

CDBG-CV

Q&A

GENERAL

- The 2020 CV Grantee information sheet has an item on it that says, "how to resolve conditions in letter." What does this pertain to?*

This pertains to the condition letter signed by Kayla Savage and sent out on June 4 to the grantee with their contract. Any conditions the city/county needed to resolve were listed in the letter, with instructions on how to resolve those conditions.
- Do the CV grant agreements, authorized signature page and bank documents need to be emailed or mailed to our project managers?*

The CV Grant agreement and authorized signature page can be scanned after signature and emailed to your project manager. The bank documents are the only item that must be mailed to our office, to the attention of your project manager. You also may choose to mail two copies of the signed Grant agreement with your bank forms.
- Do grantees need a separate stand-alone bank account for CDBG-CV funds or can a separate fund within an existing bank account be used?*

Any account works so long as the expenditures are accounted for in a project ledger, with check numbers or transactions accounted for with supporting bank documents. Funds must be expended in 3 working days.
- Is this considered a Federal or State Grant?*

CDBG-CV funds are considered a Federal Grant that is administered by The Department of Commerce as the designated State of Kansas Agency with the authority to do so.
- Will there be a round 2? If so, will those applications that were not funded go to the top of the list? Or, will they need to reapply?*

Additional funds will be available. We are waiting for guidance from HUD on how those funds will be disbursed, and details on categories or projects that will be eligible.
- How would you advise a city that was not awarded in Round 1, but their county was awarded? Should they utilize the County's current CV grant for their businesses now? Or, would it be better for them to wait for the second round?*

At this time, we do not know how the next round of funding will be disbursed or utilized. It would be up to counties to determine if they would like to work with their cities on receiving assistance with the current funding. Without a guarantee on how the next round of funding will be used, we cannot at this time offer more specific guidance.
- What is the conflict of interest process?*

Please refer to the [CDBG Grantee Handbook 2020, Page 6.](#)
- If a city councilman owns a business and the grantee is the county, will a conflict of waiver process be required?*

Yes, a conflict of interest waiver and the related process is required.
- What is the timeline to spend the funds before those funds not used are returned?*

You have 12 months from the date of the contract to completely spend the funds. Contract end is June 15, 2021. 50% must be expended in 6 months.
- Can we pull fair housing from the same year that was completed with another grant for the new project? Ex. same City, but Fair Housing was completed in Feb of 2020, can it be used for the 2020 compliance of the CDBG-CV.*

Yes
- What is acceptable proof that a CDBG Local Revolving Loan fund is below the \$10,000 threshold?*

A Letter from the city treasurer or county treasurer verifying that the balance is below the threshold or a bank statement is acceptable proof.

12. *When the county commission reviews applications for grant funding, how much of the business information is public information?*

A few things that are open records related to these projects are the following: Name of business; amount of funds received and what they are using the grant funds for; and any PII (Personally Identifiable Information) information related to business. Information on employees is excluded from public release. Also, the job certification form is not public information.

13. *How does the actual process work for payments?*

After reviewing the payment requests and supporting documents from businesses (invoices, receipts, payroll), you send those to the CDBG staff for review and request to draw the funds for those expenses. There will not be one lump sum payment – it is a disbursement to the grantee and then the grantee pays the business. Please refer to the [Grantee Handbook 2020, Page 67](#).

14. *How do budget amendments for reduction in administrative costs and changing funds between two economic development lines work?*

A budget amendment is not required, if the administrative changes occur prior to the contract being finalized. It is required if a reduction of administrative costs happens after the contract has been finalized. Economic Development is one line item.

15. *How much information, other than what is needed to complete the close-out certificate for business, is needed for state reports?*

State reports require job information, demographics of the jobs, if the business is current on taxes, and duplication of benefits information.

16. *Do I/Can I send Fair Housing, Code of Conduct and Procurement Policy to you now or do we just need to have on file here?*

Please store those in your local file.

17. *Employee Certification forms are completed based on the previous 12 months of adjusted gross income?*

Correct; 12 months from the date of job certification form.

18. *Is the state issued regular unemployment considered income?*

Yes.

19. *Federal enhancement provided by the CARES Act is not to be included as income?*

Not to the company. But it is to be included as income for the employee on the job certification form.

20. *Can CBDG-CV funds be used to pay utilities owned by the county or city?*

No.

APPLICATION/AWARDING

21. *Q: It's my understanding that the state supplied application is a sample and we can use something different. Is that correct?*

A: Yes, the application we sent out can be utilized to guide your application or adopted fully. The information in the application we provided should be the minimum amount of information to collect for reporting and monitoring.

22. *Q: Are there any publications needed before we release grant apps to businesses?*

A: No, there are no public notices required before releasing grant applications to businesses.

