

RECORD OF PROCEEDINGS

Minutes of _____

Meeting _____

BARRETT BROTHERS - DAYTON, OHIO

Form 6101

Springfield Township Trustees

Held _____

October 13, 2020

Regular Trustee Meeting

Meeting called to order by John Roeder, Board President Beginning 6:00 PM with the Pledge of Allegiance

Board Members Roll Call

Trustee Tim Foley	Present
Trustee Jim Scoby	Present
Trustee John Roeder	Present
Fiscal Officer Mark Smith	Present

Employee / Visitors in Attendance: Billy Saunders, Vicki Gundolf, Jamie Allen, Judy Sheridan, Mary Ann Schmidt

APPROVAL OF PREVIOUS MINUTES Regular Trustee Meeting Dated September 22, 2020

Motion to approve by Jim Scoby

Second by Tim Foley

Discussion

Roll Call

Mr. Foley Yes Mr. Scoby Yes Mr. Roeder Yes

Departmental Reports

Road Department

Billy Saunders We are getting ready for leaf season the 3rd week of October. Brush pick-up has ended. All but 4 foundations have been completed at Vale Cemetery. We have painted the garage doors at Garden Acres Fire Department.

Fire/EMS

Chief Nangle The sewage holding tank at Rockway Fire Station has been taken care of with the EPA, and we are compliant till 2025. We do need to place some signage up stating it is nonhazardous, we need to maintain keeping the smell down. There will be a copy for review in the file. There was an explosion at Duncan Oil and a gentlemen was transferred by Care-flight to the hospital. Our crew was there for 10 hours.

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Held Zoning

NO ONE Present

Vale Cemetery
Vicki Gundolf - Nothing

Fiscal Officer
Mark Smith Our Covid Relief Funding to date we have received \$75,648., we have encumbered and actually spent \$30,000, so we have a unencumbered balance of \$44,918, so we have funds left for future needs. We have been made aware of House Bill 614 has passed in the State of Ohio and they have awarded our township \$425,726.00 for Covid expenditures. They are offering ways to sub-grant that money. We would need to establish a program for this funding. Our first reporting is due October 20, 2020.

Mr. Scoby I think we should put together a committee.
Mark Smith I don't disagree, I just know the guide lines are very strict, and should be reviewed by legal counsel to make sure it meets all the guide lines for the Covid requirements.
See Exhibit A

Mr. Scoby Is this something we could decide on our Saturday meeting in November?

Mark Smith If you decided to. I have a call into John Federer's Office to get some help with what some of the other local government offices are doing.

Tim Foley What about sub granting the school district?
Mark Smith We can sub grant to the school district as well, for Covid related items.

John Roeder That is something we would need to go to the district and see if there would be a need.

Tim Foley I do not want to leave money on the table if there is a need.
Jim Scoby I would be happy to speak with Mr. Kuhn and the other board members.

Mark Smith I do know that Mad River in Champaign County is sub granting some of their money to Graham School, to update their bathroom facilities so they are hands free.

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HARRETT BROTHERS - DAYTON, OHIO

Form 6101

Special Guests

Held _____

Old Business

John Roeder We have talked about selling some of the property that the township is not utilizing, and is costing us money to upkeep. One of the properties is where the old Beatty Firehouse was.

Tim Foley We have neighbors on each side of that property that are interested in that property, and looks like a logical sale to me.

New Business

John Roeder Speaking about the Covid money, I would like to see what we can best utilize with this funding. If it gets bad again with the virus and we would need to hold our meetings through Zoom we would need laptops to be able to conduct our meetings off site. I would like to move forward with the purchase of the laptops.

Mark Smith That purchase would more than meet the guide lines for the funding.

John Roeder I also think we would need stations to work remotely from home. I think Vicki could use a double monitor. I would like to go forward with that project.

MOTION TO CONTINUE FOR ZOOM AND TECHNOLOGY CAPABILITY USING COVID FUNDING

Motion to approve by Jim Scoby

Second by Tim Foley

Discussion

Roll Call

Mr. Foley Yes Mr. Scoby Yes Mr. Roeder Yes

Resolutions

Resolution: 2020-051

BE IT FURTHER RESOLVED by the Township Trustees TO APPROVE RESOLUTION REQUESTING THE OHIO DEPARTMENT OF NATURAL RESOURCES, DIVISION OF NATURAL AREAS AND PRESERVES TO CONSIDER THE DESIGNATION OF THE CLARK COUNTY SEGMENT OF THE MAD RIVER AS A STATE RECREATIONAL RIVER UNDER THE STATE SCENIC RIVERS SYSTEM AND DECLARING INTENT TO COOPERATE WITH THE

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Held _____

DEPARTMENT OF NATURAL RESOURCE, OTHER AGENCIES AND OTHER
UNITS OF GOVERNMENT IN THE PROTECTION AND ENHANCEMENT OF
THE MAD RIVER AS A DESIGNATED STATE RECREATIONAL RIVER

WHEREAS, Pursuant to Section 1547.81 et seq. of the Ohio Revised Code,
the Director of the Ohio Department of Natural Resources may declare an
area to be a recreational river area; and

