FAQ for Local Government - State CARES Act Funding Application

1) Where did the funding come from?

Funding comes from the state’s share of the CARES Act Coronavirus Relief Fund.

2) How will the funding be allocated to individual local entities?

The funding will be allocated based on the funding requests from local governments and application responses. The total amount of funding available for local governments is $150 million, with $100 million available for the coronavirus relief and $50 million available for the Small Business Continuity grants. Allocations will be determined based on the requests and answers to the questions in the online application. The applications will be scored and prioritized accordingly. If the total amount of applications exceeds the amount available, distributions will be prorated or adjusted as needed.

3) Who will review the applications and make the determination?

The Department of Finance & Administration Capital Outlay Bureau along with representatives from the Local Government Division of DFA will review the applications and make the determinations.

4) What is the deadline for applications? Can this be extended or is this a hard deadline?

The deadline for applications is 11:59 PM August 7, 2020. The expenditure period covers March 1, 2020 through December 30, 2020. If the total funding requested by August 7, 2020 does not reach the total amount available, then the deadline may be extended.

5) What if not all local governments apply, will this increase the up to award amount?

If all eligible entities do not apply by the deadline and funding remains, then those local entities that applied may be allowed to re-apply after August 7, 2020 to request more funds. Should this arise, DFA will provide a new deadline for local entities. However, DFA may give priority to those entities that did not apply initially.

6) What can this funding be used for?

Please see page 4 of the Coronavirus-Relief-Funds-Guidance file attached with the application link sent out Friday. It is a detailed list of what expenditures are eligible and not eligible. Also, see the Coronavirus Relief Fund Frequently Asked Questions – Updated as of July 8, 2020.
7) Does this funding have the same restrictions as the CARES act funding that local governments have/will receive?

Yes, the restrictions are the same.

8) Why is the state granting funds through a local government application process rather than a formula or allocation process?

The need for local governments is tremendous and the state did not want to restrict local governments to a formula-based amount if they could get more through an awards-based process.

9) What is the estimated turnaround time for reimbursement?

The estimated turnaround time for reimbursement is 10 business days.

10) Elaborate on the statement that, “applicants must be aware that applying for this grant may result in not being eligible to apply for other federal grants.”

The basis of that statement is to make the applicant aware that expenditures being considered for reimbursement can only be requested in one federal grant. Therefore, if expenditures are being requested for reimbursement in this CARES Act federal grant, the entity cannot request the same expenditures be reimbursed in another federal grant or program.

11) How is the state defining business interruption? Is it the same as PPP or as defined by the insurance agencies or a mixture of the two?

The state defines business interruption as a period of time in which the local governments could not provide essential functions as they would be able to in pre-pandemic times.

12) How long will the state take to review local applications and make award determinations?

The state will notify entities within 10 business days from the application due date. The anticipated date for award letter distribution is Friday, August 21, 2020.

13) How will awards and funding be determined? Is there a cap in the amount requested?

Entities will be awarded funding based on scoring criteria developed from the application questions and answers. DFA may use a formula based model to award funding depending on the number of applications and amounts requested in the applications.
Entity size and need may factor into the scoring criteria, as well as other relevant factors. The entity may request up to the amount they determine they need. If the total amount of applications exceeds the amount available, distributions will be prorated or adjusted.

14) Can previous expenses be billed to the grant or will only those expenses made after the grant is awarded be eligible?

Previous expenses will be eligible as long as they meet the guidelines in the Coronavirus-Relief-Fund-Guidance file, which was emailed with the online application link. The expenditure period has been identified as March 1, 2020 through December 30, 2020. Please refer to the guidance document for more details.

15) How will the state determine eligibility of expenses?

The state will receive the documentation and review the expenditures in accordance with the guidelines set forth within the Coronavirus-Relief-Fund-Guidance file. If an expense is determined to be ineligible, the entity will be contacted to see if further documentation is needed.

16) May Fund payments be used to replace foregone utility fees? If not, can Fund payments be used as a direct subsidy payment to all utility account holders?

Fund payments may not be used for government revenue replacement, including the replacement of unpaid utility fees. Fund payments may be used for subsidy payments to electricity account holders to the extent that the subsidy payments are deemed by the recipient to be necessary expenditures incurred due to the COVID-19 public health emergency and meet the other criteria of section 601(d) of the Social Security Act outlined in the Guidance. For example, if determined to be a necessary expenditure, a government could provide grants to individuals facing economic hardship to allow them to pay their utility fees and thereby continue to receive essential services.

17) If an entity is awarded Cares Act Relief grant funds, is the entity ineligible for future Federal Cares Act grant funding?

The entity would be ineligible for future CARES Act funding for those expenditures previously reimbursed.

18) How do we submit grant reimbursements for COVID – 19 expenses from August 7, 2020 through December 30, 2020, when the grant application eligibility timeline for eligible COVID-19 expenses is from March 1, 2020 through December 30, 2020, and the grant application deadline is August 7th, 2020.