23. *Q: Should the grantee create a plan to prioritize business applications? Are we required to get your approval of the plan before we may proceed?*

A: Yes, please create a plan for how businesses are selected for grants. You may set up your own guidelines and we encourage you to utilize the plan you submitted with your application, though it can be modified. You may also use the application we shared as a guideline. The information in the application we provided should be the minimum amount of information to collect for reporting and monitoring. You do not need our approval of your plan or process – either application or guidelines.

24. *Q: How much discretion do we have to make additions to the application? Can we add more metrics? Do we have discretion at how much we can provide to an applicant based on our scoring metrics?*

A: The application we sent out can be utilized to guide your application or adopted fully. The information in the application we provided should be the minimum amount of information to collect for reporting and monitoring. You may set up your own guidelines and we encourage you to utilize the plan you submitted with your application, though it can be modified. If the required information that we've requested is included so that we can check it, you may create your own form and awarding process and guidelines. It must be consistent with all applications.

25. *Q: Is a separate file needed for each business?*

A: So long as we can find the data in the file, they can keep just one.

26. *Q: Does having tax liability in arrears with the Kansas Department of Revenue or IRS disqualify a business from receiving CDBG-CV funds?*

A: Yes, it is a question on the business application form.

27. Q: Is there any process for validation of the job certs businesses can expect, or the City has to do?

A: The business and employee will fill out the job certification and the city/county will validate the jobs certification form to ensure it meets the 51% LMI job requirement.

28. Q: At what point is the environmental form to be submitted (MG/ED)?

A: Environmental Release must be received before any funds are disbursed to Economic Development projects.

29. Q: No further environmental review form is needed for the food portion, correct?

A: This is correct.

DOB: DUPLICATION OF BENEFITS

30. Who is responsible to document that there is no Duplication of Benefit?

It is the responsibility of the grantee to document that there is no Duplication of benefits in their files for each business or meal program being awarded CV funds.

31. Has there been any additional clarity around the duplication of benefits issue? (PPP, EDIL, Stimulus Payments)

There was a chart that included all the known Duplication of Benefit programs sent to all grantees. It is a duplication of benefits for CDBG-CV funding if the CV funding is used for the same time period as other federal funds.

The business must use the CV funds for a different project activity or time period than the other federal funds to avoid duplication of benefits. Stimulus payment has no effect on the business, but is to be accounted for as income. CV funds cannot be used to repay debt.

32. Why discriminate against a business that sought help as long as they're not using CV funds to repay debt?

Federal regulations prevent us from duplicating federal dollars and paying off debt.

LMI

33. Is the 51% LMI requirements for all jobs in a company or just for jobs retained?

51% of all FTE jobs retained must meet the LMI requirement.

34. How will we verify LMI information?

LMI is determined by the [job certification form and 2020 Kansas Income Limits spreadsheet](#).

35. How does the owner play into the LMI numbers for a business?

If it's a micro business (1-5) the business owner can be counted. If the business owner meets the LMI requirements, no employee job certifications form will be required. If they do not qualify as LMI, employee job certification will be needed. If it's an economic development business (6-50), the owner is not counted as an FTE.

36. How are part time (less than 40-hour employees) counted toward FTE Equivalents?

Please utilize the chart that was shared to figure FTE status on employees who work less than 40 hours a week.

37. Can a contractor utilize the program with a subcontractor as a wage earner?

A: No, because the wage earner needs to be an employee of the business in order to meet the LMI and job retention requirements. In this example, the subcontractor is not an employee of the contractor.

38. Q: The language for micro-grants versus economic development grants was based on employees (i.e. up to \$25,000 available for businesses with 5 or fewer employees with a maximum of \$30,000 per company) while the LMI calculation is based on FTEs. A business might have 6 employees but only 3 FTEs if 4 of those employees only worked 6 to 15 hours/week and the other two were full-time. So, would this be a micro grant or an economic development grant? Or, is the number of employees for grants also based on FTEs?

A: It's based on the FTEs.

