

NACo BRIEF: CORONAVIRUS RELIEF FUND



BACKGROUND, ELIGIBILITY AND REQUIREMENTS

NACo staff contact: Eryn Hurley, 571.262.9015, ehurley@naco.org

SUMMARY

On March 27, Congress passed and the president signed the [Coronavirus Aid, Relief and Economic Security \(CARES\) Act](#), which established a new [\\$150 billion Coronavirus Relief Fund \(CRF\)](#) for state, local and tribal governments with populations of over 500,000 people, the District of Columbia and American territories to address necessary expenditures incurred due to the COVID-19 public health emergency.

The U.S. Treasury is responsible for the oversight and administration of payments to state, local and tribal governments. CRF payments will be distributed no later than April 27 and will be available until December 30, 2020. If a state or eligible unit of local government does not spend all CRF payments that are allocated by December 2020, the U.S. Treasury will recoup these funds.

FUNDING BREAKDOWN

Of the total \$150 billion, CRF payments are distributed as follows:

- \$3 billion for the District of Columbia and American territories
- \$8 billion for tribal governments
- \$139 billion for states AND direct payments to **eligible units of local government above 500,000 population**

The CARES Act utilizes a formula which determines how funding will be split between states and eligible units of local government. The formula is as follows:

- State formula is based on each state's proportional rate of total U.S. population of states only, *excluding District of Columbia and territories*
 - 45 percent of a state's allocation may be accessed by eligible units of local government above 500,000 population. All direct payments to eligible units of local government will be reduced from the state's total allocation
 - For eligible local governments, a locality's share will be equal to its share of the state population *multiplied* by the 45 percent set aside for local governments
-

ELIGIBILITY

Under the CARES Act, a unit of local government eligible for receipt of direct payment includes a county, municipality, town, township, village, parish, borough or other unit of general government with a population that exceeds 500,000.

If a unit of local government does not meet the 500,000 population threshold, it cannot receive direct payments from the U.S. Treasury. However, a state that receives a CRF payment is allowed to transfer funds to a unit of local government. Additional information is below under the “Frequently asked questions” section.

Overlapping jurisdictions: Some local governments (i.e. a city) may be entirely within the boundaries of a larger local government (i.e. a county). If this situation occurs, to ensure the county is eligible to receive direct CRF payments, the county can include the city’s population. However, the Treasury guidance states that when allocating CRF payments, a city’s population (if above 500,000 residents) will be subtracted from the county’s population (if above 500,000 residents). Thus, the county’s allocation will be reduced despite the county’s role in providing COVID-19 response services for the entire geographic location. **NACo opposed this method of calculating populations in overlapping jurisdictions.**

ELIGIBLE USES

***For a full list of eligible expenditures, please see pages 4-6 of this document.**

As authorized under the CARES Act, payments from the CRF may only be used to cover costs that:

1. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)

Under the [Treasury guidance](#), the requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the COVID-19 pandemic.

Funds cannot be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Therefore, CRF payments cannot be used to cover revenue loss resulting from the COVID-19 pandemic.

2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or county

Under the guidance, the “most recently approved” budget refers to the enacted budget for the relevant fiscal period for the county, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to COVID-19.

3. Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020

The guidance states that a cost is “incurred” when the responsible unit of local government has expended funds to cover the cost.

**Although there are several legislative proposals to extend this deadline, December 30, 2020 remains the deadline for CRF recipients.*

REPORTING REQUIREMENTS

***For a full list of reporting and record retention requirements, please see page 7 of this document.**

On July 2, the U.S. Department of Treasury's Office of Inspector General (OIG) released a [memorandum](#) that lays out the reporting and document retention requirements for CRF recipients. The requirements apply to state, local and tribal governments and all other entities that received CRF payments. The first interim report was due on July 17, 2020.

