

# CARES ACT SUPPORT DOCUMENT AND COMMONLY ASKED QUESTIONS

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Association of  
Minnesota  
Counties



ASSOCIATION OF MINNESOTA COUNTIES  
MINNESOTA INTER-COUNTY ASSOCIATION

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# CARES ACT BACKGROUND AND SPENDING PRINCIPLES

On June 25, 2020, Gov. Tim Walz used executive powers to distribute \$841.5 million of CARES Act funds to counties, cities, and townships over 200. Cities and townships under 200 population are allowed to seek reimbursement for any eligible costs—up to a maximum per capita amount—from their home county.

The unprecedented amount of direct appropriations combined with limited federal/state guidance and a short timeframe to spend eligible dollars has created unique challenges for local governments.

This resource was assembled by AMC and MICA staff to assist Minnesota county governments officials to make sense of the U.S. Treasury guidance, the U.S. Treasury Frequently Asked Questions (FAQ's), and the U.S. Treasury Inspector General guidance.

While this document is made available in an effort to assist counties in their decision-making surrounding CARES Act funds, it must be emphasized that:

- U.S. Treasury guidance and Inspector General is the ultimate decider of eligible uses of funds;
- That guidance has continued to evolve over time and this resource is current as of its issuance date (counties should continue to monitor federal guidance as it may evolve).

The following are links to those key official resources put in place to implement the broad authorizing language set forth by P.L. 116-136 (section 5001):

- [“Coronavirus Relief Fund: Guidance for State, Territorial, Local, and Tribal Governments”](#) which has been updated several times since its initial release April 22, 2020.
- [“Coronavirus Relief Fund: Frequently Asked Questions”](#) which has been updated several times to add additional Q& directly from the U.S. Treasury Department (“prime recipients”) but may be helpful to county officials because it lays out reporting requirements that will guide Minnesota Management and Budget (MMB)—and eventually auditors—in terms of:
  - ✓ Reporting timelines and categories; and
  - ✓ Since initial release on May 4, 2020.
- [“MEMORANDUM FOR Coronavirus Relief Fund Recipients”](#) which is intended for government entities that received funds Record retention (documentation) requirements.

In addition, Minnesota Management and Budget (MMB)—the state’s prime recipient of the federal CARES funds—has established the following [resource](#).

