



Local Fiscal Recovery Fund

Key Information and
Processes

Wednesday, June 16, 2021

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Welcome and Overview of Webinar

(Jeanne Herrick, GOFERR)

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New Hampshire Municipal Association (NHMA) Assistance

(Margaret Byrnes, NHMA)

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FAQ Review and Q&A



New Hampshire Municipal Association Assistance Available

NHMA's Supportive Role

- Information hub: NHMA's ARPA webpage (<https://www.nhmunicipal.org/american-rescue-plan-act-2021-information-page>)
- Coordination of resources among municipalities, between state and local, and between local and other entities
- Upcoming Virtual Information & Resources "Fair" (Tentative Date: June 25)
- Note on acceptance of ARPA funds:
 - RSA 31:95-b
 - Language in HB 2





Local Fiscal Recovery Fund Basics

Local Fiscal Recovery Fund (LFRF)

- Established by Section 603 of the American Rescue Plan Act (ARPA) to offer aid to eligible county and city/town governments to respond to the COVID-19 emergency and bring back jobs
- Administered by the US Treasury: [US Department of the Treasury LFRF Resources](#)
- Provides money to Counties, Metropolitan Cities, and **Non-Entitlement Units of Local Government (NEUs)**
- Counties and Metropolitan Cities receive money directly from the Treasury.
- NEUs receive the federal money via the State in two tranches but are considered “prime recipients” fully responsible for the eligible use and reporting of funds.

You Must Take Action to Receive These Funds

August 18th, 2021 is the last day for NH NEUs to apply for LFRF.

If an NEU hasn't requested the funds by August 18th, funds will be redistributed to other NH NEUs.

Calculation of LFRF funding by NEU (defined by ARPA):

$$\frac{\text{Total Population of the NEU}}{\text{Total Population of all eligible NEUs}} \times \text{Aggregate state NEU payment}$$

Capped at 75% of NEU's last FY budget

Cities/Towns are Prime Recipients

NEUs are “Prime Recipients” of LFRF funds

Prime recipients are responsible for managing *all aspects* of the federal funds, which include:

- Maintaining **compliance** with guidance from the U.S. Department of the Treasury, including using funds only on eligible uses and following the Uniform Guidance and other federal regulations that apply
- Providing accurate **reporting to the US Treasury** and **keeping all relevant documentation** for all LFRFs funds

To help you understand these obligations, GOFERR and Guidehouse are available to answer questions.

Actions REQUIRED for State Disbursement of LFRF \$

Application Portal will launch tomorrow (June 17, 2021) on the GOFERR website

To submit your application, have available and/or provide:

- 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

Additional Required Actions

- Register on SAM.gov as soon as possible after receiving the award IF your city/town is not already registered

Cities/towns have the option to decline funding and transfer it to the State. An NEU that declines LFRF and transfers the funds to the State will not have any legal obligation to U.S. Treasury with respect to accounting for the uses of the funds or the reporting on such uses.



Local Fiscal Recovery Fund Eligible Uses

LFRF Eligible Uses: Overview

5 major categories of eligible uses:



Public Health Expenditures



Address the negative economic impacts of COVID-19



Replace lost public sector revenue



Provide premium pay for essential workers



Invest in water, sewer, and broadband infrastructure



LFRF Eligible Uses: Public Health Impacts

Eligibility Test

- **Step 1:** Identify public health issue created or made worse by the COVID-19 public health emergency
- **Step 2:** Identify how the proposed program, service, or other intervention addresses the identified need or impact

Examples of Public Health Activities

- **COVID-19 mitigation and prevention:** vaccination programs, ventilation improvements in congregate or health care settings, contact tracing
- **Behavioral Health Care:** mental health treatment, crisis intervention, substance misuse treatment
- **Public Health and Safety Staff:** payroll and benefits
- **Medical Expenses:** continued care for those suffering from long-term impacts of COVID-19 such as shortness of breath for weeks or months, multi-organ impacts from COVID-19, or post-intensive care syndrome.
- **Expenses to Improve the Design and Execution of Health and Public Health Programs:** targeted consumer outreach, improvements to data or technology infrastructure, impact evaluations, and data analysis.
- **Equitable Care:** the interim final rule identifies a broader range of services and programs that will be presumed to be responding to the public health emergency when provided in low-income and Native American communities

These are only examples from the non-exhaustive list of eligible and ineligible activities provided by the [Interim Final Rule](#), pages 13-38.