On July 31, Treasury OIG announced that it will require CRF recipients to submit quarterly reports beginning on September 21, 2020. After the September report, CRF quarterly reports will be due no later than 10 calendar days after the end of each calendar quarter. **To view a Treasury OIG's full reporting timeline, please see page 8 of this document.**

NACo hosted a [webinar](#) with representatives from Treasury OIG who provided an in-depth overview of the new CRF reporting and record retention requirements.

RESOURCES

[NACo Coronavirus Relief Fund \(CRF\) Resource Hub](#)

NACo's CRF resource hub includes examples of county CRF plans from both counties with populations above 500,000 residents that received direct payments from the U.S. Treasury as well as counties with populations below 500,000 that received sub-allocations from their state.

To access NACo's CRF webinar series, [click here](#).

For U.S. Treasury's CRF guidance, [click here](#). (6/30/2020)

For U.S. Treasury's CRF FAQ document, [click here](#). (8/10/2020)

For a list of payments to eligible CRF recipients, [click here](#).

For Treasury's Office of Inspector General (OIG) CRF reporting and record retention requirements, [click here](#). (8/24/2020)

ELIGIBLE EXPENDITURES FOR CORONAVIRUS RELIEF FUND (CRF) DOLLARS

COVID-19 RELATED EXPENSES	<ul style="list-style-type: none"> - Public hospitals - Clinics - Similar facilities - Private hospitals
EXPENSES OF ESTABLISHING	<ul style="list-style-type: none"> - Temporary public medial facilities - Increase OVID-19 treatment capacity - Construction costs
EMERGENCY MEDICAL RESPONSES	<ul style="list-style-type: none"> - Emergency medical transportation - Establishing public telemedicine capabilities - Operating public telemedicine capabilities
PUBLIC HEALTH ORDERS	<ul style="list-style-type: none"> - Communication - Enforcement
EXPENSES FOR ACQUISITION	<ul style="list-style-type: none"> - Medical supplies - Protective supplies - Personal Protective equipment (PPE) for medical personnel, police officers and public safety workers, social workers, child protection services, child welfare officers, service providers for older adults and individuals with disabilities
EXPENSES FOR DISTRIBUTION OF	<ul style="list-style-type: none"> - Medical supplies - Protective supplies - Personal Protective equipment (PPE) for medical personnel, police officers and public safety workers, social workers, child protection services, child welfare officers, service providers for older adults and individuals with disabilities
PAYROLL EXPENSES FOR EMPLOYEES WHOSE SERVICES ARE SUBSTANTIALLY DEDICATED TO MITIGATING OR RESPONDING TO COVID-19	<ul style="list-style-type: none"> - Public safety - Public health - Health are - Human services - Similar employees

EXPENSES OF ACTIONS TO FACILITATE COMPLIANCE WITH COVID-19-RELATED PUBLIC HEALTH MEASURES	<ul style="list-style-type: none"> - Food delivery to older adults, vulnerable populations and to enable compliance with COVID-19 precautions - Distance learning for technological improvements and to enable compliance with CCOVID-19 precautions - Improved telework capabilities for public employees - Paid sick leave to public employees - Paid family and medical leave to public employees - Administrative leave to public employees
COUNTY JAILS TO ENABLE COMPLIANCE WITH COVID-19 PUBLIC HEALTH PRECAUTIONS	<ul style="list-style-type: none"> - Sanitation - Improvement of social distancing requirements
HOMELESS POPULATIONS	<ul style="list-style-type: none"> - Enable compliance with COVID-19 - Consumer grant program to prevent evictions
HOUSING	<ul style="list-style-type: none"> - Pay overdue rent to avoid evictions - Mortgage payments to avoid eviction
ECONOMIC SUPPORT	<ul style="list-style-type: none"> - Grants to small businesses to reimburse the costs of business interruptions caused by required closures - Payroll support program for public health and public safety employees - Payroll support program for payroll benefit costs of educational support staff - Payroll support program for payroll and benefit costs for faculty responsible for developing online learning capabilities - Unemployment insurance that is not reimbursed by the federal government under the CARES Act (i.e. government benefits, emergency assistance to individual and family and increased workers compensation cost) - Employment and training programs for furloughed employees - Lease renewal for business - Equipment rental and operation - Reimbursements to public employees for eligible expenses such as telework capabilities - Support the operations of hospitals including financial assistance to private hospitals via grants and short-term loans

