

CARES Act Funding- What to Expect



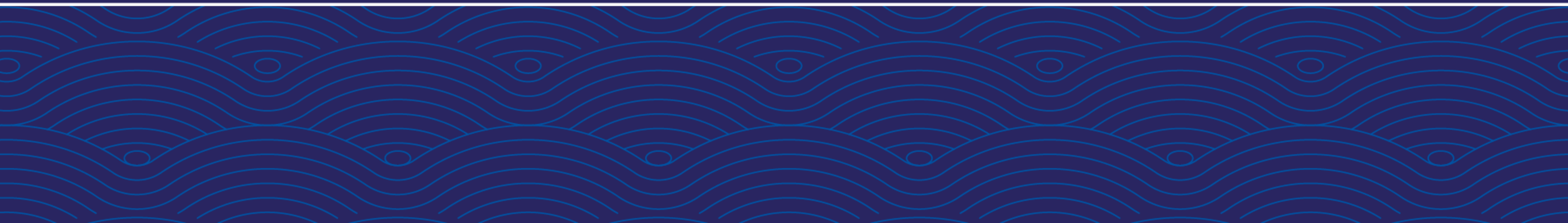
#WeGotThis Series

If you experience technical difficulties please contact GoToWebinar support at 1 (833) 851-8340

Agenda

- Opening remarks from Gary Carlson
- Guidance and overview
- Moderated Q&A with speakers

Remarks from Gary Carlson





MN COVID-19

**Coronavirus Relief Fund (CRF) Distribution to
Local Governments**

Reference and Guidance

CORONAVIRUS RELIEF FUND (CRF) GUIDANCE

CONTENT AGENDA

01 INTRODUCTIONS &
FUND OVERVIEWS

02 REQUESTING &
ACCESSING FUNDS

03 REPORTING
DEMONSTRATION

CORONAVIRUS RELIEF FUND (CRF) GUIDANCE

CONTENT AGENDA

01

INTRODUCTIONS &
FUND OVERVIEWS

- Local Government Support Team
- CARES ACT / CORONAVIRUS RELIEF FUND (CRF) OVERVIEW
- Eligible uses of CRF
- FEMA Match

02

REQUESTING &
ACCESSING FUNDS

03

REPORTING
DEMONSTRATION

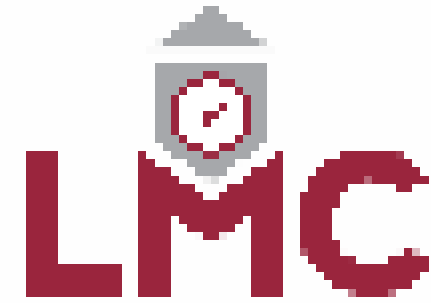
Local Government Support



Association of Minnesota Counties

125 Charles Avenue
St. Paul, MN 55103-2108
Main Line/Switchboard: 651-224-3344
| Office Fax: 651-224-6540

**Central Clearinghouse for
Frequently Asked Questions**



League of Minnesota Cities

145 University Ave. W, Saint Paul, MN
55103-2044
Phone: (651) 281-1200 | Toll-Free:
(800) 925-1122

**Central Clearinghouse for
Frequently Asked Questions**



Minnesota Association of Townships

(800) 228-0296
info@mntownships.org
FAX: (763) 497-3361

**Central Clearinghouse for
Frequently Asked Questions**

**Disbursement and Certification
MN DEPARTMENT OF REVENUE**

**CRF Fund Tracking and Reporting
MMB/MN COVID RESPONSE ACCOUNTABILITY OFFICE**

MN COVID-19 RESPONSE ACCOUNTABILITY OFFICE - OVERVIEW

Consistent with the State of Minnesota COVID-19 response effort, MMB has established a temporary COVID-19 Response Accountability Office (Office) led by Amy Jorgenson.

The role of the Office, specific to local governments, is in relationship to the Coronavirus Relief Fund (CRF). The Office will play a key role in monitoring the state and local government expenditures and establishing reporting requirements. Materials have been compiled for local government reference and are available on the Office's COVID-19 Response Accountability Office website (<https://mn.gov/mmb/covid-19-response-accountability-office/>), and a portal will be created for report submission.

CARES ACT / CORONAVIRUS RELIEF FUND (CRF) OVERVIEW

COVID-19 ECONOMIC RELIEF

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed on March 27th, provides over \$2 trillion in federal economic relief to protect the American people from the public health and economic impacts of COVID-19. The CARES Act provides assistance for American workers, families, and small businesses, and preserves jobs for American industries.

CORONAVIRUS RELIEF FUND (CRF)

Section 5001 of the CARES Act established the \$150 billion Coronavirus Relief Fund (CRF), providing payments to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak. The CARES Act sets criteria that expenses must meet to be eligible for CRF funding.

Qualifying Costs 1 - Necessary Expenditures



To qualify, expenses must satisfy three distinct elements.

1 NECESSARY EXPENDITURES

Necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)

“NECESSARY”: Expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.

“DUE TO”: Expenditures must be used for actions taken to respond to the public health emergency; including expenditures incurred to respond directly to the emergency, as well as expenditures incurred to respond to second-order effects, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.

Qualifying Costs 2 – Unaccounted-for Expenses



To qualify, expenses must satisfy three distinct elements.

Costs not accounted for in the budget most recently approved as of March 27, 2020

2 UNACCOUNTED-FOR EXPENSES

“NOT ACCOUNTED FOR”: (a) the **COST CANNOT LAWFULLY BE FUNDED** using a line item, allotment, or allocation within that budget; or (b) the cost is for a **SUBSTANTIALLY DIFFERENT** use from any expected use of funds in such a line item, allotment, or allocation.

“MOST RECENTLY APPROVED” budget: the enacted budget for the relevant fiscal period for the particular government, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency.

Qualifying Costs 3 – Incurred During Covered Period

To qualify, expenses must satisfy three distinct elements.



3 INCURRED DURING COVERED PERIOD

“INCURRED” - performance or delivery must occur during the covered period but payment of funds need not be made during that time (though it is generally expected that this will take place within 90 days of a cost being incurred.)

“COVERED PERIOD” for cities and townships: March 1, 2020 – November 15, 2020.

“COVERED PERIOD” for counties: March 1, 2020 - December 1, 2020.

ELIGIBLE USES – MEDICAL EXPENSES

1

Medical Expenses

- COVID-19-related expenses of public hospitals, clinics, and similar facilities.
- Expenses of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs.
- Costs of providing COVID-19 testing, including serological testing.
- Emergency medical response expenses, including emergency medical transportation, related to COVID-19.
- Expenses for establishing and operating public telemedicine capabilities for COVID-19 related treatment.

ELIGIBLE USES PUBLIC HEALTH (1 OF 2)

2

Public Health (1 of 2)

- Expenses for communication and enforcement of public health orders related to COVID-19.
- Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment (PPE), for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers connected to the COVID-19 public health emergency.

ELIGIBLE USES PUBLIC HEALTH (2 OF 2)

2

Public Health (2 of 2)

- Disinfection of public areas and other facilities, *e.g.*, nursing homes.
- Technical assistance to local authorities or other entities on mitigation of COVID-19 related threats to public health and safety.
- Public safety measures undertaken in response to COVID-19.
- Expenses for quarantining individuals.
- Contact tracing.
- Recovery planning projects or operating a recovery coordination office.

ELIGIBLE USES PAYROLL (1 OF 2)

3

Payroll Expenses (1 of 2)

The Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency, therefore a local government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.

- Use of payments from the Fund to cover payroll or benefits expenses of public employees are limited to those employees whose work duties are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

ELIGIBLE USES PAYROLL(2 OF 2)

3

Payroll Expenses (2 of 2)

Examples of types of covered employees, or classes of employees, include:

- Public Safety, Public Health, Health Care, Human Services.
- Similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- Payroll and benefit costs associated with public employees who could have been furloughed or otherwise laid off but who were instead repurposed to perform previously unbudgeted functions substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- Payroll and benefit costs of educational support staff or faculty responsible for developing online learning capabilities necessary to continue educational instruction in response to COVID-19 related school closures.
- Increased workers' compensation cost to the government due to the COVID-19 public health emergency.

ELIGIBLE USES PUBLIC HEALTH MEASURES(1 OF 2)

4

Public Health Measures(1 of 2)

The following are eligible expenses **if to enable compliance with COVID-19 public health precautions:**

- Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations.
- Expenses to facilitate distance learning, including technological improvements, in connection with school closings.
- Expenses to improve telework capabilities for public employees.
- Expenses of providing paid sick and paid family and medical leave to public employees.

ELIGIBLE USES PUBLIC HEALTH MEASURES (2 OF 2)

4

Public Health Measures(2 of 2)

The following are eligible expenses **if to enable compliance with COVID-19 public health precautions:**

- Maintaining state prisons and county jails, including sanitation and improvement of social distancing measures.
- Care for homeless populations provided to mitigate COVID-19 effects.
- Ongoing expenses from decommissioned equipment placed back into use or an unplanned lease renewal in order to respond to the public health emergency to the extent the expenses were previously unbudgeted and are otherwise consistent with section 601(d) of the Social Security Act outlined in the Guidance.