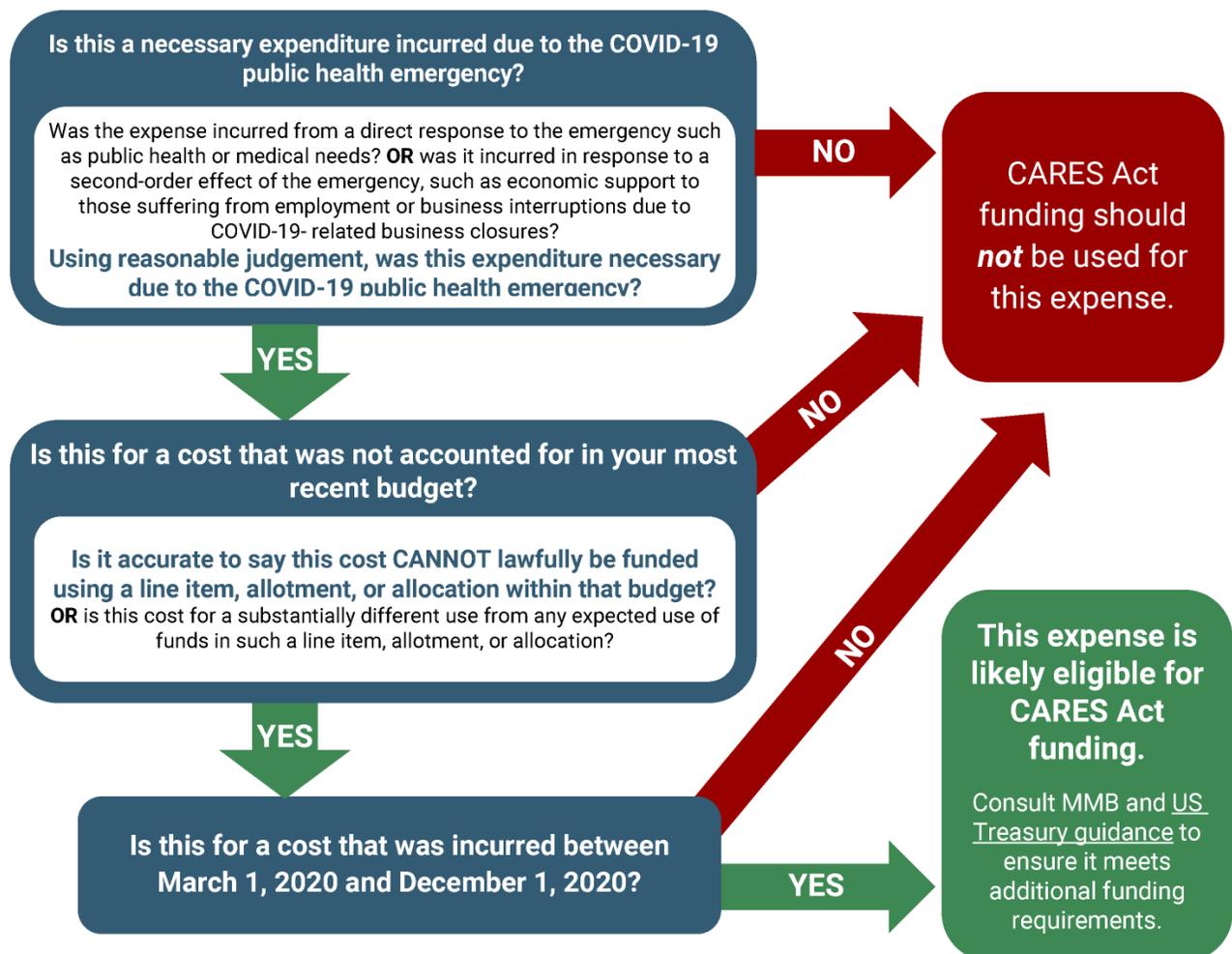
The Minnesota Department of Revenue—which is responsible for distribution, return, or recoupment of funds to counties has established the following [resource](#).

# OVERVIEW FOR DECISION-MAKING AND DOCUMENTATION

In general, Treasury implementation and guidance is framed around the expectation that government officials (county CEO's) will determine (and document) how funds are used consistent with [three principles](#)—and in tandem with [up-to-date Federal Treasury FAQ's](#).

More specifically, as reflected in the following [Decision Tree](#), CARES Act funds may be used to cover expenses that are in the judgement of government officials:

1. Necessary expenditures incurred due to the COVID-19 public health emergency, meaning the expenses are for actions taken to respond to the public health emergency including direct expenses and second-order effects of the emergency;
2. **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 government; and
3. Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.



It is strongly recommended that intentional decision-making and documentation processes be put in place. Page four of this [U.S. Treasury Office of Inspector General MEMORANDUM](#), provides essential insight into the expectations auditors may have, including that your county:

- Create a public and board-involved process to document regular spending decisions emphasizing “necessary and reasonable” and “in the judgement of government officials.” This documentation could come in the form of routine briefing materials included as part of the official record when county boards approve COVID spending plans.
- Document how the incurred expenses were “due to [needed to respond to] the COVID-19 public health emergency” and EITHER (a) could not have been legally funded from an existing budget line; OR (b) reflect a substantially different use of budget funds from use that was intended when the budget was adopted.
- Put in place coordinated tracking and coding, and assign unique payroll and accounting system codes/labeling to distinguish COVID expenses from expenses that were planned for when the budget was adopted.
- Document timing of the expense and use/benefit of the good or service, such as when the expense is incurred AND paid.

