



Coronavirus Relief Funds (CRF) in Minnesota

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AGENDA

Overview of CRF Funds

Distributions to Local Governments

Eligible and non eligible expenses

Deadlines, return of funds

References including MMB FAQs

Q&A

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.

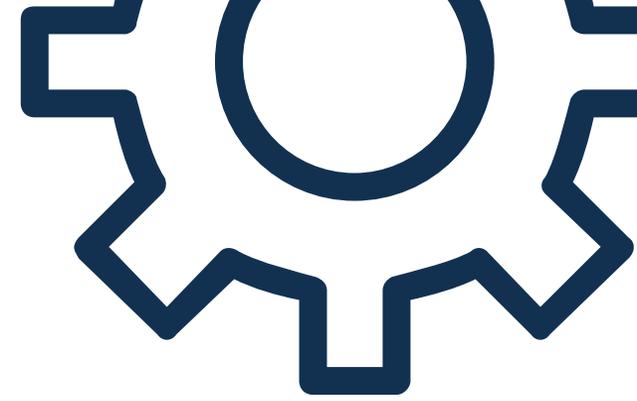
CORONAVIRUS RELIEF FUND (CRF)

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.

MINNESOTA CRF ALLOCATION

- Minnesota received \$1.87 billion directly from the US Treasury
- Hennepin and Ramsey counties received a combined \$317 million directly as local governments with populations over 500,000
- State of Minnesota allocated about \$837 million to 1615 cities, towns, and counties with populations over 200. These local governments reported expenditures to MMB monthly
- Counties received amounts for small cities and towns under 200 population for distribution to those local governments

Qualifying Costs 1 - Necessary Expenditures



To qualify, expenses must satisfy three distinct elements.

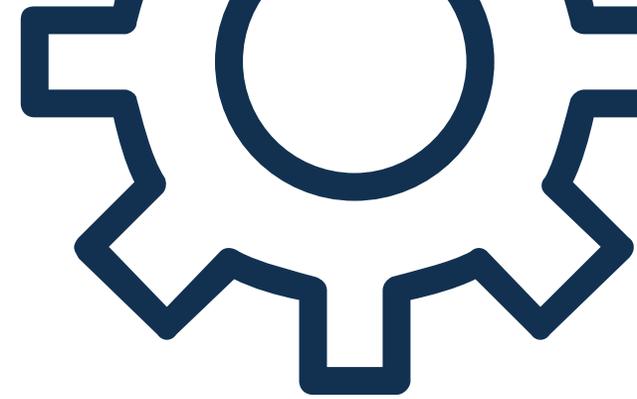
1 NECESSARY EXPENDITURES

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

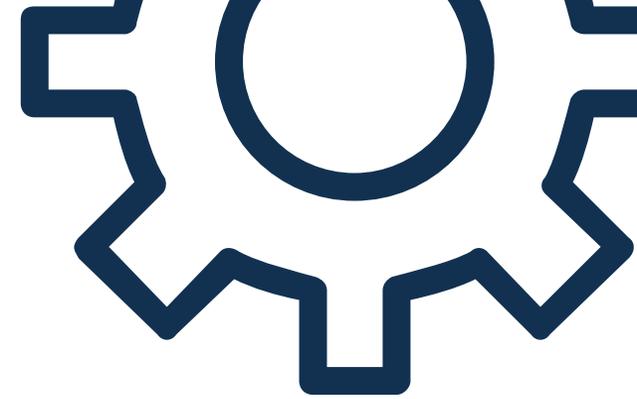
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UNACCOUNTED-FOR EXPENSES

“**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” – for MN local governments, funds must be EXPENDED by the end of the covered period. There are two exceptions noted later.