WHEREAS, The Ohio Department of Natural Resources did cooperate
with Wittenberg University in the completion of the Mad State
Recreational River Designation Study which concluded "the Mad River
meets or exceeds the qualifying criteria under the Recreational Scenic
River classification"; and

WHEREAS, Springfield Township, Clark County, has reason to support the
designation of the Clark County segment of Mad River as outlined in Ohio
Revised Code, Section 1547.81 to promote the long term protection and
enhancement of the Mad River, its water quality, natural integrity,
fisheries and recreational values as a benefit to Springfield Township; and

WHEREAS, Springfield Township, Clark County, understand that the term
"natural" is intended to mean a condition within the river's corridor
approximating the original vegetation and forest type of primitive Ohio;
and

WHEREAS, The purpose of scenic river designation is to ensure protection
of streams in their natural state; and

WHEREAS, The Ohio Department of Natural Resources, Division of
Natural Areas and Preserves, requires a majority of directly affected
counties, municipalities and townships to submit a "resolution of support
for the designation" of any river;

NOW, THEREFORE, BE IT RESOLVED by the Trustees of Springfield
Township, Clark County, State of Ohio,

Section 1: that Springfield Township, Clark County, State of Ohio, hereby
requests that the Director of the Department of Natural Resources

consider the designation of the Clark County segment of the Mad River as
an Ohio State Recreational River as it meets the criterial for such
designation pursuant to Section 1547.81 et seq of Ohio Revised Code

Section 2: Springfield Township, Clark County, State of Ohio agrees to
cooperate with the Ohio Department of Natural Resources, Scenic Rivers
Program, and with other units of government and agencies in the

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development and implementation of river preservation techniques,
including but not limited to the long term conservation of lands and land
use planning to protect areas critical to the protection of the Mad River
as a State Recreational River.

Section 3: This resolution shall take effect and be in force from and after
the earliest period provided by law.

Springfield Township has no financial commitment at this time.

Second by Tim Foley

Discussion

Roll Call

Mr. Foley Yes Mr. Scoby Yes Mr. Roeder Yes

Resolution: 2020-052

BE IT FURTHER RESOLVED by the Township Trustees to approve the
attached Real Estate Purchase Agreement for the selling of Parcel
numbers: 30006000023011015, 30006000023011016, and
30006000023011030.

Second by Jim Scoby

Discussion

Roll Call

Mr. Foley Yes Mr. Scoby Yes Mr. Roeder Yes

Resolution: 2020-053

BE IT FURTHER RESOLVED by the Township Trustees to approve the
attached Real Estate Purchase Agreement for the selling of Parcel number
: 3000600002301029, and is known as 2852 Springfield-Xenia Rd,
Springfield, Clark County, Ohio.

Second by Jim Scoby

Discussion

Roll Call

Mr. Foley Yes Mr. Scoby Yes Mr. Roeder Yes

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Open to the Public

Held _____

Mary-Ann-Schmidt 121 N Bird Rd. I can't tell you how upset I am over the recent approval of Resolution 051...on the Scenic River. I was part of the group a few years ago that included all of the land owners in Clark County that live along that river, and how hard they fought against just exactly what you approved. All of the land owners along that river said they do not want it. The ODNR has no authority to go over their wishes. The property land goes down to the center of the river. What that will do is give the state access to those people's homes. I don't understand why you think you have the authority to approve that. I'm very disappointed in all of you.

Closing remarks by Trustees

NONE

Next Regular Trustee Meeting October 27, 2020 @ 6PM

Motion to adjourn

Motion to approve by Jim Scoby

Second by Tim Foley

Discussion

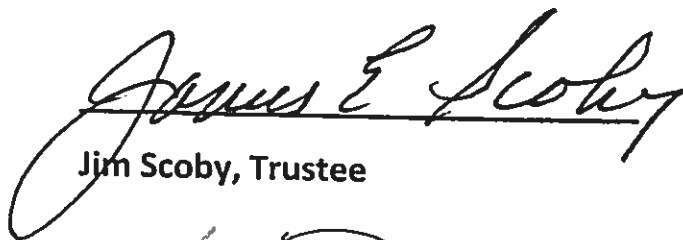
Roll Call

Mr. Foley Yes Mr. Scoby Yes Mr. Roeder Yes

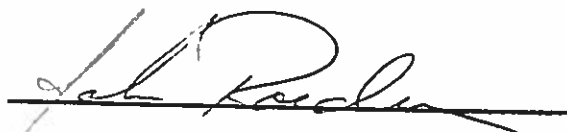
Board Certified



Tim Foley, Trustee



Jim Scoby, Trustee



John Roeder, Trustee

Mark Smith, Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

Auditor of State Advisory Memo

To: All County, City, Township, Village Officials and Independent Public Accountants

From: Keith L. Faber, Auditor of State

Date: October 7, 2020

Subject: Use of Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Funds (CRF) to Support Small Businesses and Provide Housing Assistance

As the nation, State of Ohio and local governments continue their efforts to provide assistance and support in responding to the impact of the COVID-19 outbreak, the Auditor of State (AOS) hereby issues this Advisory to all County, City, Village and Township officials, and our IPA community encouraging the appropriate use of Coronavirus Relief Funds (CRF) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act – in particular to support local small businesses and provide supportive housing.