The entity will apply for funds based on actual expenses through August 7, 2020. The entity will provide the best estimate through December 30, 2020.
19) On Exhibit 3 and 4, do we submit the two documents with our grant application or do we submit with our reimbursement request (Exhibit 2) following award of grant funding?

You will submit Exhibits 2-4 once you are awarded the funds.

20) Do we need to submit and attach all supporting documentation of COVID-19 expenses as part of our initial grant application due on August 7, 2020?

You do not need to submit any supporting documents with the application.

21) What documents are required with the grant application due on August 7th?

There are no documents required with the submittal of the application.

22) Are we eligible to apply for multiple grant applications through December 30th?

If additional funding is available, the entity will be able to apply for additional funding. If all of the funds are allocated with this application cycle, then no additional applications will be received.

23) The application is due August 7th. When will we find out if we would be receiving this funding?

The timeline to receive your award letter will be 10 business days after the application closing date. The anticipated date for award letter distribution is Friday, August 21, 2020.

Frequently asked questions regarding the NM Business Continuity Section:

1) Regarding the Small Business Continuity Grant application, do we need all required information from local businesses, along with grant applications completed and attached to our grant application due on August 7th? How will we gage the amount needed?

The Small Business Continuity Grant application is a guideline for the local entity to use when administering the application process at the local level. You will not need any supporting documentation at the time of this CARES Act funding application submittal. The amount to request for this application will be based on factors identified by the local entity such as the number of businesses the entity proposes and size of the grant. Please review the Small Business Continuity Grant application to see who would be eligible and try to base your numbers on the eligibility requirements.

2) On question #3 of the Small Business Continuity Application, if we do not agree to administer on behalf of small businesses, does this disqualify us from receiving funding?
If you do not agree to administer the Small Business Continuity Application process, it will not disqualify the entity from receiving funds directly related to that program. The entity is eligible to receiving CARES Act funding.

3) If we check “No” on question #3 mentioned above, do we leave questions #4 and #5 blank?

If you answer “No” to questions #3 on the Small Business Continuity Application, then you will not need to answer questions 4 and 5. If those are required on the electronic form, then answer $0 and N/A, respectively.

4) If we check “Yes” on question #3, it will take some time to gather information on what the needs will be for small businesses. Therefore, will we have to estimate the amount of money needed since the application is due next Friday?

That is correct. This will be an estimate as to how much the local government will need to be able to distribute throughout your small business community.

5) For example, if we ask for $1 million for small businesses, will we be administering the funds, and small businesses will have to apply through us, or will that go through the state?

If the local entity received funding for small businesses, the local entity will be creating the application process and administering those funds. Please see the Small Business Continuity Application as a guide for you to use when creating your application process. You are encouraged to use the application but can modify it to meet your needs. It contains information to protect against fraud and abuse.

6) The entity has the capacity to administer a few grants for small businesses but not a lot. How will we know how many we will be administering? We would love to administer on behalf of small businesses but we only have so much capacity.

The number of grants you will be administering will be based on the number of applications you receive and the number of awards you grant to these small businesses and the amounts of the grants awarded through the local government application process.

7) If the county and city apply for this funding, how do the entities ensure that a business does not receive funding from both?

The county and city may need to work together to ensure they do not fund the same business for the same expenditures.

8) Reading the application, it looks to be a reimbursement grant. So if we request $50,000 and only send $40,000 in reimbursement, the rest would just not be disbursed, correct?

Correct, the remaining funds will not be disbursed without qualifying expenditures.
9) Will it work the same way for small businesses? Will we get the money and reimburse the businesses or will the state handle that?

The entity will submit documentation to the state identifying the businesses and award amounts. The state will provide funding to the entity for the small business. If the amount is not awarded it may be reallocated to another business. Any unexpended funds must be returned to the state.

10) When would we find out if we would be receiving this funding?

The timeline to receive your award letter would be 10 business days after the application closing date of August 7, 2020. The anticipated date for award letter distribution is Friday, August 21, 2020.

11) How specific does a local government need to be on the small business section of the application?

The local entity should be as specific as possible since the state will be scoring the answers. Most answers will be understandably general in nature since applicants are submitting during the middle of the timeframe requirements. This is a new program; therefore, we understand much of the information provided is estimates. Please be as detailed as possible when answering the question about administering or overseeing the small business application process and the estimated number of businesses you anticipate serving and the dollar amount of grant awards.

12) I see in the instructions that it doesn’t specify the type of businesses that can qualify though on the sample application it has C-Corps, LLCs, Partnerships, and Sole Proprietorships. Can we include 501c3 nonprofits that meet the eligibility criteria as a business type in our proposed Las Cruces Small Business Continuity Grant Program?

Yes, non-profits may request assistance. Regardless of how the assistance is structured, the financial assistance provided would have to be related to COVID-19.

13) Under the coronavirus relief fund, can the funding be used to hire a temporary employee to take applications and administer the business continuity program?

Yes, the funds can be used to pay a temporary employee to help with the Small Business Continuity application process. However, the goal is to get as much of the funding to the business so an administrative fee should not exceed 5% of the small business awarded amount.