Additionally, keep in mind that while documentation of explicitly eligible expenses may be straightforward (such as receipts for cleaning supplies or PPE), expenses that are less obviously eligible based on the guidance may benefit from an elevated level of documentation of the rationale/analysis used by government officials to arrive at the decision consistent with Treasury guidance, the three guiding principles above, and the Treasury FAQ’s.

In general, counties should also create a rough plan for use of funds that has county board consent. Any revisions or additions to the plan should also include county board review and consent. For example:

\_\_\_\_\_ County’s proposed outline on use of CARES dollars:

1. Cover direct unbudgeted costs related to COVID (non-FEMA eligible)
2. Set aside for future costs/impacts
3. Use CARES money to cover local FEMA match
4. Cover all staff costs that are being tracked as COVID related
5. Small business relief
6. Individual assistance – rental and mortgage assistance
7. Grants to food shelves for food support
8. Potential second round of business/economic assistance

## Local Partnerships

The bi-partisan legislative compromise upon which the Governor's executive action to distribute CARES Act dollars is based on, allows for and encourages local governments to collaborate, share, and integrate their use of CARES funds on common COVID response efforts. As such, we suggest that counties reach out to local governments within their jurisdiction to assess areas of partnership, particularly around business assistance programs.

CARES Act funds can be transferred between local governments to partner on business and economic assistance programs, joint powers ventures, and infrastructure investments as long as the joint spending follows CARES Act guidelines. (Examples: cities within a county can provide a certain amount of their CARES Act dollars to implement a joint/uniform business assistance program; a county provides a grant to a township to provide a larger ability to help with livestock euthanizing/losses; 4 counties dedicate a certain amount of funds for a joint powers health collaborate for continued CARES Act outreach and contact tracing efforts).

# DETERMINING THE ELIGIBILITY OF SPECIFIC EXPENSES

The good news is that U.S. Treasury guidance allows for broad flexibility to accommodate unique COVID response actions. However, that guidance may not always be as clear as we would like, especially in areas regarding payroll, infrastructure, and economic support expenses. This section provides supplementary examples to assist counties with their determination of expense eligibility in those three areas but does NOT constitute official guidance or legal advice.

Before diving into payroll expenses, infrastructure, and economic support, remember that all guidance and FAQs are framed around satisfying three key principles in the reasonable judgement of government officials. The latter is emphasized in first Treasury Q&A: "Governments are responsible for making determinations as to what expenditures are necessary due to the public health emergency with respect to COVID-19..." However, uses of CARES funds later determined by auditors to be ineligible will be subject to recoupment of the expenses.

Counties should consult two Treasury documents for official advice:

- Pages 2 through 4 of ["Coronavirus Relief Fund: Guidance for State, Territorial, Local, and Tribal Governments"](#) provides a nonexclusive list of eligible expenses, meaning the absence of an expense from the list of examples does not necessarily mean the expense is not eligible.
- ["Coronavirus Relief Fund: Frequently Asked Questions"](#) builds on the previous guidance document and responds to many questions submitted from across the country. This resource will likely continue to be updated as time progresses.

## Nonexclusive Examples of Ineligible Uses of CARES Act Stabilization funds

- Expenses/costs that are/will be funded/reimbursed by other federal or state grant program.
- Replacement of lost revenues (government entities).
- Government expenses incurred prior to March 1, 2020 or after December 30, 2020.
- Expenses for the State share of Medicaid (including the portion of state share paid by counties).
- Damages covered by insurance.
- Payroll or benefit expenses for government employees [or staff time] whose work duties are not "substantially dedicated to mitigating or responding to the COVID-19 public health emergency."
- Reimbursement to donors for donated items or services.
- Workforce bonuses (generally) other than hazard pay or overtime for employees.
- Severance pay.
- Legal settlements.
- Prepayments on contracts to the extent that doing so would be inconsistent with the ordinary course of policies and procedures.