Governmental Efforts to Aid Those Impacted by COVID-19 Restrictions

When COVID-19 first appeared, much of the nation shut down non-essential activity to slow the spread and flatten the curve. Thankfully, the federal government reacted with a number of programs and federal funds to help ameliorate the impact of COVID-19 on our economy, including: federal pandemic unemployment assistance, paycheck protection program and other CARES Act funds. While our state has gradually reopened, some health restrictions remain in place which continue to impact our economy, Ohio businesses and many of our citizens. The CRF funds allocated from the Ohio General Assembly will help local governments support programs that further alleviate these lasting impacts on our communities.

Over the past six months, AOS has hosted numerous virtual and in-person round table meetings to discuss the impact of COVID-19 and ways that state and local governments can best provide assistance to Ohio communities. During these meetings we have discussed a number of issues and challenges relative to the purpose, use and administration of federal CRF funds. These meetings have left us impressed by how connected local leaders are to the needs of their communities and the creative use of available resources to meet those needs, but also makes clear that many local governments have questions and concerns about the proper use of CRF funds.

Efficient • Effective • Transparent

AOS General Guidance on Use of CRF Funds

While the AOS must maintain our audit independence and are restricted in our ability to provide advisory opinions regarding the use of public funds, we are able to share some general guidance on the use of CRF funds. First, CRF funds must be treated just like any other federal award and their use in compliance with the terms and conditions of the award and the Uniform Guidance (UG) Act.¹ Second, local governments should carefully document every program, transaction and expenditure so that our auditors can clearly track the use of CRF funds.² Third, we recommend that local governments receive approval from their legislative body and elected officials affirming that CRF funds are being used for an allowable purpose and for the public welfare. Fourth, local governments should consult their legal counsel to ensure compliance with all applicable legal requirements, including compliance with each of the three prongs of the CARES Act and provisions of the Ohio Constitution concerning permitted use of public funds.

Each use of CRF must comply with the three distinct legal requirements set forth by Congress. When determining whether CRF may be used to pay an expense, the entity must show that the expense satisfies the statute.

The CARES Act requires that the payments from the funds only be used to cover expenses that:

- (1) Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
- (2) Were not accounted for in the budget most recently approved as of March 27, 2020 (enactment date of the CARES Act) for the government; and
- (3) Were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.³

¹ CRF payments are considered federal financial assistance subject to the Single Audit Act (31 U.S.C. §§ 7501-7507) and 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. The UG is codified and available electronically at: https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl. Additionally, AOS has general UG subgranting guidance available on its COVID-19 Resources page available at: http://www.ohioauditor.gov/resources/COVID19_assistance.html. Local governments should refer to the Ohio Office of Budget and Management's (OBM) resources at: https://grants.ohio.gov/Documents/Coronavirus_Relief_Fund/CRF_Guide_to_Subgranting_Funds_2020-08-19.pdf and consult with their legal counsel, as needed, regarding the specific provisions of UG.

² Guidance suggests local governments should ensure CRF monies are only used to reimburse expenditures that are not otherwise being reimbursed by another federal or state program. See 2 C.F.R. § 200.403 (f) and <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>

³ 42 U.S.C. 801(d).

In addition, the expenditure of CRF funds must be for the public welfare and comply with the limitations of aid and credit set forth by the Ohio Constitution. The AOS encourages local governments to use the CRF program consistent with state and federal law and guidance and to consult with their legal counsel for advice on whether an expenditure or program is permitted. The AOS will give all due consideration to a well-reasoned legal opinion provided by a local government's legal counsel to support the expenditure.

Following the guidance detailed above will certainly go a long way in assuring the appropriate use of CRF funds. But, as the federal guidance continues to change and evolve, we strongly encourage you to examine trusted resources for new information and frequently visit the AOS's website for [COVID-19 Resources](#), including information on CRF funding and answers to frequently asked questions.

Local Government's Use of CRF to Support Small Business

According to U.S. Treasury Department guidance and FAQs,⁴ CRF can be used to cover certain unexpected costs related to COVID-19 such as: purchase of personal protective equipment, supportive housing, and payroll expenses for public health and safety workers whose services are substantially related to the mitigation of COVID-19.

Many local governments in Ohio are subgranting⁵ a portion of their federal CRF for small business support, which AOS believes will have a positive impact on our small business community struggling under current health order restrictions. There are many ways to structure a small business grant program, such as an eligibility-based small business grant program or reimbursable grants. The small business grant program must 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, the Ohio Constitution, and other applicable law.

Local Government's Use of CRF for Supportive Housing

Additionally, the COVID-19 public health emergency has taken a toll on people's financial stability, leaving some Ohioans unable to keep up with their housing payments. Local governments may use a portion of their federal CRF for housing assistance to maintain housing stability and prevent eviction and homelessness. The housing assistance program must be structured in such a manner as will ensure that such assistance is determined to be

⁴ See Appendix I to this Advisory.