ELIGIBLE USES ECONOMIC SUPPORT (1 OF 2)

5

Economic Support (1 of 2)

- Provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
- Local government payroll support program.
- Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.
- Consumer grant program to prevent eviction and assist in preventing homelessness be considered an eligible expense.
- Employment and training programs for employees who have been furloughed due to the public health emergency, if the government determined that the costs of such employment and training programs would be necessary due to the public health emergency.

ELIGIBLE USES ECONOMIC SUPPORT (2 OF 2)

5

Economic Support (2 of 2)

- Program to assist individuals with payment of overdue rent or mortgage payments to avoid eviction or foreclosure or unforeseen financial costs for funerals and other emergency individual needs.
- Grants to small businesses to reimburse the costs of business interruption caused by required closures.
 - Governments have discretion to determine what payments are necessary. A program that is aimed at assisting small businesses with the costs of business interruption caused by required closures should be tailored to assist those businesses in need. A grant to a small business to reimburse the costs of business interruption caused by required closures would also be an eligible expenditure.

6

Other

Any other COVID-19 related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria.

TRANSFERRING FUNDS

Local governments may transfer CRF funds to other local units of government.

Local governments may also use Fund payments in the form of a grant or a short-term loan to support public or private business entities to the extent that the costs are necessary expenditures incurred due to the COVID-19 public health emergency.

If you transfer any funds to other local units of government, or award grants or loans to business entities, you must ensure they follow the same federal requirements you are subject to, and you are responsible for subrecipient monitoring regulations under [Uniform Grant Guidance](#)

If a local government has transferred funds to another entity, the Treasury Department would seek to recoup any funds used in a manner not consistent with the CARES Act from the government that received the CRF Fund payment directly from the State.

INELIGIBLE COSTS



Expenses that **DO NOT** qualify for CRF:



- Expenses for the State share of Medicaid.
- Replacement of lost revenues, including property tax relief.
- Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds.
- Reimbursement to donors for donated items or services.
- Workforce bonuses other than hazard pay or overtime.
- Severance pay or legal settlements
- Damages covered by insurance.
- Per capital payments to residents of a particular jurisdiction without an assessment of individual need

USING CRF FOR FEMA, WORKERS' COMPENSATION AND OTHER COSTS

FEMA Public Assistance (PA) Funding Considerations:

Any local government receiving aid under this distribution is expected to pay the nonfederal share of federal disaster (FEMA) assistance due to the COVID-19 public health peacetime emergency. Treasury guidance states that CRF may be used to pay for the nonfederal share.

Workers' Compensation:

Increased workers' compensation cost to the government due to the COVID-19 public health emergency is an eligible expense. A local government receiving aid under this distribution shall use the funds, if necessary, to pay for COVID-19 workers' compensation costs expended between April 7, 2020 and December 1, 2020 for employees in job classifications entitled to the presumption established by Laws 2020, chapter 72, section 1.

Community Health Boards:

As stated in the certification materials, local governments should use the funds to support Community Health Board COVID-19 efforts.

CORONAVIRUS RELIEF FUND (CRF) GUIDANCE

CONTENT AGENDA

01 INTRODUCTIONS &
FUND OVERVIEWS

02 REQUESTING &
ACCESSING FUNDS

- Registering to receive funds
- Fund Distribution Methodology

03 REPORTING
DEMONSTRATION

TIMELY ACTION REQUIRED

- Local Governments that **DO NOT** have a State of Minnesota State Wide Integrated Financial Tool (SWIFT) supplier ID will need to create one to receive a distribution of funds
- Local Governments that **DO NOT** have a DUNS number will need to obtain one and register in the System for Award Management (SAM) within 30 days of receipt of CRF funds from the State. This is a requirement so the Federal Government can track the distribution of federal funds.
- Instructions on how to create a SWIFT account, enroll in SAM, and obtain a DUNS number follow.

DISTRIBUTION METHODOLOGY – CERTIFICATION: SWIFT USER ID (VENDOR #)

CERTIFICATION (AND DISBURSEMENT) REQUIRES SWIFT ID

PROCESS TO REQUEST A SWIFT ID:

[ONLY FOR LOCAL GOVERNMENTS THAT DO NOT HAVE A SWIFT SUPPLIER ID (VENDOR #)]

SWIFT Vendor Portal <https://mn.gov/mmb/accounting/swift/vendor-resources/>

The State's accounting system is called **State Wide Integrated Financial Tools (SWIFT)**. Vendors interact with the State through the [Supplier Portal](#), which is part of SWIFT. The Supplier Portal allows vendors to login and view payment detail as well as maintain address and contact information related to their vendor record.

Every individual and organization doing business with the State is considered a vendor. To view invoices or payments through the Supplier Portal, vendors must be registered with the State. If you are a new or prospective vendor, please navigate to the Supplier Portal [Vendor Registration link](#) to register as a vendor. Existing vendors can request a User ID to login to the Supplier Portal by clicking the [Create a New User ID link](#). When a vendor registration is approved or the new User ID is approved, a confirmation is sent to the email address entered during the registration/creation process. If you have a SWIFT ID and don't know it, you can contact efthelpline.mmb@state.mn.us.

DISTRIBUTION METHODOLOGY – CERTIFICATION: SAM ACCOUNT AND DUNS

CERTIFICATION (AND DISBURSEMENT) REQUIRES A SAM USER ACCOUNT TO ENABLE TRACKING THE FLOW OF FUNDS. THIS NEEDS TO BE COMPLETED WITHIN 30 DAYS OF SUBMITTING THE CERTIFICATION. THE SAM USER ACCOUNT REQUIRES A DUN & BRADSTREET RECORD (DUNS #)

[ONLY FOR LOCAL GOVERNMENTS THAT DO NOT HAVE A SAM USER ACCOUNT]

PROCESS TO REQUEST A DUNS NUMBER

DUN & BRADSTREET [HTTPS://FEDGOV.DNB.COM/WEBFORM/](https://fedgov.dnb.com/webform/)

The System for Award Management (SAM) is an official website of the U.S. government. To register in SAM, at a minimum, you will need the following information:

- Your DUNS Number, Legal Business Name, and Physical Address from your Dun & Bradstreet (D&B) record.
- If you don't already have one, you can request a DUNS Number for FREE from D&B.
- Your Taxpayer Identification Number (TIN) and Taxpayer Name associated with your TIN. Review your tax documents from the IRS (such as a 1099 or W-2 form) to find your Taxpayer Name.
- Your bank's routing number, your bank account number, and your bank account type, i.e. checking or savings, to set up Electronic Funds Transfer (EFT).

dun&bradstreet

NOTICE Apple Developer Program use <https://developer.apple.com/enroll/duns-lookup/#research> and for FDA please use <https://www.fda.gov/downloads/ForIndustry/ImportProgram/EntryProcess/ImportSystems/UCM433657.pdf> *NOTICE**PLEASE USE IE AND ENABLE JAVASCRIPT WHEN USING WEBFORM.

Welcome to the D&B D-U-N-S Request Service
for US Federal Government Contractors and Assistance Awardees

Dun & Bradstreet (D&B) provides a D-U-N-S Number, a unique nine digit identification number, for each physical location of your business.

D-U-N-S Number assignment is FREE for all businesses required to register with the US Federal government for contracts or grants.

[Click here to request your D-U-N-S Number via the Web.](#) If one does not exist for your business location, it can be created within 1 business day.

For technical difficulties, contact SAMhelp@dnb.com

Spam-blockers and other security features on your computer or network could block our email responses which may include your DUNS Number. Please ensure that you are able to receive emails from SAMhelp@dnb.com. Adding SAMhelp@dnb.com to your address book may help prevent our emails from being inadvertently blocked.