## Nonexclusive Examples of Eligible Uses of CARES Act Stabilization funds

- COVID related medical expenses of public hospitals, clinics, and similar facilities.
- Expenses for establishing temporary public medical facilities, including related construction costs.
- Costs of providing testing, including serological testing.
- Expenses for establishing and operating public telemedicine capabilities for COVID related treatment.
- Public health expenses, such as for “communication and enforcement,” acquisition of medical supplies, PPE and sanitizing products, and disinfection of public areas and other facilities.
- Expenses for public safety measures undertaken in response to COVID-19.
- Expenses for quarantining individuals.
- Expenses for food delivery, such as seniors and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
- Expenses providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.
- Expenses for maintaining state prisons and county jails, including as it relates to sanitation and improvement of social distancing to enable compliance with COVID-19 health precautions.
- Expenses for care for homeless populations to mitigate COVID-19 effects and enable compliance with public health precautions.
- Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.
- Expenses for unemployment insurance costs incurred by the recipient as an employer, if such costs will not be reimbursed by the federal (or state) government.
- Increased workers compensation costs to the government due to the COVID-19 public health emergency.
- Expenses associated with conducting a recovery planning project or operating a recovery coordination office.
- Expenses associate with contract tracing.
- Expenses to “support public or private hospitals to the extent that the costs are necessary expenditures incurred due to the COVID-19 public health emergency” and could take the form of a grant or loan.

- Expenses to assist individuals with enrolling in a government benefit program, if determined that the expenses are necessary and meet the other requirements of section 601(d) of the Social Security Act.
- Consumer grants to prevent eviction and assist in preventing homelessness, if determined that the expenses are necessary and meet the other requirements of section 601(d) of the Social Security Act.
- Expenses for employment and training programs for furloughed employees, if determined that the expenses are necessary and meet the other requirements of section 601(d) of the Social Security Act.
- Expenses to provide emergency financial assistance to individuals and families directly impacted by the loss of income due to the COVID-19 public health emergency (including to assist individuals with payment of overdue rent or mortgage to avoid eviction or foreclosure, or unforeseen financial costs for funerals and other emergency individual needs.).
- Payments of the non-federal matching requirements for Stafford Act assistance (FEMA).

## Staffing and Payroll Expense Eligibility

To help counties determine whether salary expenses are eligible for CARES funds, a certain intent can likely be inferred from the overall combination of related U.S. Treasury guidance and FAQs, including that:

- By calling out certain categories of employees (public health, public safety, health care, human services, and similar employees), U.S. Treasury anticipates a meaningful amount of payroll expenses in those areas will be eligible for CARES Act reimbursements.
  - ✓ “as a matter of administrative convenience, 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....determines....otherwise.”
  - ✓ “Costs incurred for a substantially different use include, but are not necessarily limited to, costs for personnel and services that were budget...but which, due entirely to the COVID-19 public health emergency, have been diverted to substantially different functions.”
- Eligible payroll expenses may include 100% of a position’s expenses for certain employees/functions and a portion of a position’s expense (allocated time). Further, eligible payroll expense for a position could accumulate for the entire covered period (March 1 – December 30) or for a portion of the covered period, depending on local circumstances and consistent with the three guiding principles and FAQs.
  - ✓ “As a matter of administrative convenience, the entire payroll expense for an employee whose time is substantially dedicated to mitigating or responding...is eligible...incurred by December 30. An employer may also track time spent by employees related to COVID-19 and may apply Fund payments on that basis but would need to do so consistently within the relevant agency or department.”
- Implicit in the guidance and FAQs is the expectation that government officials will exercise reasonable judgment (put some boundaries around) what expenses are considered substantially dedicated to COVID response or that are presumptively eligible for administrative convenience.

Other key guidance directly relevant to county payroll costs include that:

- Increased administrative leave costs are eligible “if an employee was allocated to administrative leave to a greater extent than was expected” such as due to employees who could not telework in the event of stay at home orders or a case of COVID in the workplace.
- Hazard pay is eligible if determined that it was a necessary expense due to COVID-19 public health emergency. However, across-the-board hazard pay for employees working during a state of emergency are NOT eligible.