⁵ Local governments should refer to the UG requirements for pass-through entities and subgrants/subawards. Additionally, local governments can obtain a sample CRF Subgrant Agreement format from OBM at: to the Ohio Office of Budget and Management's (OBM) resources at: https://grants.ohio.gov/Documents/Coronavirus_Relief_Fund/CRF_Guide_to_Subgranting_Funds_2020-08-19.pdf and <https://grants.ohio.gov/fundingopportunities.aspx>.

necessary in response to the COVID-19 public health emergency and otherwise satisfies the requirements of the CARES Act, the Ohio Constitution, and other applicable law.

It would not be appropriate for the AOS to recommend a specific program, or answer specific questions raised by a local government when it is crafting a plan, as we must maintain our audit independence. However, the AOS has provided sample grant structure models in Appendix II of this Advisory that local governments can consider as they evaluate their use of the CRF in relation to their administrative capacity and expertise to carry out such programs before the termination of the program on December 30, 2020.

AOS Stands Ready to Provide Assistance

In conclusion, thank you for working hard to support your communities during these challenging times. Please know that the AOS stands ready to provide assistance, address questions as they arise, and will audit with maximum flexibility in accordance with the law and guidance issued at the time of the expenditure and any additional guidance available at the time of audit when evaluating the appropriate use of CRF funds.

Again, we strongly encourage you to frequently visit the [AOS's Coronavirus Resources](#) webpage for updated information on CRF funding and answers to frequently asked questions.

APPENDIX I

Select CARES Act and US Treasury Guidance/FAQ's for Small Business & Housing Assistance Programs for Individuals

The Ohio General Assembly and Governor DeWine recently passed legislation to distribute the remaining \$650 million in federal funds to local governments,⁶ giving a short period of time for local governments to ramp up programs supporting small businesses impacted by public health orders. As explained on our COVID-19 Resources FAQ page and supported by the US Treasury Guidance and FAQs, this may be an appropriate use of these funds.⁷ Eligible expenditures include:

"Expenses associated with the provision of economic support in connection with the COVID-19 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."

<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>
Page 3-4, updated September 2, 2020.

Additionally, the US Treasury Program Management Office's September 2, 2020 FAQ's support the use of CRF funds on programs assisting small businesses negatively impacted by COVID-19 and provide some details. While AOS wishes to bring these particular FAQ's and the above guidance example to your attention, they should not be read in isolation. Local governments and their legal counsel, when considering a plan, need to read these FAQ's and guidance with *all* the guidance/FAQs that were issued by Treasury as well as the CARES Act and any other applicable laws:

⁶ Because Ohio's Office of Budget and Management is the administrator of locally distributed CARES Act dollars under HB 481 and HB 614, we encourage you to frequently visit OBM's website for updates on CARES Act funding and answers to FAQ's that OBM updates as the U.S. Treasury Management Office and the Office of Inspector General update and/or issue new guidance and FAQ's. <https://grants.ohio.gov/fundingopportunities.aspx>.

⁷ Additionally, Title VI of the Social Security Act, as amended by Title V of Division A of the CARES Act, provides that the Department of the Treasury (Treasury) Office of Inspector General (OIG) is responsible for monitoring and oversight of the receipt, disbursement, and use of CRF payments, Treasury OIG guidance is available at <https://www.treasury.gov/about/organizational-structure/ig/Audit%20Reports%20and%20Testimonies/OIG-CA-20-028.pdf>.

24. 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.

25. 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.

32. 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.

39. 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 [or local government] may expend Fund payments on necessary administrative expenses incurred with respect to a new grant program established to disburse amounts received from the Fund.

51. If governments use Fund payments as described in the Guidance to establish a grant program to support businesses, would those funds be considered gross income taxable to a business receiving the grant under the Internal Revenue Code (Code)?

Please see the answer provided by the Internal Revenue Service (IRS) available at <https://www.irs.gov/newsroom/cares-act-coronavirus-relief-fund-frequently-asked-questions>.

52. If governments use Fund payments as described in the Guidance to establish a loan program to support businesses, would those funds be considered gross income taxable to a business receiving the loan under the Code?

Please see the answer provided by the IRS available at <https://www.irs.gov/newsroom/cares-act-coronavirus-relief-fund-frequently-asked-questions>.

<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>
Updated September 2, 2020.

APPENDIX II

Small Business and Housing Assistance Grant Structure Models

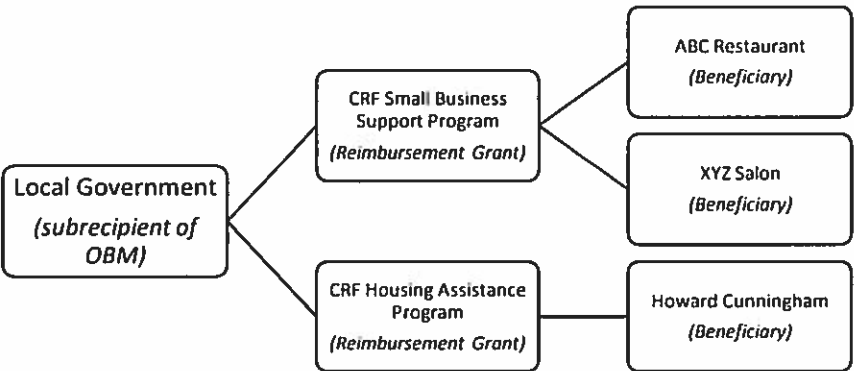
AOS suggests here a few options to local governments for possible grant structure models. Any such program should be designed, in consultation with your legal counsel, to ensure full compliance and limit a local government's risk of exposure to questioned costs, federal funding claw backs and administrative burden. The guidance in this Appendix should be read in conjunction with the CARES Act, applicable portions of the UG,⁸ Ohio law, the Ohio Constitution and other applicable regulations in order to be lawful.