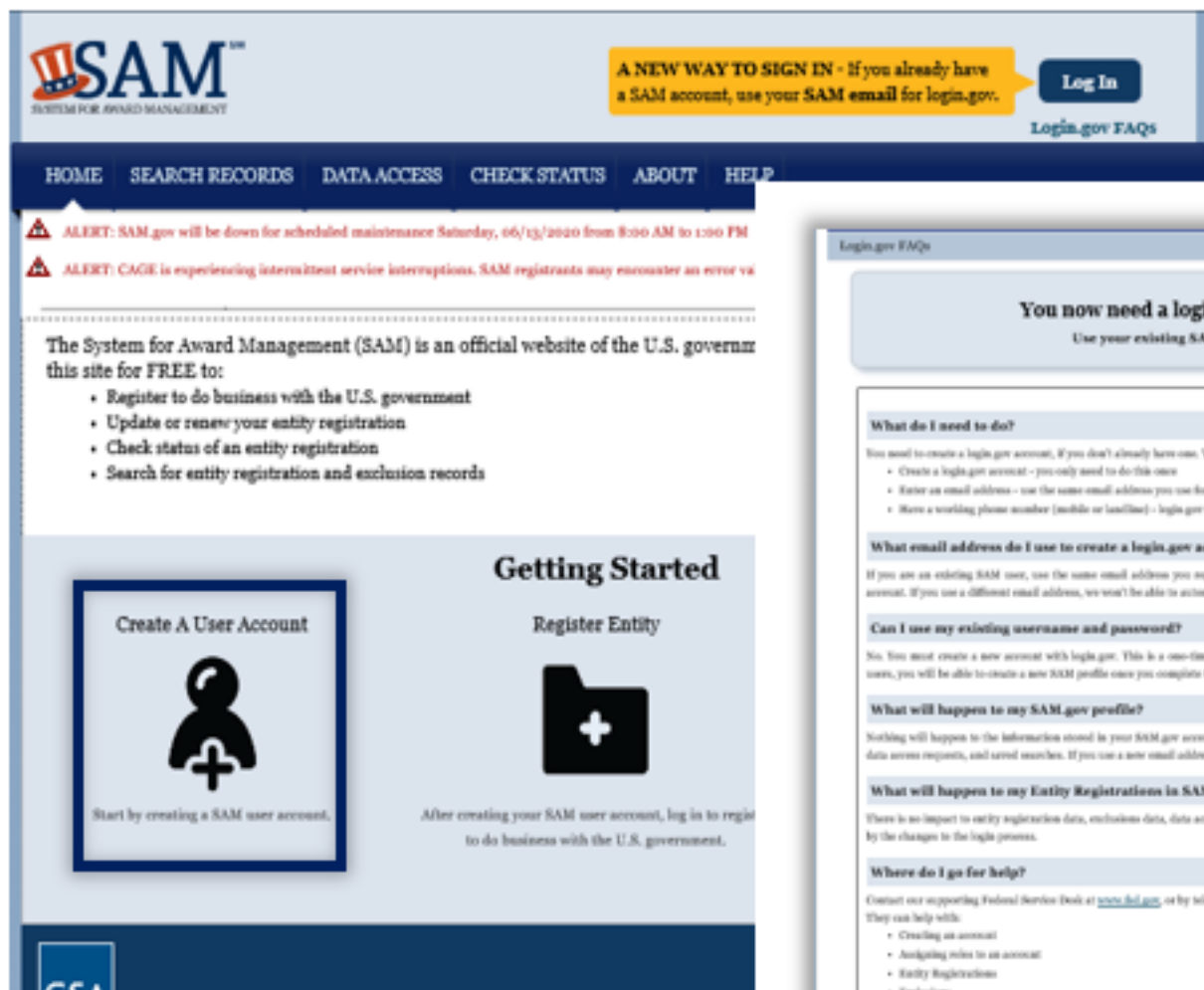
DISTRIBUTION METHODOLOGY – CERTIFICATION: SAM ACCOUNT

PROCESS TO REQUEST A CREATE A SAM USER ACCOUNT

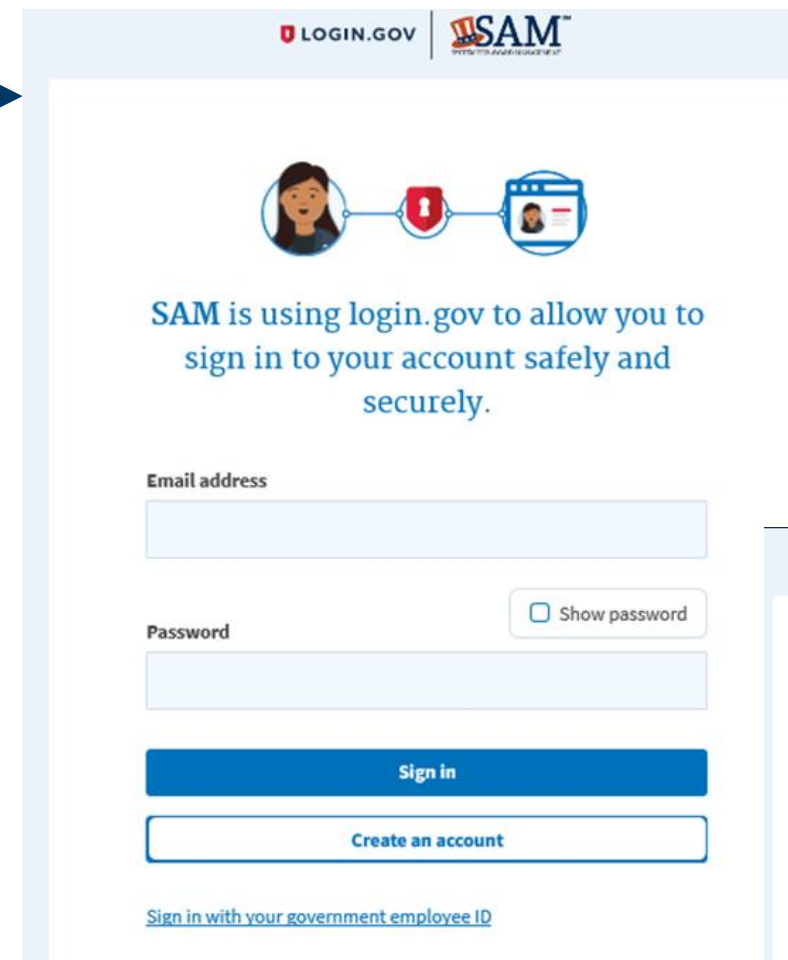
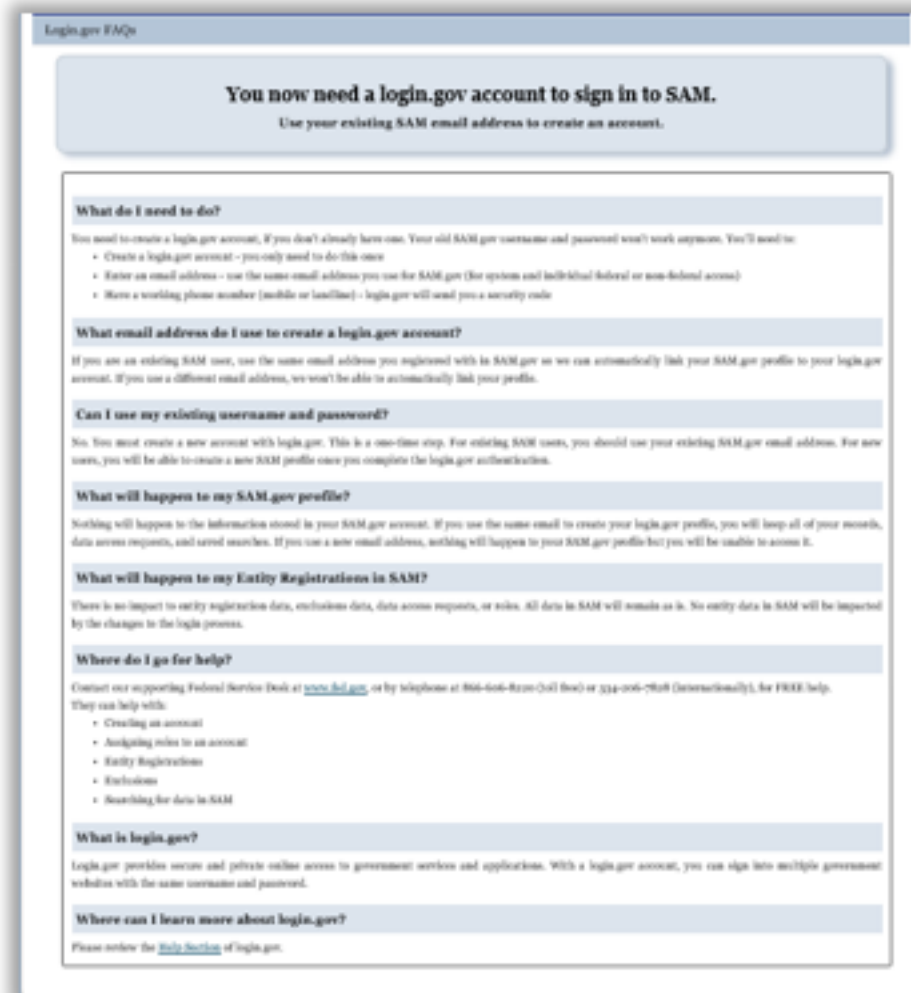
[ONLY FOR LOCAL GOVERNMENTS THAT DO NOT HAVE A SAM USER ACCOUNT]

SYSTEM FOR AWARD MANAGEMENT (SAM)

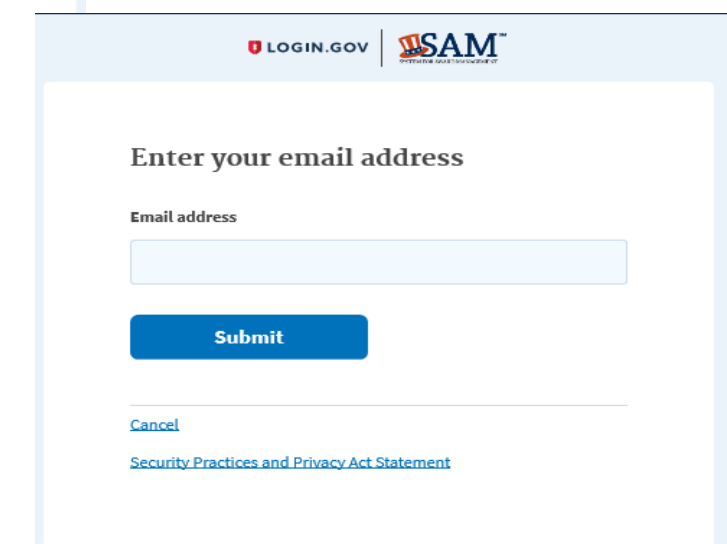
<https://sam.gov/SAM/pages/public/index.jsf>