With the above specific guidance in mind, the following three scenarios are intended as examples of the range of approaches a county could consider when determining and documenting eligible payroll expenses.

## **MOST LIMITED: Reimbursement of direct and documented personnel time.**

This most limited approach is likely narrower than intended by U.S. Treasury guidance but would offer the most certainty that the county will not run afoul of allowable uses of CARES funds.

- Use CARES funds only to cover payroll expenses for staff time (full-time or portion):
  - ✓ in the areas of public safety or public health, and
  - ✓ Only for functions/duties directly providing or supporting disease suppression, public health guidance or Stay at Home and related orders, such as:
    - Work to administer COVID tests, conduct contact tracing, or communicate to and educate the public on COVID suppression and response;
    - Time spent responding to requests or need to enforce closure orders, social distancing, or to provide traffic control at testing and food distribution sites.
- Use CARES funds for payroll expenses in other areas of county operations only to the extent a position (a portion of position) is created—or redirected—to specific COVID response activities, such as:
  - ✓ Redeploying staff from previous duties to new COVID response duties, whether permanently or temporarily;
  - ✓ Staff time/expense to establish and administer new contracts for temporary housing;
  - ✓ Staff time/expense to clean jail facilities or perform new intake, facility access, or prisoner management policies that were put in place in response to COVID, or
  - ✓ Staff time/expense to distribute food, supplies to vulnerable individuals or others who are isolated due to the public health emergency.
- Use CARES funds for overtime or hazard pay paid to public safety or public health working on public health response.

## **MODERATE: Scaled down use of Treasury's guidance providing blanket eligibility for public safety and health expenses.**

Rather than claiming a blanket eligibility for all public safety or public health staff expenses, the moderate scenario leverages the "may presume" language but with key limitations to minimize risk of a negative audit finding at a later date.

- For public safety, presume that payroll expenses for certain public safety staff are eligible, but not others, based on analysis of functions you determine to be necessary to the COVID-19 public health emergency response. Options might include using CARES funds only for:
  - ✓ Expenses for patrol officers, dispatchers, or jailers in a consideration of the change in routine job duties necessary to limit spread, to monitor and enforce closure orders, and to ensure that first responders in general are readily available, trained, and prepared to respond to unanticipated conditions without the opportunity to perform those functions remotely.
  - ✓ Expenses for the entire covered period (March 1 through December 30) or for a portion of the covered period as it may relate to periods of outbreak, periods during which closure orders are in place, or during the period of Peacetime Emergency.
- For public health staff, consider the presumptive eligible for such payroll expenses to be applied broadly to public health staff with certain limitations, such as
  - ✓ Excluding environmental staff and including primarily staff in areas of disease control and management, epidemiology, clinic operations, emergency preparedness, health education and other general public health;
  - ✓ Consider expenses linked to various timeframes, such as the entire covered period, Peacetime Emergency, or periods of out-break.
- For other categories of employees specifically called out in Treasury guidance (Human Services and Corrections), consider payroll expenses for work that staff performed either daily or intermittently to facilitate social distancing and Stay at Home orders and impacts of closure orders and to administer, monitor and sustain that community support as necessary to respond to the COVID public health emergency (make sure it is routinely coded in payroll/accounting systems)
- For other areas of county operations, many counties have identified periods of heavy work by employees in areas of human resources, Information services/IT, administration or other areas that at least periodically experienced a significant change from the duties due to COVID relative to the work those staff were planned to be performing at the time the budget, such as:
  - ✓ Creating policies and procedures to have staff work remotely;
  - ✓ Putting technology, security, and other systems in place to allow work to be performed remotely;
  - ✓ Planning for and implementing the return of employees to the workplace or to resume in-person services.