A local government seeking to create a small business and/or housing assistance grant program should take all necessary measures to ensure the expenditure of CRF funds for these purposes are done for the public welfare and comply with the limitations of aid and credit set forth by the Ohio Constitution. To this end, AOS encourages that local governments receive approval from their legislative body and elected officials affirming that CRF funds are being used for an allowable purpose and for the public welfare. The AOS also encourages local governments to consult with their legal counsel for advice on whether its CRF program is consistent with all applicable state and federal law and guidance. The AOS will give all due consideration to a well-reasoned legal opinion provided by a local government's legal counsel.

See Model 1 on next page

⁸ The UG is codified and available electronically at: https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl. Additionally, AOS has general UG subgranting guidance available on its COVID-19 Resources page available at: http://www.ohioauditor.gov/resources/COVID19_assistance.html. Local governments should refer to the Ohio Office of Budget and Management's (OBM) resources at: https://grants.ohio.gov/Documents/Coronavirus_Relief_Fund/CRF_Guide_to_Subgranting_Funds_2020-08-19.pdf and consult with their legal counsel, as needed, regarding the specific provisions of UG.

Model 1 – Local Government Subrecipient /Small Business or Individual Beneficiary Structure Model

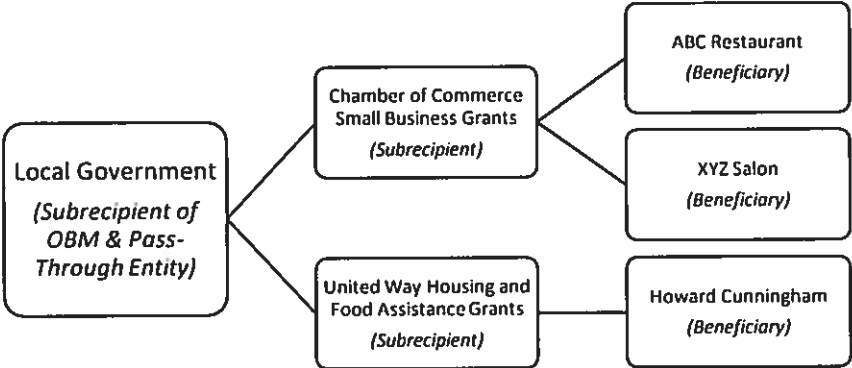


Model 1 assumes the local government is a subrecipient of CRF Distributions under HB 481 and/or HB 614. Under this model, the local government decides to set up two reimbursement grant programs, one for small businesses in need of economic support and the other for housing assistance for individuals. Both programs appear to be authorized, in principle, under the CARES Act Coronavirus Relief Fund and are addressed in the U.S. Department of Treasury’s Frequently Asked Questions. Of course, any local government program utilizing this model’s structure must also comply with the three prongs of the CARES Act, applicable portions of the UG, Ohio law, the Ohio Constitution and other applicable regulations in order to be lawful.

In both programs under this model, the local government has established a one-time reimbursement grant, capped at a determined amount for small businesses and another determined amount for individuals seeking housing assistance. The local government has developed an application that describes the terms and conditions of each program in accordance with the CARES Act, U.S. Department of Treasury’s regulations, OBM regulations, UG, Federal Funding Accountability and Transparency Act (FFATA), and other requirements the local government deemed necessary to administer the programs.

Among the other requirements, the local government has established eligibility criteria for small businesses and individuals seeking assistance and prescribed various forms of documentation required to verify the small business or individual has need for assistance due to the COVID-19 pandemic as required by the CARES Act. The local government further established a deadline by which all applications must be submitted in order to allow the local government adequate time to review the documentation for appropriateness and completeness under the terms and conditions of the programs and make payments to the awarded small businesses and individuals. Upon receiving the local government CRF award, the small business or individual has no further compliance requirements and becomes a beneficiary of the local government CRF program. The local government further retains all application and supporting documentation of eligibility and use of funds documentation for audit in accordance with its record retention schedule.

Model 2 – Local Government Pass-Through Entity /Community Partner Subrecipient/Small Business or Individual Beneficiary Structure Model



Model 2 assumes the local government is a subrecipient of CRF Distributions under HB 481 and/or HB 614. Under this model, the local government decides to set up two reimbursement grant programs, one for small businesses in need of economic support and the other for housing assistance for individuals. Both programs appear to be authorized, in principle, under the CARES Act Coronavirus Relief Fund and are addressed in the U.S. Department of Treasury’s Frequently Asked Questions. Of course, any local government program utilizing this model’s structure must also comply with the three prongs of the CARES Act, applicable portions of the UG, Ohio law, the Ohio Constitution and other applicable regulations in order to be lawful.

