

The following question and answer provides guidance to State CDBG-CV grantees on the relationship between the nonentitlement UGLG set aside, as required by section III.B.6.(b)(i) of FR-6218-N-01: *Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for CDBG-CV Grants, FY 2019 and 2020 CDBG Grants, and for Other Formula Programs* (the Notice), and state program administrative and technical assistance expenses.

May a State CDBG-CV grantee make awards to the nonentitlement UGLGs from the CV2 and CV3 rounds?

Yes; all three rounds of CDBG-CV allocations are parts of a single grant. The nonentitlement UGLG set-aside must be *no less than an amount equal to* a State's CV1 allocation, pursuant to III.B.6(b)(i) of the Notice. States can budget funds from any of the three allocations, CV1, 2 or 3, for use by the nonentitlement UGLGs provided that the total set-aside is at least *an amount equal to CV1*.

May a State CDBG-CV grantee use part of the nonentitlement UGLG set aside for the State's program administration and technical assistance expenditures?

No; the nonentitlement UGLG set aside must be *for use by* the nonentitlement UGLGs pursuant to III.B.6(b)(i) of the Notice. A State's own program administration and technical assistance expenditures are not considered to be *for use by* nonentitlement UGLGs. A State CDBG-CV grantee must be aware that if it used only CV1 for awards to nonentitlement UGLGs and if it also used a portion of its CV1 allocation for the state's own costs, as it would normally do under the annual program, then the amount of its nonentitlement UGLG set-aside would be less than the CV1 amount. To remain compliant, a State should use a portion of the subsequent amounts received under CV2 and CV3 to either make additional awards or otherwise increase the amounts for use by nonentitlement UGLGs. This will ensure that *no less than an amount equal to CV1* is provided for use by the nonentitlement UGLGs.