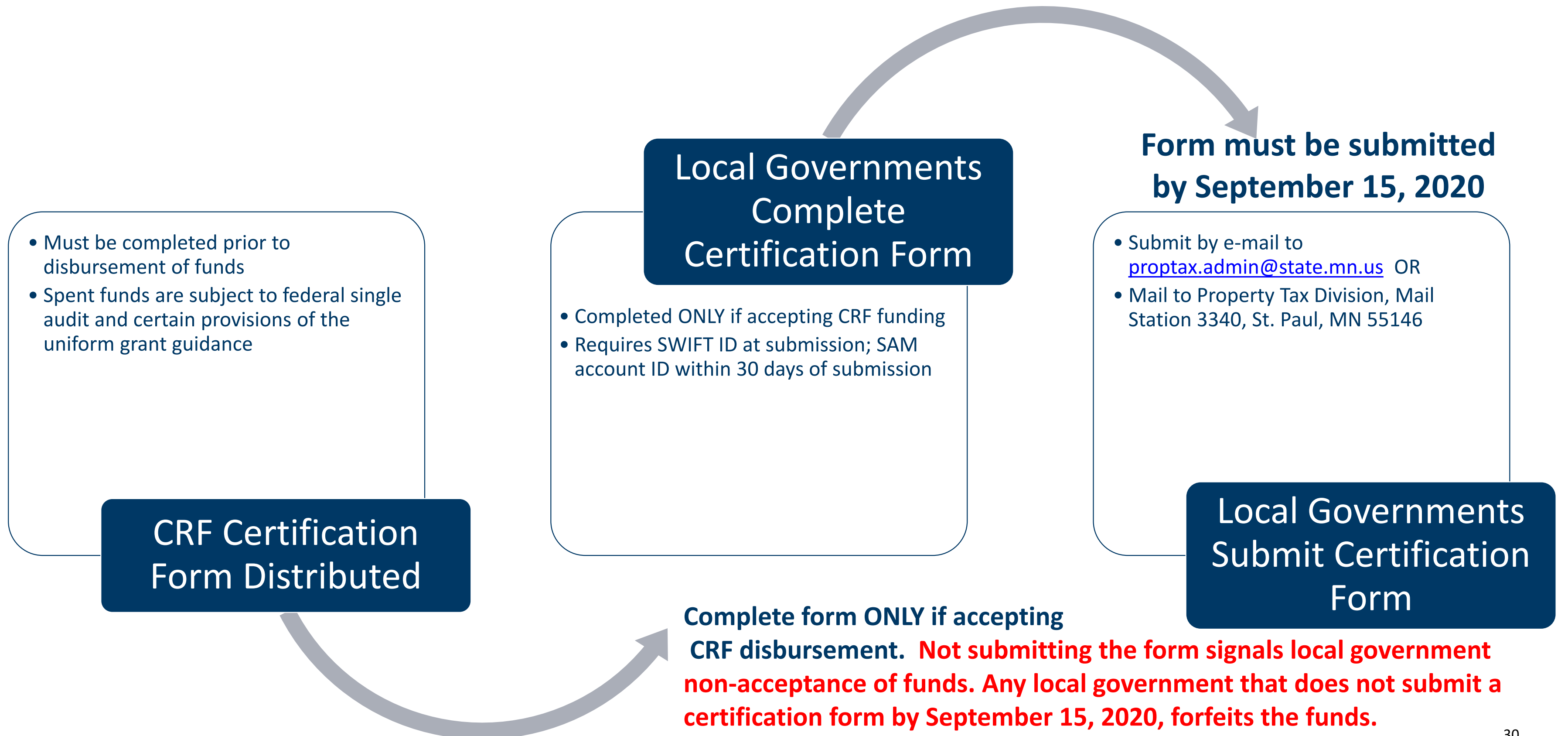
Select “Create A User Account” to view the FAQs



Select [Log In]
Choose [Create an Account]
Enter your email address then
[Submit]



DISTRIBUTION METHODOLOGY – CERTIFICATION FOR DISBURSEMENT OF FUNDS



DISTRIBUTION METHODOLOGY – DISTRIBUTION ALLOCATION

The Department of Revenue is tasked with the monetary distribution to local governments according to the determined formula based on per capita as defined in statute. A completed Revenue CRF Certification form must be received by September 15, 2020. After this time, the Department of Revenue will disburse funds.

Not submitting the form signals local government non-acceptance of funds

- Funds will be distributed by means of electronic funds transfer (EFT)
- Funds will be distributed by check via mail to local governments not equipped to receive EFT

DISTRIBUTION METHODOLOGY – REPORTING (1 OF 4)

These distributions are federal funds (CFDA 20.019) that come with federal requirements. Both guidance and requirements continue to evolve and communications will be provided on any changes. **Key Points:**

- State, territorial, local, and Tribal governments receiving funds from Treasury should ensure that funds transferred to other entities, whether pursuant to a grant program or otherwise, are used in accordance with section 601(d) of the Social Security Act as implemented in the Guidance
- Treasury Department would seek to recoup the funds used in a manner not consistent with section 601(d) of the Social Security Act
- Expenditures more than \$750,000 in federal funds in this calendar year require a single audit from the Office of the State Auditor or private CPA firm. The audit period for these funds will be calendar year 2020 and the audit will need to be completed by September 30, 2021 for fiscal year ending December 31, 2020

**Document all your decisions in case you need to explain rationale to the auditors.
There is no such thing as overdocumentation!**

DISTRIBUTION METHODOLOGY – REPORTING (2 OF 4)

The MN COVID-19 Response Accountability Office plays a lead role in developing state agency and sub-recipients' (local governments) documentation and reporting requirements. Local governments (cities, counties, and townships) accepting CRF funds will be required to submit monthly, interim and final reports:

Monthly: Report the spend status of allotted Coronavirus Relief Funds awarded by Minnesota Management and Budget. This requires reporting the total spent to date and the total received by the agency.

IF ALL CRF FUNDS HAVE BEEN SPENT, THEN COMPLETE THE FINAL REPORT

DISTRIBUTION METHODOLOGY – REPORTING (3 OF 4)

Final: Report the spend status of allotted Coronavirus Relief Funds awarded by Minnesota Management and Budget. This requires reporting summary and detail information.

- *Summary:* is the same as that for the monthly reporting on the total spent to date
- *Detail:* Requires selection of the eligible CRF category, the amount spent and the date

IF ALL CRF FUNDS HAVE BEEN SPENT, THEN COMPLETE THE FINAL REPORT

CORONAVIRUS RELIEF FUND (CRF) GUIDANCE

CONTENT AGENDA

01 INTRODUCTIONS &
FUND OVERVIEWS

02 REQUESTING &
ACCESSING FUNDS

03 REPORTING
DEMONSTRATION

- Local Government Reporting
Process Workflows

Sample Expenditure Report

Local Government Expenditure Monthly Report

* Required

1. Name of Local Government *

Enter your answer

2. SWIFT Supplier ID # *

Enter your answer

3. Name and Title of Person Filling Out Form *

Enter your answer

4. Phone number of the person filling out the form *

Enter your answer

5. E-mail address of person filling out the form *

Enter your answer

6. What was the dollar amount of your local government's Coronavirus Relief Fund (CFDA# 20.019) allocation from the State of Minnesota? *

The value must be a number

7. Of the amount in question #6, what is the total dollar amount you have spent to date (actual expenditures)? *

The value must be a number

8. What is the date you are submitting this report? *

Please input date in format of M/d/yyyy

Submit

DISTRIBUTION METHODOLOGY – REPORT SUBMISSION

The MN COVID-19 Response Accountability Office will create a portal to support an online, digital reporting process using Microsoft Forms and other methods. All information will be available on our website: <https://mn.gov/mmb/covid-19-response-accountability-office/>

References

1. Coronavirus Relief Fund, Guidance for State, Territorial, Local, and Tribal Governments, April 22, 2020 (updated June 30, 2020) (<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>)
2. Coronavirus Relief Fund Frequently Asked Questions, Updated June 24, 2020 (<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>)

CORONAVIRUS RELIEF FUND (CRF)

New Guidance Language (6-30-20)

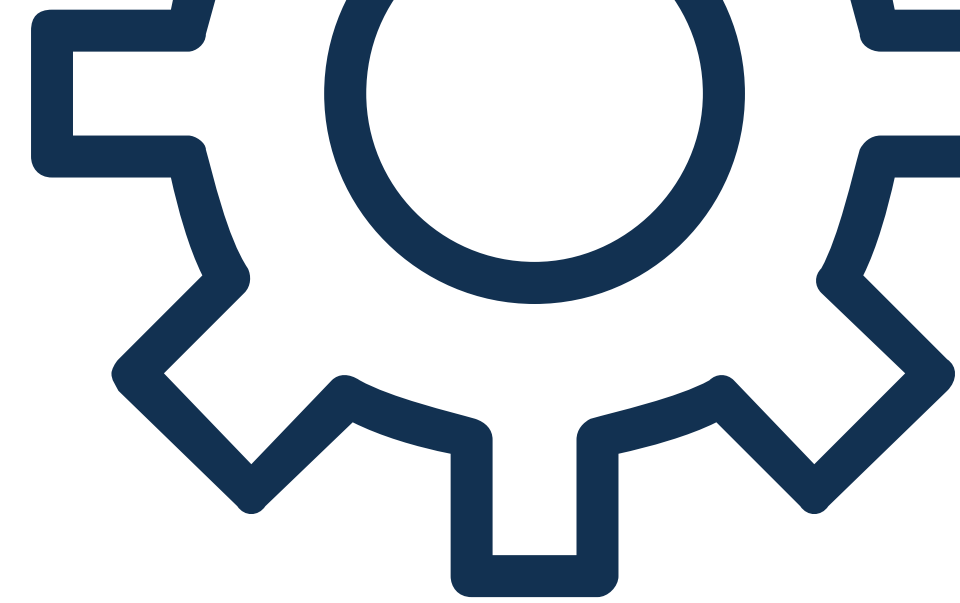


Finally, the CARES Act provides that payments from the Fund may only be used to cover costs that were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020 (the “covered period”). Putting this requirement together with the other provisions discussed above, section 601(d) may be summarized as providing that a State, local, or tribal government may use payments from the Fund only to cover previously unbudgeted costs of necessary expenditures incurred due to the COVID–19 public health emergency during the covered period.

