



Department of  
**Finance &  
Administration**

# ARPA Local Fiscal Recovery Fund Local Government Assistance

*Tennessee Government Finance Officers Association Fall Conference  
September 23, 2022*

# Objectives

- NEU Tranche 2 Distributions
- U.S. Treasury FAQ Updates
- Uniform Guidance Reminders



# NEU Tranche 2 Distributions

# NEU Distribution Timeline

September 28, 2021	State requested funds from U.S. Treasury
Early October 2021	State received first tranche of funds from U.S. Treasury
Late October/Early November 2021	State distributed first tranche of funds to NEUs
October 2022	State receives second tranche of funds from U.S. Treasury
October 2022	State distributes second tranche of funds to NEUs

# NEU Tranche 2 Distribution Reminders

- SAM.gov registration must be completed and current.
- Updated contact information for authorized representative and contact person should be provided to HORNE.
- No request for payment is required for second tranche distribution. Funds will be distributed to the same account as the first tranche payment.



# U.S. Treasury FAQ Updates

# FAQ Updates

- Treasury updated FAQs in April 2022 to reflect changes from the Interim Final Rule to the Final Rule.
  - Generally, these updates provided information on the additional enumerated uses listed in the final rule and clarified that, while the enumerated uses are meant to help recipients identify ways to spend FRF funds, recipients are not restricted to those uses. Recipients have the ability to identify and respond to other impacts and identify and serve other populations with these funds.
- Additional updates were made to the Final Rule FAQs in July 2022.

## FAQ 3.1

- The standard allowance for revenue loss calculations is no longer a one-time irrevocable choice.
- Recipients can update their decision in the Treasury reporting portal in future reporting cycles through the April 2023 reporting period.



# FAQ 13.15

- Treasury has limited Uniform Guidance that apply to revenue loss funds.
- Non-applicable requirements include:
  - Procurement rules,
  - Property standards,
  - Program income.
- Treasury states that the remaining Uniform Guidance requirements “provide that recipients should not deviate from their established practices and policies regarding the incurrence of costs, and that they should expend and account for the funds in accordance with laws and procedures for expending and accounting for the recipient’s own funds.”

## FAQ 2.14

- Treasury expanded the presumptive eligibility for affordable housing programs.
- Additional federal programs presumed eligible under this category:
  - LIHTC,
  - Public Housing Capital Fund,
  - Section 202/Section 811,
  - Project Based Rental Assistance,
  - Multifamily Preservation & Revitalization
- Alternatively, Treasury has created a second presumption for affordable housing programs based on 65% AMI and with a 20-year affordability period.

## FAQ 4.9

- Treasury updated the treatment of loans used to fund investments in affordable housing projects with maturities beyond December 31, 2026.
- The full amount of principal can be funded with SLFRF as long as the term of the loan and affordability period is at least 20 years.
- The loans are considered expended at point of disbursement to the borrower, and repayments are not subject to program income rules.

## FAQ 6.3

- National Environmental Policy Act (NEPA) does not apply to projects funded in full by the SLFRF.

## FAQ 6.17

- Under water/sewer/broadband infrastructure categories, the replacement or placement of utility poles is eligible when it is directly related to or part of an eligible SLFRF infrastructure project.

## FAQ 6.18

- Buy America Preference requirements in the infrastructure bill does not apply to projects funded in full by the SLFRF.
- However, SLFRF projects subject to procurement requirements still have to comply with 2 CFR 200.318 requiring domestic preference for materials.

## FAQ 6.20

- National Historic Preservation Act section 106 (review process for historic buildings) does not apply to projects funded in full by the SLFRF.

## FAQ 13.14

- Treasury will not collect subaward data for funds reported under revenue loss.
- Treasury clarified that the use of revenue loss funds does not give rise to subrecipient relationships, as there is no federal program or purpose to carry out for revenue loss funds.



## FAQ 13.16

- Treasury provided clarity and flexibility on asset and real property disposition requirements.
- During the period of performance, recipients may use assets for purposes other than the purpose for which they were originally purchased or improved if such other purpose is also consistent with the eligible use requirements.
- After the period of performance, the asset must be used consistent with the purpose for which it was purchased or improved or for any other eligible purpose in the same category as the purpose reported to Treasury as of the final reporting period.

## FAQ 13.17

- Treasury provided clarity on the definition of “obligation” and the 12/31/24 deadline.
- Recipients may obligate funds through means other than contracts or subawards and should follow state and local law and their established policies regarding incurring and documenting obligations (e.g., payroll expenses).



# Uniform Guidance Reminders

# Uniform Guidance

- Procurement requirements
- Scrutiny on exigency / emergency contracts
- Contract vs subaward
- Program income
- Non-Federal match



Questions?