However, under this model, the local government quickly realizes that it does not have capacity or resources alone to take on the additional responsibilities of administering the programs and performing subrecipient monitoring and oversight, particularly in light of the CRF period of availability ending on Dec. 30, 2020. For this reason, the local government engages its community partners pursuant to authority provided in the UG to assist in administering the small business and housing assistance reimbursement grant programs in a subrecipient capacity. In this scenario, the local government develops a subaward agreement with its community partners describing the allowable administrative cost reimbursement to the community partner and also the terms and conditions of each program in accordance with the CARES Act, U.S. Department of Treasury’s regulations, OBM regulations, UG, FFATA, Ohio law, the Ohio Constitution, and other requirements the local government deemed necessary to administer the programs. The local government, now acting as a pass-through entity, includes additional language regarding the mutual responsibilities of both the pass-through entity and subrecipient. The local government advances the CRF award amount to each community partner to establish the agreed-upon reimbursement programs in accordance with the subaward agreement.

In both programs under this model, the subaward agreement requires the community partner to create a one-time reimbursement grant, capped at a determined amount for small businesses and another determined amount for individuals seeking housing assistance. The

subaward agreement further requires the community partner to develop an application available on its website that describes the terms and conditions of each program in accordance with the CARES Act, U.S. Department of Treasury's regulations, OBM regulations, UG, FFATA, and other requirements the local government deemed necessary to administer the programs.

The community partners must establish eligibility criteria for small businesses and individuals seeking assistance and prescribed various forms of documentation required to verify the small business or individual has need for assistance due to the COVID-19 pandemic as required by the CARES Act. The community partners further establish a deadline by which all applications must be submitted in order to allow the community partner adequate time to review the documentation for appropriateness and completeness under the terms and conditions of the programs and make payments to the awarded small businesses and individuals. Upon receiving the CRF award, the small business or individual has no further compliance requirements and becomes a beneficiary of the community partner's CRF program. The community partners are further required by the subaward agreement to retain all application and supporting documentation of eligibility and economic losses incurred by small businesses and individuals due to the COVID-19 pandemic for audit in accordance with the subaward agreement. The subaward agreement explicitly identifies the community partners' subrecipient responsibilities to comply with audits by the local government and others, including the AOS, overseeing the CRF program.

Additionally, the local government, acting as a pass-through entity, adopted policies and procedures for active subrecipient monitoring in accordance with UG and performs routine on-site oversight of each community partner to ensure the programs are being administered as required by the subaward agreement.

Eligibility and Documentation Criteria

Local governments wanting to establish CRF Grant programs for small businesses or housing assistance programs for individuals, with approval from their governing authority, should consider the needs of their community and develop eligibility and documentation criteria including, but not limited to, the following for each program. These grant programs must 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, applicable portions of the UG, Ohio law, the Ohio Constitution, and other applicable regulations in order to be lawful.

Sample CRF Eligibility Criteria

For One-Time Reimbursement Grants to Small Businesses <i>(Note: The items in this table are meant to serve as examples and are not exhaustive lists. Local governments should consult with their legal counsel to establish appropriate Eligibility Criteria tailored to the specific CRF grant programs in their communities in accordance with the community needs and program requirements)</i>
Small Business sample eligibility criteria might include (e.g., One-time reimbursement grant up to \$XX per small business): • Must be a for-profit small business located in the local government jurisdiction or county <i>(local governments may work with surrounding communities to expand the eligible areas)</i> ◦ This can be evidenced by mortgage statements, utility bills, insurance statements, property tax bills, etc. • Must have a Federal Taxpayer Identification Number and a DUNS Number • Must have been in operation since before March 1, 2020 <i>(or for whatever period the local government establishes.)</i> • Business cannot be permanently closed • Must have less than \$XX in gross revenue/receipts on an annual basis to qualify as a small business in the community. This should be evidence by submitting documentation such as prior year income tax returns and/or annual or monthly profit/loss statements for a period of time as established by the local government. • Have fewer than XX employees or 1099 workers as of March 1, 2020. • Has not been approved or likely to be approved for a business interruption insurance or other claim as a result of COVID-19 public health emergency. • Must attest to its compliance with federal, state, or county and local requirements applicable to its type of business, including tax payments and code enforcement. • Must attest that it is not currently in bankruptcy. • Must not have received or been approved for [more than \$XX in] other federal assistance for lost revenue or expenses arising from the pandemic, including the Paycheck Protection Program or Emergency Disaster Loan. ◦ <i>Local governments should work closely with their legal counsels to determine whether this is a strict prohibition or if a limit can be established (e.g., no more than \$XX).</i> • Must have the ability to use CRF funding for expenditures over and above those expenses already paid for, or to be paid for, with other federal, state, local or other assistance.

For One-Time Reimbursement Grants to Individuals for Housing or Utility Assistance

(Note: The items in this table are meant to serve as examples and are not exhaustive lists. Local governments should consult with their legal counsel to establish appropriate Eligibility Criteria tailored to the specific CRF grant programs in their communities in accordance with the community needs and program requirements.)