**UPDATE (9/1/2020):** After recently published FAQ by the Treasury Office of the Inspector General, we are adding this additional context and clarity. For the counties contemplating a broader use CRF funds for payroll expenses, please look at the most recently published [Treasury FAQ \(August 28, 2020\)–specifically questions 69-71](#). The new guidance clarifies expectations for recipients to justify and document their use of CRF funds for personnel expenses, and makes clear the ‘presumption’ for public safety and public health payroll does not allow for CRF funds to be used for such expenses without first determining and documenting that the expenses are necessary to respond to or mitigate the COVID-19 public health emergency. On an August 31 call with the OSA and a select group of county auditors, one county finance director made the point well—the biggest deciding point in determining whether ‘presumption’ applies is the trigger of “substantially dedicated.” As this director pointed out, once you prove that an employee is “substantially dedicated,” you can take their whole payroll. The importance here is *documenting, documenting, documenting* how you arrived at the conclusion that an employee/class of employees were substantially dedicated. Said another way, only if a county first determines and documents that an individual employees’ work (or the work of a class of employees) is “substantially dedicated” to “responding to or mitigating” the COVID-19 emergency, in order to claim 100% (‘presume’) of the payroll expenses for that employee or class of employees. Unfortunately, there is no definition of what substantially dedicated means. As a result, each county will have to determine the merits on their own, and the approach may vary across counties depending on the rationale used to make a determination and variable needs related to COVID-19 response and mitigation.

**MOST EXPANSIVE: Using the Treasury guidance’s blanket public safety and public health blanket eligibility language. (Caution Recommended)**

In response to a question on eligible payroll expenses – from an attendee of an organized Q&A forum with local government officials from across the country – a U.S. Treasury official was recently quoted as saying:

“Generally, we tried to be very flexible in our interpretation of the use of the Fund. Some of the ways we opened up; I think one of the most important ones is the presumption that public health and public safety personnel, both salary and benefits can be 100 percent charged to the CRF. I think that that is a great benefit.”

“If you are a public health or public safety officer, so you know, the officer on patrol say, right, the officer on patrol, you can charge their entire payroll cost to the CRF. That is where the presumption that they are working, that their work is related to COVID-19 comes in. So, for those two classes of worker – public health or public safety – whether they have been budgeted for or not, you can charge it to the CRF.”

That statement has NOT been published as official Treasury guidance and presumably should not be viewed as official. Nonetheless, to the extent a county uses CARES funds for a balanced package of different uses, but which includes a broad but moderated use for payroll expenses as outlined above, the statement by this Treasury official may provide a certain comfort to approach. A county that opts for an even broader use of CARES funds for payroll expenses might:

- Presume that all public safety (law enforcement) and public health payroll expenses for the period from March 1 through December 30 are eligible for CARES funding;
- Broadly consider significant portions of the Human Services staff payroll expenses.

While the verbiage used by Treasury to describe eligible use for payroll expenses is broad, some caution would be in order recognizing that Treasury the guidance is designed to take into account that the spread and severity of COVID-19 and response actions was likely to vary across the country and so the reasonable judgement of government officials to determine eligible expenses may vary depending on unique facts and circumstances related payroll expenses necessary to respond to the pandemic. Consequently, perhaps the most critical component for all counties—regardless of what approach is taken to use CARES funds for payroll expense—is to put in place a robust set of documentation articulating how the approach taken by your meets the three guiding principles, is consistent with guidance and FAQ’s and is reflected in county payroll, accounting and other coding to distinguish CARES expenses from the original budget.

***NOTE:*** *If your county is uneasy with any of these approaches, you may want to consider setting aside some of your CARES Act funds for future personnel reimbursement decisions, anticipating additional CARES Act guidance and clarity from Treasury Department. If guidance does not come or alleviate your concerns, your county board could decide to repurpose the set aside dollars for other incurred expenses, infrastructure investments related to COVID, or additional business/economic assistance relief.*

## Infrastructure Investments/Broadband

In general, capital improvement projects that broadly provide potential economic development in the community are NOT eligible. Exceptions are allowed if capital improvement projects are necessary expenditures incurred due to the COVID-19 public health emergency and will be utilized before December 30<sup>th</sup>. Treasury Guidance and published FAQs references several specific examples that could meet that test and be considered eligible:

- “Establishing temporary medical facilities and other measures to increase COVID-19 treatment capacity.”
- “Expenses to facilitate distance learning, including technology improvements, in connection with school closings to enable compliance with COVID-19 precautions.”
- “Expenditures [for rural broadband] would only be permissible if they are necessary for the public health emergency. The cost of the 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....and thus would not be eligible.”
- As indicated above, there is limited opportunity for capital project costs to be considered an eligible use. Perhaps a clean example would be construction within entrances, service centers, or at public counters to accommodate public health precautions (keyless/remote entries, plexiglass screen installation, office spacing solutions, etc.). Specifically, multiple counties have

inquired about using CARES funds for broadband expansion or other enhancements needed to establish/improve internet access

Again, considering the three key principles and the specific Treasury guidance related to expanding broadband capacity, we encourage counties considering use of CARES funds for that purpose to consider (and document):

- The nature and extent to which the need is due to the COVID public health emergency.
- Whether the enhanced broadband capacity will be placed in service in time to address the need (e.g. during the upcoming school year, during the pandemic prior to December 30) and how the use of CARES funds compares to total project costs and the useful life of the expended capacity.
- How did the technology result in demonstrable mitigation relative to the need due to COVID?

## Structuring Business Assistance Programs

While the original negotiated legislative agreement SF 47 included a mandate that counties use 10% of their funds for “business or economic assistance,” the ensuing executive order did not include the mandate provision, leaving it up to local governments to determine if and how much of their funds should be used for business relief. Nevertheless, the intent from the legislative and executive branches is clear that counties and local governments should be using portions of their funds for business relief. Treasury guidance provides local governments with a fair amount of latitude in how to structure relief programs, including the following important phrases:

- “Governments have discretion to determine what payments are necessary” to reimburse the costs of business interruption caused by required closures and to determine what is meant by small business.
- “The amount of a grant to a small business to reimburse the costs of business interruption caused by required closure would also be an eligible expenditure...”
- “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 measure or that are affected by decreased customer demand as a result of the COVID-19 public health emergency.”
- Fund payments may not be used for government revenue replacement including the provision of assistance to meet tax obligations.

Items to consider when structuring a business assistance program:

- Work with county board members and department leads to create an outline of a plan that reflects commissioners’ goals, the needs of your business community, and is administrable.
- Consult and communicate with cities and townships within your borders to determine if it is worthwhile to consolidate funds and run one, single program for the county and corresponding

entities. This not only provides a larger pot for business relief, but also will reduce confusion from an applicant having to apply to multiple local government programs.

- Determine the size and scope of grants (most common sized maximum grant award is “up to \$10,000.”)
- Determine eligibility requirements surrounding:
  - ✓ Program timelines (application open and closing dates).
  - ✓ What businesses are eligible:
    - Business size (FTE limits) and/or annual revenue limits.
    - Residency requirements/limitations.
    - Operation timeline requirements (example: must have been operating for at least 12 months prior).
    - Whether the assistance program will be a combined program for non-profits and for-profit businesses or a separate program for each.
    - Whether to include religious institutions.
  - ✓ Whether the county will limit entities who have received other state, federal, city grants from applying.
  - ✓ How to treat individuals with multiple businesses within your jurisdictions.
- Create an application referencing the above decisions requiring applicants to clearly document their costs related to COVID. Include clear language outlining an awardee’s obligations to use the grant dollars within expressed Treasury guidelines and that a awardee may be required to pay back funds if they are found out of compliance.
- Determine whether the county has the administrative capabilities to run the program. If so, create internal processes for grant review, approval, and follow-up communication along with direct board approval and documentation. If your county does not have the ability to manage the program, look for partners (business associations, EDAs/CDAs, etc.) to assist in administering, knowing that the county may use CARES Act dollars to pay for their services directly affiliated with operating the business relief program.
- Partner with local chambers of commerce and newspapers to market the program.
- Determine if the program can be duplicated should the county decide to use remaining CARES Act funds to release a second round of business assistance grants.