¹ The Guidance is available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

CORONAVIRUS RELIEF FUND (CRF)

New Guidance Language (6-30-20)



Initial guidance released on April 22, 2020, provided that the cost of an expenditure is incurred when the recipient has expended funds to cover the cost. Upon further consideration and informed by an understanding of State, local, and tribal government practices, Treasury is clarifying that for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time (though it is generally expected that this will take place within 90 days of a cost being incurred). For instance, in the case of a lease of equipment or other property, irrespective of when payment occurs, the cost of a lease payment shall be considered to have been incurred for the period of the lease that is within the covered period, but not otherwise. Furthermore, in all cases it must be necessary that performance or delivery take place during the covered period. Thus the cost of a good or service received during the covered period will not be considered eligible under section 601(d) if there is no need for receipt until after the covered period has expired.

1 The Guidance is available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

CORONAVIRUS RELIEF FUND (CRF)

New Guidance Language (6-30-20)

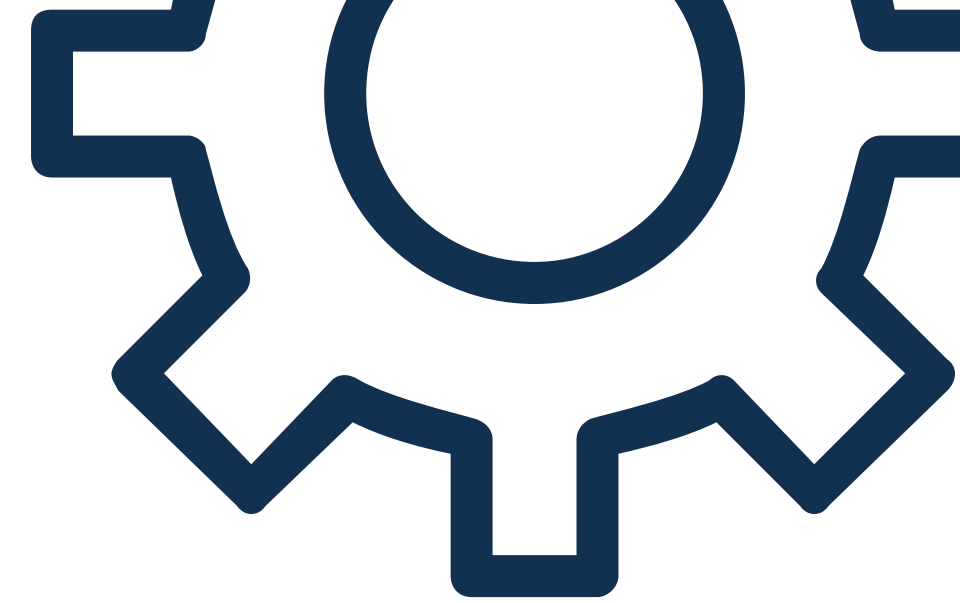


Goods delivered in the covered period need not be used during the covered period in all cases. For example, the cost of a good that must be delivered in December in order to be available for use in January could be covered using payments from the Fund. Additionally, the cost of goods purchased in bulk and delivered during the covered period may be covered using payments from the Fund if a portion of the goods is ordered for use in the covered period, the bulk purchase is consistent with the recipient's usual procurement policies and practices, and it is impractical to track and record when the items were used. A recipient may use payments from the Fund to purchase a durable good that is to be used during the current period and in subsequent periods if the acquisition in the covered period was necessary due to the public health emergency.

¹ The Guidance is available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

CORONAVIRUS RELIEF FUND (CRF)

New Guidance Language (6-30-20)



Given that it is not always possible to estimate with precision when a good or service will be needed, the touchstone in assessing the determination of need for a good or service during the covered period will be reasonableness at the time delivery or performance was sought, e.g., the time of entry into a procurement contract specifying a time for delivery. Similarly, in recognition of the likelihood of supply chain disruptions and increased demand for certain goods and services during the COVID-19 public health emergency, if a recipient enters into a contract requiring the delivery of goods or performance of services by December 30, 2020, the failure of a vendor to complete delivery or services by December 30, 2020, will not affect the ability of the recipient to use payments from the Fund to cover the cost of such goods or services if the delay is due to circumstances beyond the recipient's control.

¹ The Guidance is available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

CORONAVIRUS RELIEF FUND (CRF)

New Guidance Language (6-30-20)



This guidance applies in a like manner to costs of subrecipients. Thus, a grant or loan, for example, provided by a recipient using payments from the Fund must be used by the subrecipient only to purchase (or reimburse a purchase of) goods or services for which receipt both is needed within the covered period and occurs within the covered period. The direct recipient of payments from the Fund is ultimately responsible for compliance with this limitation on use of payments from the Fund.

¹ The Guidance is available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions



Updated as of June 24, 2020

The following [PowerPoint slides] answers to frequently asked questions supplement Treasury’s Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments, dated April 22, 2020. Amounts paid from the Fund are subject to the restrictions outlined in the Guidance and set forth in section 601(d) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”).

1 The Guidance is available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 1)

Updated as of June 24, 2020

1 ELIGIBLE EXPENDITURES

Are governments required to submit proposed expenditures to Treasury for approval?

No. Governments are responsible for making determinations as to what expenditures are necessary due to the public health emergency with respect to COVID-19 and do not need to submit any proposed expenditures to Treasury.

The Guidance says that funding can be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. How does a government determine whether payroll expenses for a given employee satisfy the “substantially dedicated” condition?

The Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. For this reason, and as a matter of administrative convenience in light of the emergency nature of this program, a State, territorial, local, or Tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.

CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 2)

Updated as of June 24, 2020

The Guidance says that a cost was not accounted for in the most recently approved budget if the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation. What would qualify as a “substantially different use” for purposes of the Fund eligibility?

Costs incurred for a “substantially different use” include, but are not necessarily limited to, costs of personnel and services that were budgeted for in the most recently approved budget but which, due entirely to the COVID-19 public health emergency, have been diverted to substantially different functions. This would include, for example, the costs of redeploying corrections facility staff to enable compliance with COVID-19 public health precautions through work such as enhanced sanitation or enforcing social distancing measures; the costs of redeploying police to support management and enforcement of stay-at-home orders; or the costs of diverting educational support staff or faculty to develop online learning capabilities, such as through providing information technology support that is not part of the staff or faculty’s ordinary responsibilities.

Note that a public function does not become a “substantially different use” merely because it is provided from a different location or through a different manner. For example, although developing online instruction capabilities may be a substantially different use of funds, online instruction itself is not a substantially different use of public funds than classroom instruction.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 3)

Updated as of June 24, 2020

May a State receiving a payment transfer funds to a local government?

Yes, provided that the transfer qualifies as a necessary expenditure incurred due to the public health emergency and meets the other criteria of section 601(d) of the Social Security Act. Such funds would be subject to recoupment by the Treasury Department if they have not been used in a manner consistent with section 601(d) of the Social Security Act.

May a unit of local government receiving a Fund payment transfer funds to another unit of government?

Yes. For example, a county may transfer funds to a city, town, or school district within the county and a county or city may transfer funds to its State, provided that the transfer qualifies as a necessary expenditure incurred due to the public health emergency and meets the other criteria of section 601(d) of the Social Security Act outlined in the Guidance. For example, a transfer from a county to a constituent city would not be permissible if the funds were intended to be used simply to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify as an eligible expenditure.

Is a Fund payment recipient required to transfer funds to a smaller, constituent unit of government within its borders?

No. For example, a county recipient is not required to transfer funds to smaller cities within the county's borders.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 4)

Updated as of June 24, 2020

Are recipients required to use other federal funds or seek reimbursement under other federal programs before using Fund payments to satisfy eligible expenses?