LFRF Eligible Uses: Economic Impacts

Eligibility Test

- **Step 1:** Identify the economic impact created or made worse by the COVID-19 public health emergency
- **Step 2:** Identify how the proposed program, service, or other intervention addresses the identified need or impact

Example Economic Impact Activities

- **Assistance to impacted households:** food, rent, counseling, job retraining, legal aid
- **Improving efficacy of economic relief programs:** targeted consumer outreach, improvements to data/technology infrastructure
- **Assistance to small businesses:** assistance with reopening, credit access, revenue replacement

Special Rules for Tourism

- **Assistance to hospitality/tourism businesses for safe reopening measures:** improvements to ventilation or physical barriers or partitions, construction of outdoor facilities
- **Planned expansions or upgrades of tourism, travel, and hospitality facilities delayed due to the pandemic**

Ineligible Economic Impact Activities

- **Infrastructure projects *unless*:** project responded to specific pandemic public health need or specific negative economic impact
- **Deposit to rainy day funds, financial reserves, or similar funds**
- **Payment of interest or principal on outstanding debt interests**

These are only examples from the non-exhaustive list of eligible and ineligible activities provided by the [Interim Final Rule](#), pages 13-38.



LFRF Eligible Uses: Revenue Loss

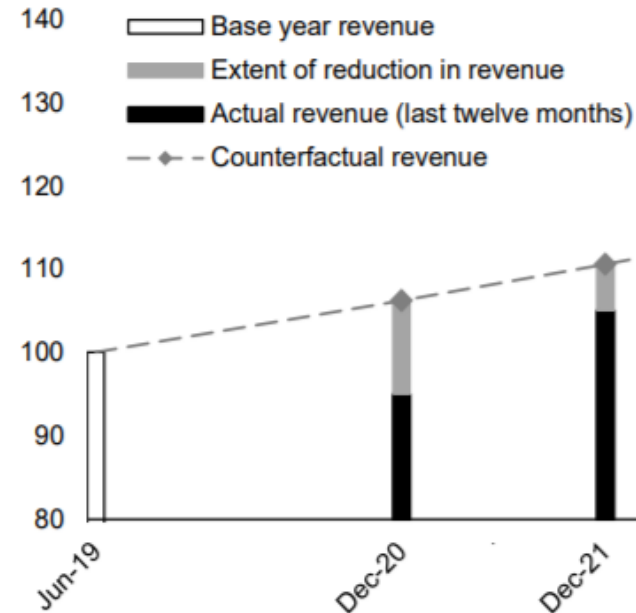
Funds may be used to pay for the provision of government services only to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency.

Calculating Revenue Loss

1. Identify revenues collected in the most recent full FY prior to COVID-19 (i.e., last full FY before 1/27/20)
2. Estimate counterfactual revenue: $Base\ year\ revenue * (1 + growth\ adjustment)^{\frac{n}{12}}$
N is the number of months elapsed since the end of the base year to the calculation date and growth adjustment is the greater of 4.1% and the recipient's average annual revenue growth in the three full fiscal years prior to the COVID-19 public health emergency.
3. Identify actual revenue, which equals revenues collected over past 12 months as of calculation date.

The National League of Cities and Towns has developed a tool to help you calculate your revenue loss. It's available [here](#). The Government Finance Officers Association also has a tool. That tool is available [here](#).

The overall methodology for calculating the reduction in revenue is illustrated in the figure below:



Recipients may immediately calculate revenue loss for the period ending December 31, 2020.



LFRF Eligible Uses: Revenue Loss

REVENUE LOSS FUNDS ONLY

LFRF Revenue Loss eligibility is extended to the provision of most government services.

