report is due to the Treasury by October 31, 2021. NEUs will be asked to provide the following during the first reporting to the Treasury:
- ▶ NEU Recipient Number (a unique identification code for each NEU provided by OBM in the registration approval e-mail sent to the grant contact);
- ▶ Copy of the signed award terms and conditions agreement (provided from the Treasury) that was provided to OBM;
- ▶ Copy of the signed assurances of compliance with Title VI of the Civil Rights Act of 1964 (provided from the Treasury) that was provided to OBM;
- ▶ Copy of actual budget documents validating the top-line budget total provided to the State as part of the request for funding; and
- ▶ Financial data on Projects and Expenditures (Award Date – September 30, 2021).

What are we hearing from our members?

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- ▶ Confusion about federal rule and federal procurement standards
- ▶ Need more technical support and resources
- ▶ Projects:
 - ▶ Moving quickly with spending
 - ▶ Interest in “general government” spending and tax rate reduction
 - ▶ Strong interest in water and broadband (New Capital Projects Fund)
- ▶ NHMA’s role:
 - ▶ Coordinating resources
 - ▶ Supporting collaborative approaches

? Questions?



Thank you!

For ARPA questions, contact Katherine Heck

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NHMA's ARPA Information Page