Sample individual eligibility criteria might include:

For Housing (e.g., One-time reimbursement grant up to SXX per resident, per dwelling):

- Mortgage payments not to exceed \$XX total per eligible residential dwelling as evidenced by monthly mortgage statements
- Rent relief to renters or landlords not to exceed \$XX total per eligible residential dwelling as evidenced by monthly statements from landlord
- Must be a current resident, living within the local government jurisdiction.
- Must be laid off, furloughed, unemployed or experienced decrease in pay or hours as a direct result of COVID-19 business closures or stay-at-home orders.
- Must be at least one month in arrears in mortgage or rent
 - *AOS recommends local governments consider paying CRF assistance directly to landlord/mortgage company*

For Utilities (e.g., One-time reimbursement grant up to \$XX per resident, per dwelling):

- Utility payments not to exceed \$XX total per eligible residential dwelling as evidenced by monthly utility billing statements for gas, electric, water, sewer, and trash removal.
- Funds to be used solely for utility payment assistance
- Must be a current resident, living within the local government jurisdiction.
- Must be laid off, furloughed, unemployed or experienced decrease in pay or hours as a direct result of COVID-19 business closures or stay-at-home orders.
- Must be at least one month in arrears in utility payments
 - *AOS recommends local governments consider paying CRF assistance directly to utility company(ies)*

For local governments subgranting to community partners to help administer programs in their communities, local governments should consider whether the community partner(s) has the resources and expertise managing federal awards to fulfill the programmatic goals of the program. Refer to the UG and general UG guidance on the AOS COVID-19 Resources webpage for additional considerations in a pass-through entity/subrecipient relationship with a community partner.

Sample CRF Documentation Criteria

To Support Eligible Expenses Criteria for Small Business One-Time Reimbursement Grant Programs <i>(The items in this table are meant to serve as examples. Local governments should consult with their legal counsel to establish appropriate documentation criteria to support eligible expenses necessary for the specific programs in their communities in accordance with the community needs and program requirements.)</i>
Sample documentation for eligible expenses might include: • Personal Protective Equipment or other COVID-19 related costs such as expenses related to compliance with Responsible Restart Ohio as evidenced by itemized billing statements and packing slips demonstrating goods or services were received/rendered • Outdoor dining equipment and heaters purchased to comply with Responsible Restart Ohio as evidenced by itemized billing statements and packing slips demonstrating goods were received • Interior alterations to comply with Responsible Restart Ohio as evidenced by itemized billing statements and packing slips demonstrating goods/services were received/rendered
Sample ineligible expenses may include: • Cost of vehicle or equipment leased or purchased after March 15, 2020, except if the purchase of equipment is to comply with Responsible RestartOhio • Personal, non-business expenses of the business or its owner(s) • Construction costs for incomplete projects as of the date of application • Application/permit fees • Any tax, license or fee obligations payable to any governmental entity businesses • Expenses related to Marketing, Advertising (including signage) and Insurance

For Eligible Expenses for One-Time Reimbursement Grants to Individuals for Housing or Utility Assistance <i>(Note: The items in this table are meant to serve as examples and are not exhaustive lists. Local governments should consult with their legal counsel to establish appropriate documentation for eligible expenses tailored to the specific CRF grant programs in their communities in accordance with the community needs and program requirements.)</i>
Sample documentation for eligible expenses might include: • Documentation from mortgage company / landlord showing rent and/or mortgage payment delinquency • Documentation providing proof of home ownership or lease agreement for residential address provided on application • Documentation from mortgage company / landlord providing monthly payment amount required by mortgage company or landlord according to loan or leasing agreement • Documentation from utility company showing payment delinquency
Sample ineligible expenses may include: • Property Taxes • Only one application per dwelling unit. (For example: multiple residents in same household cannot apply for funds for the same unit.)

**Coronavirus Relief Fund
Frequently Asked Questions
Updated as of September 2, 2020¹**

The following answers to frequently asked questions supplement Treasury’s Coronavirus Relief Fund (“Fund”) Guidance for State, Territorial, Local, and Tribal Governments, dated April 22, 2020, (“Guidance”).² 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”).

A. Eligible Expenditures

1. *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.

2. *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.

EMS Payroll

3. *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.

¹ On August 10, 2020, these Frequently Asked Questions were revised to add Questions A.49–52. On September 2, 2020, Questions A.53–56 were added, and Questions A.34 and A.38 were revised.

² The Guidance is available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

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.

4. *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.

5. *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.

6. *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.

7. *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.

8. *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.

9. *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.

10. *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.

11. *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.

12. *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.

13. *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.

- 14. *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.

- 15. *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.

- 16. *Are expenses associated with contact tracing eligible?***

Yes, expenses associated with contact tracing are eligible.

- 17. *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.

- 18. *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.

- 19. *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.

- 20. *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.

21. *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.

22. *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.

23. *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.

24. *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.

25. *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.

26. *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.

- 27. *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.

- 28. *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.

- 29. *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.

- 30. *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.

- 31. *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.

- 32. *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.

33. *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.

34. *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, such as restrictions on reopening that do not directly concern the use of funds, are not permissible.

35. *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 interest expense payable on TANs by the borrower and unbudgeted administrative and transactional costs, such as necessary payments to advisors and underwriters, associated with the issuance of the TANs.