Allowed Under Government Services

- Cities/towns have broad latitude for the use of Revenue Loss funds, most normal government activities and expenses will be eligible activities
- Treasury specifically cites the following non-exhaustive examples of eligible uses:
 - maintenance or pay-go (funded by cash, not loans) building of infrastructure, including roads;
 - modernization of cybersecurity, including hardware, software, and protection of critical infrastructure;
 - health services;
 - environmental remediation;
 - school or educational services; and
 - the provision of police, fire, and other public safety services

Not Allowed Under Government Services

- Obligations, interest, or principal related to debt or borrowed money
- Obligations due to settlement agreements, judgments, consent decree, or judicially confirmed debt

CAUTION: Using LFRF to Offset Reduced Tax Rate(s)

- At this point, there is some risk that Treasury intends to extend the prohibition from the State Fiscal Recovery Funds and prohibit LFRFs to reduce the tax rate.
- NEUs interested in using the LFRF to reduce their tax rate should consider filing comments on the Treasury's Interim Final Rule (IFR).
- We expect additional clarity will come via the IFR comment process and advise that if NEUs can postpone their decisions until after Treasury issues additional guidance, that would place them at the least risk.



LFRF Eligible Uses: Premium Pay

LFRF may be used to provide **premium pay** to eligible workers performing essential work during the COVID-19 public health emergency or to provide grants to third-party employers with eligible workers performing essential work. Premium pay is defined as an amount up to \$13 per hour in addition to remuneration the worker otherwise receives and in aggregate amount cannot exceed \$25,000 per eligible worker.

Eligible Essential Worker

Examples

- Staff at nursing homes, hospitals, and home-care settings
- Workers at farms, grocery stores, and restaurants
- Janitors and sanitation workers
- Public health and safety staff

Essential Workers

- **Essential workers** help maintain continuity of operations of essential critical infrastructure sectors (*childcare, education sanitation, food production*), including those who are critical to protecting the health and wellbeing of communities
- **Essential workers** must be physically present and involve regular in-person interactions (*telework is ineligible*) or regular physical handling of items that were also handled by others
- Recipients of premium pay must provide Treasury a written justification of how premium pay is responsive to their **essential work** if premium pay would increase total pay above the higher of:
 - 150% of residing state's average annual wage for all occupations according to BLS
 - Residing county's average annual wage, defined by Bureau of Labor Statistics

Duplication of Benefits Warning: NH First Responders received premium pay from the State using the Coronavirus Relief Funds. NUEs should avoid adding Premium Pay benefits that exceed the allowed amount per worker.



LFRF Eligibility: Investment in Infrastructure

Eligible Infrastructure Uses

Water & Sewer



Projects that meet at least 1 criteria:

- Eligible for EPA's Clean Water State Revolving Fund
- Provide safe drinking and usable water
- Improve drinking water infrastructure
- Manage and treat stormwater
- Facilitate water reuse
- Provide relief in case of natural disaster

Broadband



Projects that meet these criteria:

- Help unserved & underserved customers
- Meets symmetrical upload & download speeds of 100 Mbps
- Integrate affordability options into design
- Offers direct internet or digital literacy assistance to households facing negative economic impacts
- Prioritize fiber optic infrastructure

Aligning Investments

Infrastructure does not end at the NEU's boundaries— and both the State and neighboring NEUs have funding available for investments in these kinds of infrastructure projects. NEUs are advised to align their planning to most efficiently invest in this infrastructure.

Eligible Timing: Costs Incurred by the Recipient

- For the eligible uses described in the previous slides, funds may be used for costs incurred by the recipient beginning on March 3, 2021.
- In some cases, recipients may use the funds for circumstances occurring prior to March 3, 2021. See additional details by eligible use category below.

Public Health/Negative Economic Impacts

- **Costs can occur before March 3, 2021** (example: rental or utility arrearages from 2020) as long as the **city/town pays the cost after March 3, 2021.**

Premium Pay

- Recipients may provide premium pay **retrospectively for work performed at any time since the start of the COVID-19 public health emergency.** The city/town must launch the premium pay program after March 3, 2021.

Revenue Loss

- Lost revenue calculation covers lost revenue for the city/town's **2020 calendar year.** However, use of revenue replacement funds must be for **costs incurred by the recipient after March 3, 2021.**

Investments in Water, Sewer, and Broadband

- Recipients may use funds to cover costs incurred for eligible projects **planned or started before March 3, 2021,** as long as the specific costs covered by the funds were incurred after March 3, 2021.

Deadlines: Obligations and Expenditures

Obligations

A commitment to pay a third party based on a contract, grant, loan, or other arrangement.

12/31/24: Funds must be *obligated*

Expenditures

The amount that was obligated has actually been spent, and the good/service has been fully provided.