MICRO GRANT/ECONOMIC DEVELOPMENT

39. *What are the expense categories that should be used/listed?*
Must be working capital. No construction or debt payoff.
40. *How far in advance can a business use funds to cover rent?*
Rent was not specified to a current number of days
41. *Are ag businesses (farmers, ranchers, dairies, orchards, honey producers, etc.) eligible for CV funds so long as they meet the national objective of jobs retained?*
No, they are ineligible. Funds are available through USDA for ag businesses.
42. *If a county/city has more of the larger ED applications, and fewer micro-loan program applications, can the city/county disburse based on need or so they have to follow the budget submitted in the CDBG-CV funding application?*
All ED funds (micro grant and economic development) were lumped together in the awarding process, so you may choose how to award the money either as micro grants for businesses of 1-5, or economic development grants for businesses of 6-50.
43. *Can we limit the amount the businesses can apply for? EX \$5,000 Yes, you can determine your own guidelines such as maximum amounts for application and awarding of the business grants. If we do limit the amount and have excess funds can we go back to previously awarded businesses and give more funds?*
Ideally, you will want to award funds only once to get the money out to businesses and to avoid duplication of benefits. Utilize the data collected to determine your original need (number of businesses that would be eligible to apply) and determine the award amounts.
44. *Can this be used to facilitate the sale of a business whose sale stalled during COVID?*
No, the funds cannot be used to sell a business.
45. *What is the 60-day requirement?*
Project implementation will be initiated within 60 days of the award announcement.
46. *We have a business in the city that is also a chain across 3 states. If they have 50 and under employees would they qualify? The business in our city is the base business. (Heritage Tractor)*
It is your decision if you wish to provide funding to chain businesses. So long as the local location of the chain has 50 employees or less and meets the other eligibility criteria, they would qualify.
47. *Can we distribute and limit increments to be distributed to our businesses below those indicated in the grant? Is there a limit on the number of businesses that can receive the funds?*
You may set up your own guidelines for selection criteria, including the maximum amount a business can apply for grant funds. You may also use the application we shared as a guideline. If the required information that we've requested is included so that we can check it, you may create your own form and awarding process and guidelines. There is no limit on the number of eligible businesses that can receive the funds.
48. *If someone runs a business out of their home what percentage of utilities can be claimed?*
Whatever they would claim on taxes as expenses.
49. *Is this funding usable for repairs or structural development that has not yet happened?*
No, this is not eligible under CDBG-CV
50. *Are receipts for monthly bills of already completed repairs (upgrading a garage to a hair salon) that were not able to be paid in March-May acceptable (working capital)?*
Upgrading repairs to a building is not eligible, as it's not working capital.
51. *How much insurance can be submitted, assuming a pro-rated for 3-months is acceptable.*
Insurance from March 1 that could not be paid.
52. *Can this be used to pay property taxes accrued outside the three months (March-May) but possibly due during those same months, i.e. 2019 property taxes?*
Only the months affected by COVID-19 can be paid using CDBG, Taxes for 2019 cannot be paid with this money.
53. *What type of justification, bill or invoice needs to be submitted for self-labor to clean/disinfect a facility*
Invoice for materials is acceptable
54. *How would a self-employed individual justify lost income? 2019 tax return prorated 3-months? March-May 2019 income vs 2020 income?*
It is based on the previous 12 months from the date they submit a job certification form. So they will need to account for the losses due to COVID-19. The individual should know whether he/she has worked or not during the time and can justify it that way.

55. *Would someone who breeds and sells dogs be eligible for CV funds?*
Do they pay taxes as a company or sole owner? If so they are eligible, otherwise they are not.
56. *Does a business need to have a duns number to benefit from cv funds?*
Yes, they are required to have a [DUNS](#)
57. *We were advised that if a hair salon had someone that rented a chair to cut hair, that they are not an employee. Is the person who rents a chair eligible as their own business?*
This is correct, the hairstylist would need to qualify on their own.
58. *Is there a timeframe (60 days) for inventory receipts or is it any date after 3/1/2020? Can they give us receipts for four months of inventory?*
The 60-day timeframe starts on the day the business is allowed to reopen. Only 60 days of receipts are required.
59. *If a business originally closed due to COVID, but now wants to reopen and is having trouble hiring employees due to the current unemployment benefits being offered, are they ineligible for this opportunity because they cannot get employees back on to income qualify?*
If the current employees aren't being retained, then it would be job creation and ineligible.
60. *Do you need a letter from the employer with the COVID-19 impact similar to the RLF CDBG funds?*
No.
61. *What is considered proof of payment? Ex. Invoice with check number and paid date on it?*
Yes, an invoice marked paid is acceptable.
62. *Can a business who received CDBG RLF Emergency Funds, still qualify and use CDBG-CV Funds as long as it's not duplication of funds and not paying the loan funds back?*
Once they receive CDBG funds, they cannot receive more. The goal is to spread out the funds to benefit multiple community-based businesses. Keep in mind, this could change if COVID-19 persists and more funds become available.

MEAL PROGRAMS

63. *Do the food programs need to fill out an application where they are already "approved" through community LMI. If yes, do we use the same application?*
This is at the discretion of the city/county. LMI was already approved at the time the application was approved.
64. *Do we need to procure with the food program where we get the food?*
No, you do not need to procure where the food is being purchased
65. *What information must a grantee have from the meal programs prior to requesting those funds from the state?*
Copies of invoices or payrolls for the expense.
66. *Are new meals on wheels programs eligible?*
Yes, new meal programs are eligible.
67. *Are meal programs allowed to be reimbursed for costs that they incurred starting March 1, 2020?*
Yes, any meal program costs from March 1, 2020 forward are acceptable, so long as vouchers can be produced indicating these expenses.
68. *For food pantries, they likely do not have cash on hand, so the request for funds would not be a reimbursement. Is the order/bill of sale good enough to request funds?*
Yes, and also copies of canceled checks or other proof payment made before the next draw.