## Structuring Economic Assistance Programs

Forthcoming!

# Administration of Funds/Reimbursement for Cities and Towns Under 200

Basic process suggestions:

- Identify a single point of contact within county government who will work with cities and townships under 200 population to administer reimbursements.
- Communicate a brief message to the leadership of cities and towns under 200 population as soon as possible so they know who to contact and that more information will be forthcoming
- Prepare to distribute funds on a reimbursement basis up to:
  - ✓ \$25 per capita for each township under 200, or
  - ✓ \$75.64 per capita for each city under 200.
- Review the attached recommended reimbursement form. If your county is comfortable using the form, put the form on your county logo/letterhead so the Home County is clearly articulated on the form and send the form to your jurisdictions under 200 with any additional instructions and/or links to federal guidance and state, county, city/town association resources, potentially including information informing each jurisdiction of the maximum amount they will be eligible for (\$25per cap or \$75.64 per cap).
- Establish an internal county process for receiving and processing reimbursement request forms.

# COMMONLY ASKED QUESTIONS

**Q: What happens to the funds of towns/cities over 200 who do not certify or ask for their funds by the state by September 15, 2020?**

Local government certifications and requests for aid will not be accepted after September 15, 2020. Therefore, any local governments over 200 population who does not send in their certification form to the Department of Revenue by this date will not be eligible for a direct distribution. Their certified distribution amount will then return to the state Coronavirus Relief Fund.

CRF disbursement amounts for counties, cities, and towns over 200 population can be found on this [site](#).

Cities and towns under 200 will not receive a direct distribution from the state and must ask their home county to receive payments for eligible costs. [AMC and MICA have created a form to assist counties with these requests.](#)

**Q: Can counties use CARES Act dollars to support non-profits either through business assistance programs or via payments for direct, COVID-related services?**

Federal Treasury guidance is clear that local governments may distribute funds to non-profits to be used to distribute assistance that is COVID-related (housing/rent relief, food shelves/food supports, unemployment/job retraining programs, daycare facilities, etc.).

***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.

The guidance does not limit or prohibit a local government from using business assistance funds for direct relief for a non-profit who has experience a “business interruption” as a result of COVID and specifically states “governments have discretion to determine what payments are necessary.”

***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.

**Q: Can churches be included in a business assistance program?**

There are no current federal or state guideline limitations on churches or religious institutions (who are likely structured as a non-profit entities) from being included in any business assistance program.

**Q: Can counties use CARES funds to assist private hospitals?**

Yes. Funds may be used to support both public and private hospitals with specific attention to the format of the assistance (loan v. grant).

***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.

**Q: Can counties use CARES funds to pay for consultants to help for planning, program design, and implementation?**

There is no prohibition on local governments using CARES Act funds to hire a consultant or contractor to provide legal advice or help administer a program. For example, Ramsey County has partnered with the Metropolitan Consortium of Community Developers’ Open to Business program to administer their business assistance program and provide additional resources/technical assistance to impacted businesses.

**Q: Should counties be using CARES Act dollars to support local public health outreach and tracing efforts?**

Yes. Federal guidance is clear that CARES Act dollars can be used for public health costs (staffing, contact tracing, etc.) as well as increased workers compensation costs due to COVID-19. Furthermore, the Minnesota legislature chose not to provide a separate state aid program for targeted local public health and contact tracing costs. Department of Revenue has been clear that counties and cities with local public health departments should be using CARES Act dollars to fund these outreach efforts.

**Q. Can a county expedite procurement and bid processes in response to the public health emergency?**

Federal CARES Act guidance does not discuss or provide relief to local governments on state or federal procurement requirements. While Minnesota law does provide some flexibility dependent on the price range of the project and whether or not there is an emergency a government must respond to, we would advise counties to follow previously established county and state run bid solicitation processes in lieu of potential audit findings or legal ramifications.