12/31/26: Funds must be *expended*



Local Fiscal Recovery Fund Additional Requirements

Requirements that Apply to Federal Funds

Federal Procurement Rules and Cost Principles

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, *but are not limited to*:

- 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 subrecipient use of LFRF funds.
- Single Audit requirements apply to subrecipients who receive *in the aggregate* more than \$750,000 in federal funds for the year.

For more information:

- 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](#).

Reporting: Additional Webinar Forthcoming

What we know so far on reporting requirements

Reporting after initial LFRF request

- After the initial request for funding, an NEU will be required to report the following:
 - 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

Ongoing annual reporting requirement

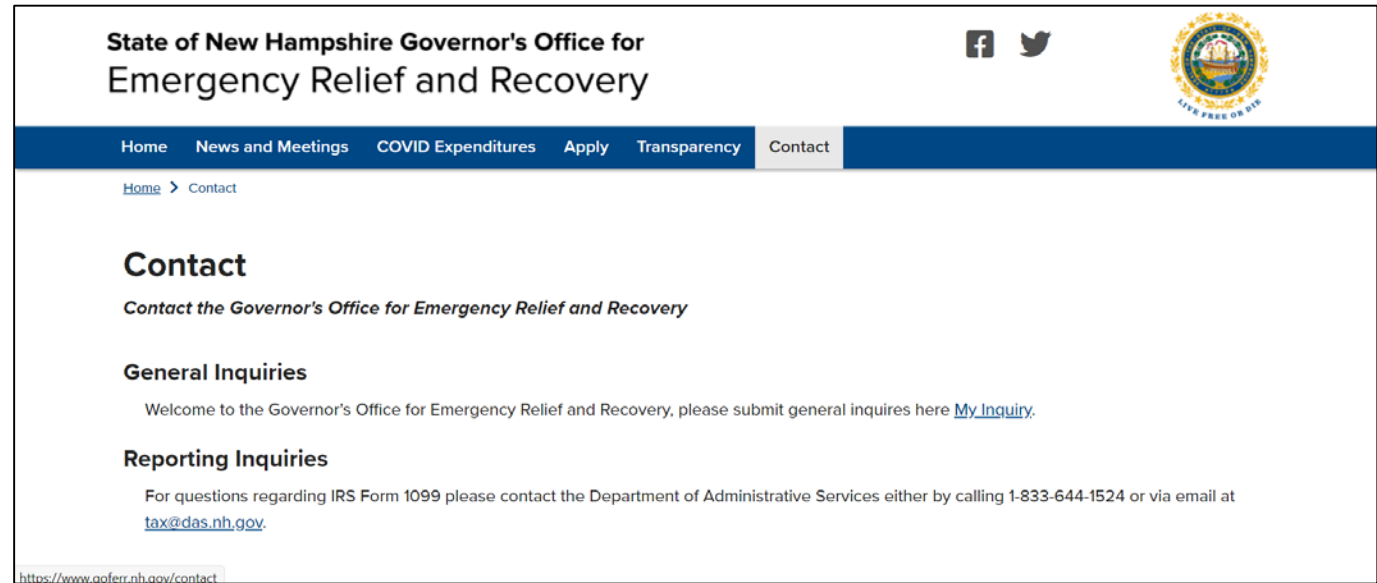
- NEUs will be required to report to Treasury on the use of funds annually by October 31st each year.
- Reporting instructions will be forthcoming. In advance of those instructions, NEUs should maintain detailed financial records and supporting documents for all uses of the LFRF.

First NEU reports due on October 31, 2021.
First reports will cover *obligations* and *expenditures* from receipt of funds through September 30, 2021.

How NEUs Ask Questions About LFRF \$

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



The screenshot displays the website for the State of New Hampshire Governor's Office for Emergency Relief and Recovery. The page features a dark blue header with the organization's name and navigation links: Home, News and Meetings, COVID Expenditures, Apply, Transparency, and Contact. The 'Contact' link is highlighted. Below the header, the page title is 'Contact', followed by the subtitle 'Contact the Governor's Office for Emergency Relief and Recovery'. The main content area is divided into three sections: 'General Inquiries' with a link to 'My Inquiry', 'Reporting Inquiries' with contact information for IRS Form 1099, and a footer with the URL 'https://www.goferr.nh.gov/contact'.



Q&A