36. *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.

37. *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.

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

No. Hazard pay means additional pay for performing hazardous duty or work involving physical hardship, in each case that is related to COVID-19. Payments from the fund may only be used to cover such hazard pay.

39. *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.

40. *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.

41. *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 jurisdiction not yet affected, but likely to be impacted by the current COVID-19 pandemic.

42. *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.

43. *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.

44. *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.

45. *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.

46. *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.

47. *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.

48. *May Fund payments be used to cover increased administrative leave costs of public employees who could not telework in the event of a stay at home order or a case of COVID-19 in the workplace?*

The statute requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. As stated in the Guidance, a cost meets this requirement if either (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. If the cost of an employee was allocated to administrative leave to a greater extent than was expected, the cost of such administrative leave may be covered using payments from the Fund.

- 49. *Are States permitted to use Coronavirus Relief Fund payments to satisfy non-federal matching requirements under the Stafford Act, including “lost wages assistance” authorized by the Presidential Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019 (August 8, 2020)?***

Yes. As previous guidance has stated, 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. States are fully permitted to use payments from the Fund to satisfy 100% of their cost share for lost wages assistance recently made available under the Stafford Act.

- 50. *At what point would costs be considered to be incurred in the case of a grant made by a State, local, or tribal government to cover interest and principal amounts of a loan, such as might be provided as part of a small business assistance program in which the loan is made by a private institution?***

A grant made to cover interest and principal costs of a loan, including interest and principal due after the period that begins on March 1, 2020, and ends on December 30, 2020 (the “covered period”), will be considered to be incurred during the covered period if (i) the full amount of the loan is advanced to the borrower within the covered period and (ii) the proceeds of the loan are used by the borrower to cover expenses incurred during the covered period. In addition, if these conditions are met, the amount of the grant will be considered to have been used during the covered period for purposes of the requirement that expenses be incurred within the covered period. Such a grant would be analogous to a loan provided by the Fund recipient itself that incorporates similar loan forgiveness provisions. As with any other assistance provided by a Fund recipient, such a grant would need to be determined by the recipient to be necessary due to the public health emergency.

- 51. *If governments use Fund payments as described in the Guidance to establish a grant program to support businesses, would those funds be considered gross income taxable to a business receiving the grant under the Internal Revenue Code (Code)?***

Please see the answer provided by the Internal Revenue Service (IRS) available at <https://www.irs.gov/newsroom/cares-act-coronavirus-relief-fund-frequently-asked-questions>.

- 52. *If governments use Fund payments as described in the Guidance to establish a loan program to support businesses, would those funds be considered gross income taxable to a business receiving the loan under the Code?***

Please see the answer provided by the IRS available at <https://www.irs.gov/newsroom/cares-act-coronavirus-relief-fund-frequently-asked-questions>.

- 53. *May Fund recipients incur expenses associated with the safe reopening of schools?***

Yes, payments from the Fund may be used to cover costs associated with providing distance learning (e.g., the cost of laptops to provide to students) or for in-person learning (e.g., the cost of acquiring personal protective equipment for students attending schools in-person or other costs associated with meeting Centers for Disease Control guidelines).

To this end, as an administrative convenience, Treasury will presume that expenses of up to \$500 per elementary and secondary school student to be eligible expenditures, such that schools do not need to document the specific use of funds up to that amount.

54. *May Fund recipients upgrade critical public health infrastructure, such as providing access to running water for individuals and families in rural and tribal areas to allow them to maintain proper hygiene and defend themselves against the virus?*

Yes, fund recipients may use payments from the Fund to upgrade public health infrastructure, such as providing individuals and families access to running water to help reduce the further spread of the virus. As required by the CARES Act, expenses associated with such upgrades must be incurred by December 30, 2020. Please see Treasury's Guidance as updated on June 30 regarding when a cost is considered to be incurred for purposes of the requirement that expenses be incurred within the covered period.

55. *How does a government address the requirement that the allowable expenditures are not accounted for in the budget most recently approved as of March 27, 2020, once the government enters its new budget year on July 1, 2020 (for governments with June 30 fiscal year ends) or October 1, 2020 (for governments with September 30 year ends)?*

As provided in the Guidance, the "most recently approved" budget refers to 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. A cost is not considered to have been accounted for in a budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account.

Furthermore, the budget most recently approved as of March 27, 2020, provides the spending baseline against which expenditures should be compared for purposes of determining whether they may be covered using payments from the Fund. This spending baseline will carry forward to a subsequent budget year if a Fund recipient enters a different budget year between March 27, 2020 and December 30, 2020. The spending baseline may be carried forward without adjustment for inflation.

56. *Does the National Environmental Policy Act, 42 U.S.C. § 4321 et seq, (NEPA) apply to projects supported by payments from the Fund?*

NEPA does not apply to Treasury's administration of the Fund. Projects supported with payments from the Fund may still be subject to NEPA review if they are also funded by other federal financial assistance programs.

B. Questions Related to Administration of Fund Payments

1. *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.

2. *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.

3. *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.

4. *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.

5. *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.

6. *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.

7. *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.

8. *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.

9. *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.

10. *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.

11. *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.

12. *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.