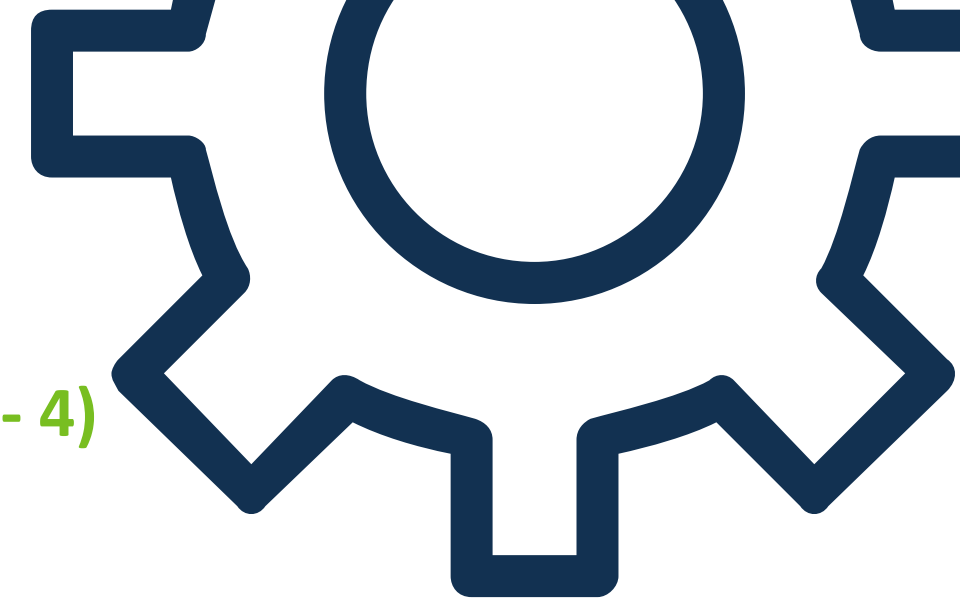
No. Recipients may use Fund payments for any expenses eligible under section 601(d) of the Social Security Act outlined in the Guidance. Fund payments are not required to be used as the source of funding of last resort. However, as noted below, recipients may not use payments from the Fund to cover expenditures for which they will receive reimbursement.

Are there prohibitions on combining a transaction supported with Fund payments with other CARES Act funding or COVID-19 relief Federal funding?

Recipients will need to consider the applicable restrictions and limitations of such other sources of funding. In addition, expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds, are not eligible uses of Fund payments.

Are States permitted to use Fund payments to support state unemployment insurance funds generally?

To the extent that the costs incurred by a state unemployment insurance fund are incurred due to the COVID-19 public health emergency, a State may use Fund payments to make payments to its respective state unemployment insurance fund, separate and apart from such State's obligation to the unemployment insurance fund as an employer. This will permit States to use Fund payments to prevent expenses related to the public health emergency from causing their state unemployment insurance funds to become insolvent.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 5)

Updated as of June 24, 2020

Are recipients permitted to use Fund payments to pay for unemployment insurance costs incurred by the recipient as an employer?

Yes, Fund payments may be used for unemployment insurance costs incurred by the recipient as an employer (for example, as a reimbursing employer) related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.

The Guidance states that the Fund may support a “broad range of uses” including payroll expenses for several classes of employees whose services are “substantially dedicated to mitigating or responding to the COVID-19 public health emergency.” What are some examples of types of covered employees?

The Guidance provides examples of broad classes of employees whose payroll expenses would be eligible expenses under the Fund. These classes of employees include public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. Payroll and benefit costs associated with public employees who could have been furloughed or otherwise laid off but who were instead repurposed to perform previously unbudgeted functions substantially dedicated to mitigating or responding to the COVID-19 public health emergency are also covered. Other eligible expenditures include payroll and benefit costs of educational support staff or faculty responsible for developing online learning capabilities necessary to continue educational instruction in response to COVID-19-related school closures. Please see the Guidance for a discussion of what is meant by an expense that was not accounted for in the budget most recently approved as of March 27, 2020.

CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 6)

Updated as of June 24, 2020

In some cases, first responders and critical health care workers that contract COVID-19 are eligible for workers' compensation coverage. Is the cost of this expanded workers compensation coverage eligible?

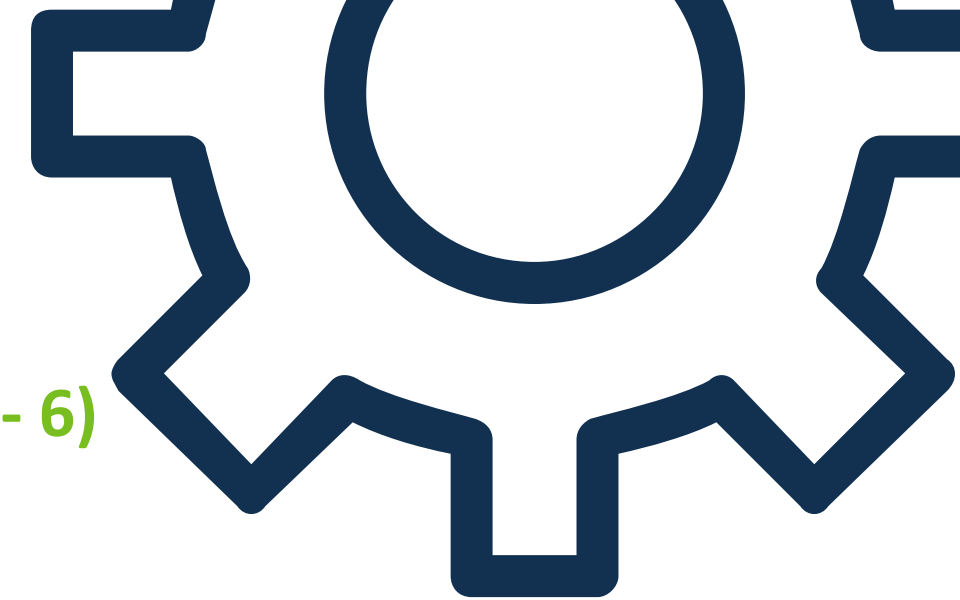
Increased workers compensation cost to the government due to the COVID-19 public health emergency incurred during the period beginning March 1, 2020, and ending December 30, 2020, is an eligible expense.

If a recipient would have decommissioned equipment or not renewed a lease on particular office space or equipment but decides to continue to use the equipment or to renew the lease in order to respond to the public health emergency, are the costs associated with continuing to operate the equipment or the ongoing lease payments eligible expenses?

Yes. To the extent the expenses were previously unbudgeted and are otherwise consistent with section 601(d) of the Social Security Act outlined in the Guidance, such expenses would be eligible

May recipients provide stipends to employees for eligible expenses (for example, a stipend to employees to improve telework capabilities) rather than require employees to incur the eligible cost and submit for reimbursement?

Expenditures paid for with payments from the Fund must be limited to those that are necessary due to the public health emergency. As such, unless the government were to determine that providing assistance in the form of a stipend is an administrative necessity, the government should provide such assistance on a reimbursement basis to ensure as much as possible that funds are used to cover only eligible expenses.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 7)

Updated as of June 24, 2020

May Fund payments be used for COVID-19 public health emergency recovery planning?

Yes. Expenses associated with conducting a recovery planning project or operating a recovery coordination office would be eligible, if the expenses otherwise meet the criteria set forth in section 601(d) of the Social Security Act outlined in the Guidance.

Are expenses associated with contact tracing eligible?

Yes, expenses associated with contract tracing are eligible.

To what extent may a government use Fund payments to support the operations of private hospitals?

Governments may use Fund payments to support public or private hospitals to the extent that the costs are necessary expenditures incurred due to the COVID-19 public health emergency, but the form such assistance would take may differ. In particular, financial assistance to private hospitals could take the form of a grant or a short-term loan.

May payments from the Fund be used to assist individuals with enrolling in a government benefit program for those who have been laid off due to COVID-19 and thereby lost health insurance?

Yes. To the extent that the relevant government official determines that these expenses are necessary and they meet the other requirements set forth in section 601(d) of the Social Security Act outlined in the Guidance, these expenses are eligible.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 8)



Updated as of June 24, 2020

May recipients use Fund payments to facilitate livestock depopulation incurred by producers due to supply chain disruptions?

Yes, to the extent these efforts are deemed necessary for public health reasons or as a form of economic support as a result of the COVID-19 health emergency. .

Would providing a consumer grant program to prevent eviction and assist in preventing homelessness be considered an eligible expense?

Yes, assuming that the recipient considers the grants to be a necessary expense incurred due to the COVID-19 public health emergency and the grants meet the other requirements for the use of Fund payments under section 601(d) of the Social Security Act outlined in the Guidance. As a general matter, providing assistance to recipients to enable them to meet property tax requirements would not be an eligible use of funds, but exceptions may be made in the case of assistance designed to prevent foreclosures.

May recipients create a “payroll support program” for public employees?

Use of payments from the Fund to cover payroll or benefits expenses of public employees are limited to those employees whose work duties are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 9)

Updated as of June 24, 2020

May recipients use Fund payments to cover employment and training programs for employees that have been furloughed due to the public health emergency?

Yes, this would be an eligible expense if the government determined that the costs of such employment and training programs would be necessary due to the public health emergency.

May recipients use Fund payments to provide emergency financial assistance to individuals and families directly impacted by a loss of income due to the COVID-19 public health emergency?

Yes, if a government determines such assistance to be a necessary expenditure. Such assistance could include, for example, a program to assist individuals with payment of overdue rent or mortgage payments to avoid eviction or foreclosure or unforeseen financial costs for funerals and other emergency individual needs. Such assistance should be structured in a manner to ensure as much as possible, within the realm of what is administratively feasible, that such assistance is necessary.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 10)

Updated as of June 24, 2020

The Guidance provides that eligible expenditures may include expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures. What is meant by a “small business,” and is the Guidance intended to refer only to expenditures to cover administrative expenses of such a grant program?