ANY OTHER COVID-19-RELATED EXPENSES REASONABLY NECESSARY TO THE FUNCTION OF THE LOCAL GOVERNMENT THAT COMPLIES WITH CRF GUIDANCE

- FEMA cost share
- UI/wage replacement cost share
- Livestock depopulation costs
- Assistance to farmers and meat processors to expand capacity
- Costs associated with increased solid waste
- Transfer of funds from state and local government (i.e. counties, cities, towns, school districts)
- Recovery planning
- Expenses associated with tax anticipation notes (TANs)
- Costs associated with remarketing CRF recipient's convention facilities and tourism industry
- Interest and principal amount of loans as part of small businesses assistance programs

REPORTING AND RECORD RETENTION REQUIREMENTS FOR THE CORONAVIRUS RELIEF FUND (CRF)

<p>INTERIM REPORT DUE JULY 17, 2020</p> <p><i>*Reports must reflect costs incurred during March 1, 2020 through June 30, 2020.</i></p>	<ul style="list-style-type: none"> - Transfers to other governments - Payroll for public health and safety employees - Improvements to telework capabilities of public employees - Medical and public health expenses - Capabilities to facilitate distance learning - Economic support - Expenses associated with the issuance of tax anticipation notes - Items not included in the above list
<p>QUARTERLY REPORTING DUE 10 DAYS AFTER END OF QUARTER</p> <p><i>*Direct CRF recipients are required to report COVID-19 related costs to the Grant Solutions portal. The first quarterly report is due on Monday, September 21, 2020.</i></p>	<ul style="list-style-type: none"> - Total amount of payments from the CRF received from Treasury - Funds received that were expended or obligated - Detailed list of all projects of activities that CRF funds were used for (i.e. name and description of project/activity) - Detailed information on any loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made by the recipient that are greater than \$50,000
<p>RECORD RETENTION REQUIREMENTS</p> <p><i>*Direct CRF recipients are required to maintain records for five-years after final payment is may using CRF monies. These record retention requirements are applicable to all prime recipients and their grantees and subgrant recipients, contractors and other levels have government that receive transfer of CRF payments from prime recipients.</i></p>	<ul style="list-style-type: none"> - General ledger and subsidy ledges used to account for (a) the receipt of CRF payments and (b) the disbursement of payment to meet eligible expenses related to COVID-19 - Payroll time records, human resource records to support costs incurred for payroll expenses - Recipients of purchases made related to addressing COVID-19 - Contracts and subcontracts entered using CRF payments and all documents related to such contracts - Grant agreements and grant subaward agreements entered using CRF payments and all documents related to such awards - All documentation of reports, audits and other monitoring contractors, including subcontractors and grant recipients and subrecipients - All documentation supporting the performance outcomes of contractors, subcontracts, grant awards and grant recipient subawards - All internal and external email/electronic communications related to use of CRF payments - All investigative files and inquiry reports involving CRF payments

REPORTING CYCLE AND TIMELINE FOR THE CORONAVIRUS RELIEF FUND (CRF)

REPORTING CYCLE	REPORTING PERIOD	REPORTING DUE DATE	TREASURY OIG REVIEW PERIOD
CYCLE 1	March 1 – June 30, 2020	September 21, 2020	September 22-29, 2020
CYCLE 2	July 1 – September 30, 2020	October 13, 2020	October 14-20, 2020
CYCLE 3	October 1 – December 31, 2020	January 11, 2021	January 12, 2021
CYCLE 4	January 1 – March 31, 2021	April 12, 2021	April 13, 2021
CYCLE 5	April 1 – June 30, 2021	July 12, 2021	July 13, 2021
CYCLE 6	July 1 – September 30, 2021	October 12, 2021	October 13, 2021