“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)

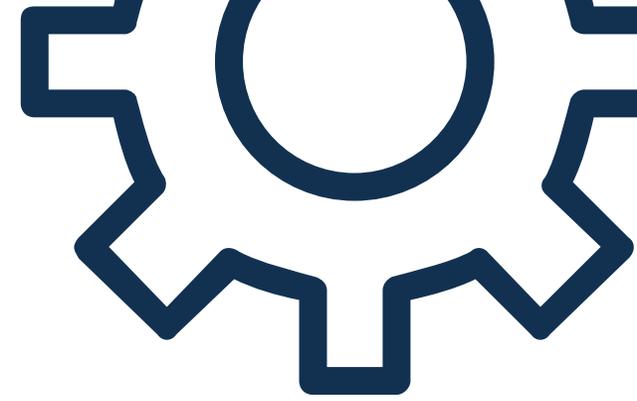
- Program to assist individuals with payment of overdue rent or mortgage payments to avoid eviction or foreclosure or unforeseen financial costs for funerals and other emergency individual needs.
- Grants to small businesses to reimburse the costs of business interruption caused by required closures.
 - 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.

INELIGIBLE COSTS



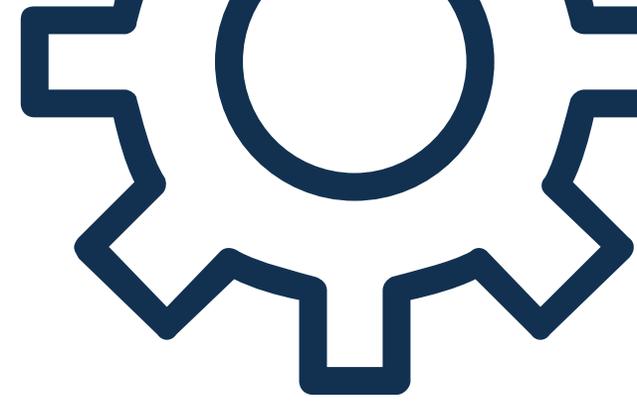
Expenses that **DO NOT** qualify for CRF:



INELIGIBLE COSTS

- 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.

INELIGIBLE COSTS continued



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



INELIGIBLE COSTS

- 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 capita payments to residents of a particular jurisdiction without an assessment of individual need
- No indirect cost rates may be applied to CRF funds. Only directly charged administrative expenses are allowed.

TICK TOCK FOR LOCAL GOVERNMENTS

- Cities and towns had until November 15 to spend funds (money out the door)
- All unused funds returned to home county by November 20
- For cities and towns in Hennepin or Ramsey counties, unused funds must be granted to a hospital
- Counties have until December 1 to spend funds (money out the door)
- All unused funds returned to the state by December 10
- Two exceptions:
 1. Payroll costs incurred through Nov 15/Dec 1 may be paid later
 2. Supply chain disruption scenario

REQUIREMENTS

These distributions are federal funds (CFDA 21.019, FAIN SLT0016) that come with federal requirements. **Key Points:**

- Recipients must use funds 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 the recipient's fiscal year year require a single audit

Local governments were advised to document all decisions for eligibility, etc

REQUIREMENTS CONTINUED

These distributions are federal funds (CFDA 21.019, FAIN SLT0016) that come with federal requirements.

- 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 audit requirements

Local governments were advised to document all decisions for eligibility, etc

References

1. Coronavirus Relief Fund, Guidance for State, Territorial, Local, and Tribal Governments (<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 (<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>)
3. MMB FAQs <https://mn.gov/mmb-stat/crao/faqs-for-local-governments-as-of-oct-22-940am.pdf>
4. Certification form signed by all local governments prior to distribution https://www.revenue.state.mn.us/sites/default/files/2020-06/LGD_Certification_Form_2020_06_25.pdf

QUESTIONS?

Consistent with the State of Minnesota COVID-19 response effort, MMB has established a temporary COVID-19 Response Accountability Office.

One role of the Office is to educate state agencies and local governments on the proper use of CRF funds and point them to US treasury guidance. Visit our [website](#)

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