Governments have discretion to determine what payments are necessary. A program that is aimed at assisting small businesses with the costs of business interruption caused by required closures should be tailored to assist those businesses in need of such assistance. The amount of a grant to a small business to reimburse the costs of business interruption caused by required closures would also be an eligible expenditure under section 601(d) of the Social Security Act, as outlined in the Guidance

The Guidance provides that expenses associated with the provision of economic support in connection with the public health emergency, such as expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures, would constitute eligible expenditures of Fund payments. Would such expenditures be eligible in the absence of a stay-at-home order?

Fund payments may be used for economic support in the absence of a stay-at-home order if such expenditures are determined by the government to be necessary. This may include, for example, a grant program to benefit small businesses that close voluntarily to promote social distancing measures or that are affected by decreased customer demand as a result of the COVID-19 public health emergency.

CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 11)

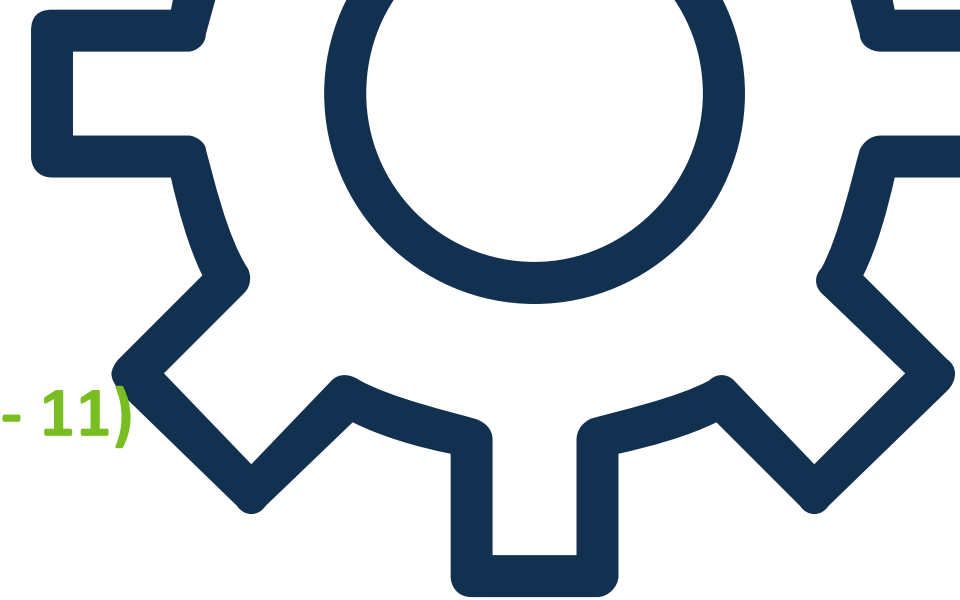
Updated as of June 24, 2020

May Fund payments be used to assist impacted property owners with the payment of their property taxes?

Fund payments may not be used for government revenue replacement, including the provision of assistance to meet tax obligations

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.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 12)

Updated as of June 24, 2020

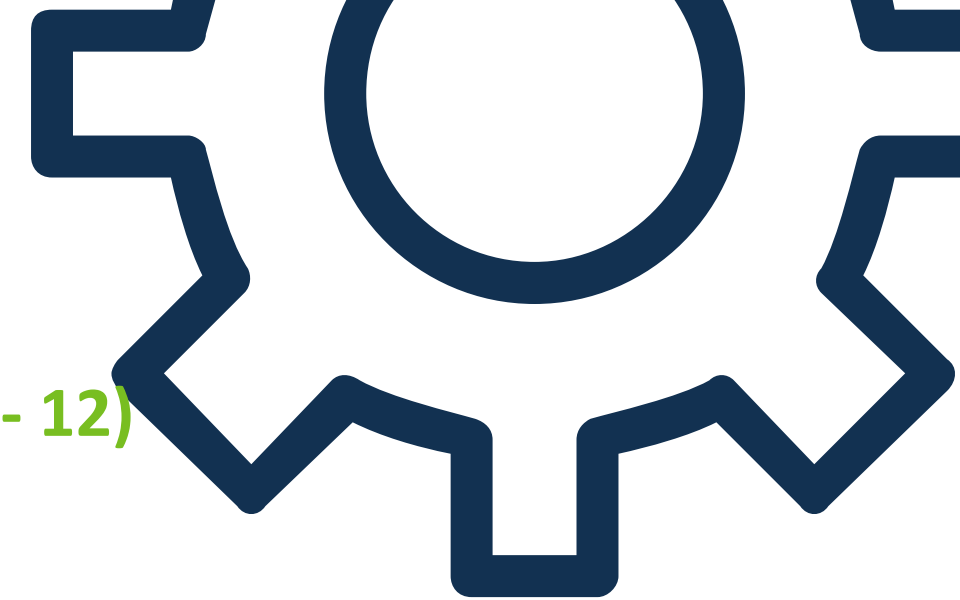
Could Fund payments be used for capital improvement projects that broadly provide potential economic development in a community?

In general, no. If capital improvement projects are not necessary expenditures incurred due to the COVID-19 public health emergency, then Fund payments may not be used for such projects.

However, Fund payments may be used for the expenses of, for example, establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity or improve mitigation measures, including related construction costs.

The Guidance includes workforce bonuses as an example of ineligible expenses but provides that hazard pay would be eligible if otherwise determined to be a necessary expense. Is there a specific definition of “hazard pay”?

Hazard pay means additional pay for performing hazardous duty or work involving physical hardship, in each case that is related to COVID-19.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 13)

Updated as of June 24, 2020

The Guidance provides that ineligible expenditures include “[p]ayroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.” Is this intended to relate only to public employees?

Yes. This particular nonexclusive example of an ineligible expenditure relates to public employees. A recipient would not be permitted to pay for payroll or benefit expenses of private employees and any financial assistance (such as grants or short-term loans) to private employers are not subject to the restriction that the private employers’ employees must be substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

May counties pre-pay with CARES Act funds for expenses such as a one or two-year facility lease, such as to house staff hired in response to COVID-19?

A government should not make prepayments on contracts using payments from the Fund to the extent that doing so would not be consistent with its ordinary course policies and procedures.

Must a stay-at-home order or other public health mandate be in effect in order for a government to provide assistance to small businesses using payments from the Fund?

No. The Guidance provides, as an example of an eligible use of payments from the Fund, expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures. Such assistance may be provided using amounts received from the Fund in the absence of a requirement to close businesses if the relevant government determines that such expenditures are necessary in response to the public health emergency.

CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 14)

Updated as of June 24, 2020

Should States receiving a payment transfer funds to local governments that did not receive payments directly from Treasury?

Yes, provided that the transferred funds are used by the local government for eligible expenditures under the statute. To facilitate prompt distribution of Title V funds, the CARES Act authorized Treasury to make direct payments to local governments with populations in excess of 500,000, in amounts equal to 45% of the local government's per capita share of the statewide allocation. This statutory structure was based on a recognition that it is more administratively feasible to rely on States, rather than the federal government, to manage the transfer of funds to smaller local governments. Consistent with the needs of all local governments for funding to address the public health emergency, States should transfer funds to local governments with populations of 500,000 or less, using as a benchmark the per capita allocation formula that governs payments to larger local governments. This approach will ensure equitable treatment among local governments of all sizes.

For example, a State received the minimum \$1.25 billion allocation and had one county with a population over 500,000 that received \$250 million directly. The State should distribute 45 percent of the \$1 billion it received, or \$450 million, to local governments within the State with a population of 500,000 or less.

May a State impose restrictions on transfers of funds to local governments?

Yes, to the extent that the restrictions facilitate the State's compliance with the requirements set forth in section 601(d) of the Social Security Act outlined in the Guidance and other applicable requirements such as the Single Audit Act, discussed below. Other restrictions are not permissible.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 15)

Updated as of June 24, 2020

If a recipient must issue tax anticipation notes (TANs) to make up for tax due date deferrals or revenue shortfalls, are the expenses associated with the issuance eligible uses of Fund payments?

If a government determines that the issuance of TANs is necessary due to the COVID-19 public health emergency, the government may expend payments from the Fund on the accrued interest expense on TANs and unbudgeted administrative and transactional costs, such as necessary payments to advisors and underwriters, associated with the issuance of the TANs.

May recipients use Fund payments to expand rural broadband capacity to assist with distance learning and telework?

Such expenditures would only be permissible if they are necessary for the public health emergency. The cost of projects that would not be expected to increase capacity to a significant extent until the need for distance learning and telework have passed due to this public health emergency would not be necessary due to the public health emergency and thus would not be eligible uses of Fund payments.

Are costs associated with increased solid waste capacity an eligible use of payments from the Fund?

Yes, costs to address increase in solid waste as a result of the public health emergency, such as relates to the disposal of used personal protective equipment, would be an eligible expenditure.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 16)

Updated as of June 24, 2020

May payments from the Fund be used to cover across-the-board hazard pay for employees working during a state of emergency?

No. The Guidance says that funding may be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. Hazard pay is a form of payroll expense and is subject to this limitation, so Fund payments may only be used to cover hazard pay for such individuals.

May Fund payments be used for expenditures related to the administration of Fund payments by a State, territorial, local, or Tribal government?

Yes, if the administrative expenses represent an increase over previously budgeted amounts and are limited to what is necessary. For example, a State may expend Fund payments on necessary administrative expenses incurred with respect to a new grant program established to disburse amounts received from the Fund.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 17)

Updated as of June 24, 2020

May recipients use Fund payments to provide loans?

Yes, if the loans otherwise qualify as eligible expenditures under section 601(d) of the Social Security Act as implemented by the Guidance. Any amounts repaid by the borrower before December 30, 2020, must be either returned to Treasury upon receipt by the unit of government providing the loan or used for another expense that qualifies as an eligible expenditure under section 601(d) of the Social Security Act. Any amounts not repaid by the borrower until after December 30, 2020, must be returned to Treasury upon receipt by the unit of government lending the funds.

May Fund payments be used for expenditures necessary to prepare for a future COVID-19 outbreak?

Fund payments may be used only for expenditures necessary to address the current COVID-19 public health emergency. For example, a State may spend Fund payments to create a reserve of personal protective equipment or develop increased intensive care unit capacity to support regions in its



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 18)

Updated as of June 24, 2020

May funds be used to satisfy non-federal matching requirements under the Stafford Act?

Yes, payments from the Fund may be used to meet the non-federal matching requirements for Stafford Act assistance to the extent such matching requirements entail COVID-19-related costs that otherwise satisfy the Fund's eligibility criteria and the Stafford Act. Regardless of the use of Fund payments for such purposes, FEMA funding is still dependent on FEMA's determination of eligibility under the Stafford Act.

Must a State, local, or tribal government require applications to be submitted by businesses or individuals before providing assistance using payments from the Fund?

Governments have discretion to determine how to tailor assistance programs they establish in response to the COVID-19 public health emergency. However, such a program should be structured in such a manner as will ensure that such assistance is determined to be necessary in response to the COVID-19 public health emergency and otherwise satisfies the requirements of the CARES Act and other applicable law. For example, a per capita payment to residents of a particular jurisdiction without an assessment of individual need would not be an appropriate use of payments from the Fund.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 19)

Updated as of June 24, 2020

May Fund payments be provided to non-profits for distribution to individuals in need of financial assistance, such as rent relief?

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

May recipients use Fund payments to remarket the recipient's convention facilities and tourism industry?

Yes, if the costs of such remarketing satisfy the requirements of the CARES Act. Expenses incurred to publicize the resumption of activities and steps taken to ensure a safe experience may be needed due to the public health emergency. Expenses related to developing a long-term plan to reposition a recipient's convention and tourism industry and infrastructure would not be incurred due to the public health emergency and therefore may not be covered using payments from the Fund.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Eligible Expenditures - continued - 20)

Updated as of June 24, 2020

May a State provide assistance to farmers and meat processors to expand capacity, such to cover overtime for USDA meat inspectors?

If a State determines that expanding meat processing capacity, including by paying overtime to USDA meat inspectors, is a necessary expense incurred due to the public health emergency, such as if increased capacity is necessary to allow farmers and processors to donate meat to food banks, then such expenses are eligible expenses, provided that the expenses satisfy the other requirements set forth in section 601(d) of the Social Security Act outlined in the Guidance.

The guidance provides that funding may be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. May Fund payments be used to cover such an employee's entire payroll cost or just the portion of time spent on mitigating or responding to the COVID-19 public health emergency?

As a matter of administrative convenience, the entire payroll cost of an employee whose time is substantially dedicated to mitigating or responding to the COVID-19 public health emergency is eligible, provided that such payroll costs are incurred by December 30, 2020. An employer may also track time spent by employees related to COVID-19 and apply Fund payments on that basis but would need to do so consistently within the relevant agency or department.

CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions

Updated as of June 24, 2020

2 QUESTIONS RELATED TO ADMINISTRATION OF FUND PAYMENTS

Do governments have to return unspent funds to Treasury?

Yes. Section 601(f)(2) of the Social Security Act, as added by section 5001(a) of the CARES Act, provides for recoupment by the Department of the Treasury of amounts received from the Fund that have not been used in a manner consistent with section 601(d) of the Social Security Act. If a government has not used funds it has received to cover costs that were incurred by December 30, 2020, as required by the statute, those funds must be returned to the Department of the Treasury.

What records must be kept by governments receiving payment?

A government should keep records sufficient to demonstrate that the amount of Fund payments to the government has been used in accordance with section 601(d) of the Social Security Act.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Admin of Funds – continued – 2)

Updated as of June 24, 2020



May recipients deposit Fund payments into interest bearing accounts?

Yes, provided that if recipients separately invest amounts received from the Fund, they must use the interest earned or other proceeds of these investments only to cover expenditures incurred in accordance with section 601(d) of the Social Security Act and the Guidance on eligible expenses. If a government deposits Fund payments in a government's general account, it may use those funds to meet immediate cash management needs provided that the full amount of the payment is used to cover necessary expenditures. Fund payments are not subject to the Cash Management Improvement Act of 1990, as amended.

May governments retain assets purchased with payments from the Fund?

Yes, if the purchase of the asset was consistent with the limitations on the eligible use of funds provided by section 601(d) of the Social Security Act.

What rules apply to the proceeds of disposition or sale of assets acquired using payments from the Fund?

If such assets are disposed of prior to December 30, 2020, the proceeds would be subject to the restrictions on the eligible use of payments from the Fund provided by section 601(d) of the Social Security Act.

CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Admin of Funds – continued – 3)

Updated as of June 24, 2020

Are Fund payments to State, territorial, local, and tribal governments considered grants?

No. Fund payments made by Treasury to State, territorial, local, and Tribal governments are not considered to be grants but are “other financial assistance” under 2 C.F.R. § 200.40.

Are Fund payments considered federal financial assistance for purposes of the Single Audit Act?

Yes, Fund payments are considered to be federal financial assistance subject to the Single Audit Act (31 U.S.C. §§ 7501-7507) and the related provisions of the Uniform Guidance, 2 C.F.R. § 200.303 regarding internal controls, §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements.

Are Fund payments subject to other requirements of the Uniform Guidance?

Fund payments are subject to the following requirements in the Uniform Guidance (2 C.F.R. Part 200): 2 C.F.R. § 200.303 regarding internal controls, 2 C.F.R. §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements.

Is there a Catalog of Federal Domestic Assistance (CFDA) number assigned to the Fund?

Yes. The CFDA number assigned to the Fund is 21.019.



CORONAVIRUS RELIEF FUND (CRF)

Frequently Asked Questions (Admin of Funds – continued – 4)

Updated as of June 24, 2020

If a State transfers Fund payments to its political subdivisions, would the transferred funds count toward the subrecipients' total funding received from the federal government for purposes of the Single Audit Act?

Yes. The Fund payments to subrecipients would count toward the threshold of the Single Audit Act and 2 C.F.R. part 200, subpart F re: audit requirements. Subrecipients are subject to a single audit or program-specific audit pursuant to 2 C.F.R. § 200.501(a) when the subrecipients spend \$750,000 or more in federal awards during their fiscal year.

Are recipients permitted to use payments from the Fund to cover the expenses of an audit conducted under the Single Audit Act?

Yes, such expenses would be eligible expenditures, subject to the limitations set forth in 2 C.F.R. § 200.425.

If a government has transferred funds to another entity, from which entity would the Treasury Department seek to recoup the funds if they have not been used in a manner consistent with section 601(d) of the Social Security Act?

The Treasury Department would seek to recoup the funds from the government that received the payment directly from the Treasury Department. State, territorial, local, and Tribal governments receiving funds from Treasury should ensure that funds transferred to other entities, whether pursuant to a grant program or otherwise, are used in accordance with section 601(d) of the Social Security Act as implemented in the Guidance.



Mark your calendars!

Wednesday, July 29

11 a.m. – 12 p.m.

Part 2 webinar on CARES Act Funding from MMB



New League staff member

Lisa Sova

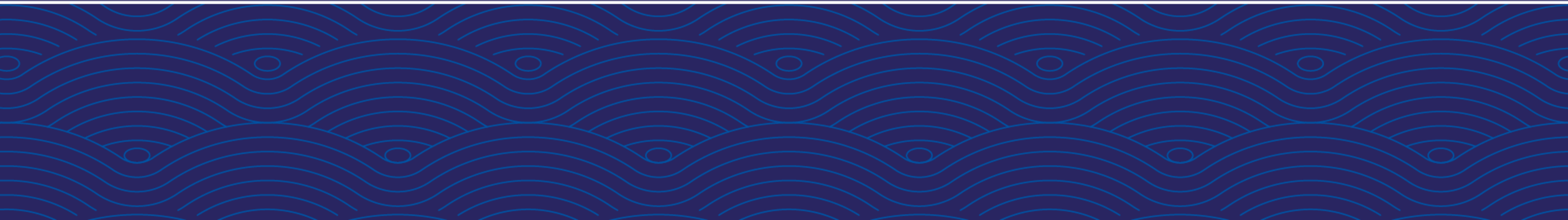
Assistant Finance Director – Outreach
League of Minnesota Cities

Isova@lmc.org

651-281-1208



Questions?





Contact Information

Amy Jorgenson

Enterprise Director of Internal Controls

Minnesota Management and Budget (MMB)

amy.jorgenson@state.mn.us

Gary Carlson

Intergovernmental Relations Director

League of Minnesota Cities

gcarlson@lmc.org

Research Department

League of Minnesota Cities

<https://www.lmc.org/contact/submit-a-question/>

651-281-1200

You can find a recording of this webinar here: <http://lmc.org/caresact1>



LEAGUE of
MINNESOTA
CITIES