

**Instructions for the Submission of  
CARES Act - Coronavirus Relief Fund  
FY 2020 Requests  
by  
Commonwealth of Virginia Agencies**

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**Department of Planning and Budget**

**May 2020**

**AGENCY SUBMISSION DEADLINE: MAY 18, 2020**

# Table of Contents

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<b>CARES Act State Funding Overview</b>	<b>1</b>
<b>Allocation and Use of Virginia's Share</b>	<b>1</b>
<b>Requesting FY 2020 Amounts</b>	<b>3</b>
<b>Appendix A - Guidance From U.S. Treasury</b>	<b>6</b>
<b>Appendix B - Frequently Asked Questions</b>	<b>10</b>
<b>Appendix C - Certification for Use of Coronavirus Relief Fund</b>	<b>19</b>

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# CARES Act State Funding Overview

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The CARES Act of 2020 provides a total of \$150 billion in assistance to state and local governments for the direct impact of the COVID-19 pandemic through the establishment of the Coronavirus Relief Fund (CRF). Virginia has received approximately \$3.1 billion for state and local qualifying costs (amount does not include approximately \$200 million that went directly to Fairfax County). The CARES Act requires that the payments from the CRF only be used to cover expenses that:

- (1) are necessary due to the public health emergency with respect to COVID-19;
- (2) were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
- (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

At this point, federal guidance indicates that these funds can only be used for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to make up for revenue shortfalls.

More detailed information on the guidance received from the federal government is included in Appendix A and Appendix B of these instructions.

## Allocation and Use of Virginia's Share

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As stated above, Virginia's total share of allocations is expected to be \$3.1 billion (excludes Fairfax County's share which they received directly). A portion of these funds will be distributed to localities with the remainder going to state government. State agencies may apply to receive a portion of the state's share of funding to pay for qualifying expenses.

In a memo dated, May 7, 2020, Chief of Staff, Clark Mercer, announced that the Department of Planning and Budget (DPB) would be issuing specific guidance and instructions for agencies to submit requests to the Governor for funding from the CRF. The initial round of requests will be due to DPB no later than Monday, May 18, 2020. This initial round is for expenses that have occurred or will occur exclusively in FY 2020 or that will begin in FY 2020 and continue into FY 2021.

In this initial round, first priority will be given to reimbursing general fund expenses that already have been incurred since March 1, 2020, due to COVID-19. Your requests should clearly identify these types of expenses. The next priority will be to identify any additional expenses that must be incurred due to the COVID-19 pandemic. After addressing these required costs, that otherwise would be charged to the general fund, agencies may consider requests for discretionary services to address the COVID-19 pandemic.

Requests will be submitted to the Department of Planning and Budget and will be reviewed by the Governor's office. Funds for approved requests will be distributed to state agencies after review and approval by the Governor.

Depending upon further action by Congress to expand the use of these funds and based upon the balances that remain after the initial round of awards for FY 2020, a second round of requests may be solicited for expenses that would begin exclusively in FY 2021, during the period of July 1, 2020, through December 30, 2020. Please note that first priority may be given to using the remaining balances to offset revenue losses, if permitted by a future action of Congress.

CRF funds should be considered "one time" monies and should not be used for continuing services and/or base budget operations. Because the funds must be expended by December 30, no requests that have expenses or provide services beyond that period will be accepted.

Agencies should not expect to receive continued funding beyond December 30, 2020, from any source and they should not anticipate that they will continue to pay expenses or provide services from within existing resources. Therefore, requests should clearly indicate an understanding that after the funds are expended, the program and related services will end no later than December 30, 2020.

This same restriction applies to any "stimulus" grants an agency might receive from sources other than the CRF. Services and related expenses must cease at the end of the applicable grant period with no additional commitment of state resources. This includes any applicable matching funds.

Agency heads must attach a signed certification on the agency's letterhead acknowledging these provisions related to ongoing services and expenses as well as a statement that they understand the permissions and restrictions on the use of CRF funds. They must also certify that they understand that any disallowed costs must be repaid to the federal government. Download a copy of the certification form from the same place on the DPB website where you obtained these instructions. See Appendix C of these instructions for an example of the form.

Each agency should discuss its request with its respective Cabinet Secretary prior to submission. Secretaries will be asked to rank all requests across the entire Secretariat and communicate those priorities to DPB to be included with the analysis provided to the Governor's office.

## Requesting FY 2020 Amounts

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These instructions and the associated deadline for submission covers expenses incurred or initiated in FY 2020. A subsequent set of instructions and submission deadline for FY 2021 costs will be issued at a later date.

**The deadline for the submissions of FY 2020 requests is May 18, 2020.** Procedures for making FY 2020 requests follow.

You will use the budget execution module in the Commonwealth's Performance Budgeting (PB) system to submit your requests for FY 2020 CARES Act Coronavirus Relief Fund (CRF) amounts. You will submit your request for funding as you would for any other request for budget execution adjustments.

You should review the guidance in Appendix A and Appendix B of these instructions to make sure your requests represent a qualified expense allowed under the CARES Act. Please note that the prohibition against using CRF funds to offset the state's general fund revenue losses applies to any nongeneral fund revenue losses as well. Agencies may not request CRF funds to replace lost nongeneral fund revenue.

In making your requests for Coronavirus Relief Fund amounts in the PB system budget execution module, you should adhere to the following:

**Make Specific and Separate Requests:** Do not combine multiple requests into one budget execution (BEX) work item. You should create a separate BEX work item for each individual topic area of requests. For example, separate BEX work items should be created for funding requests for PPE supplies vs testing expenses. A single BEX may span multiple programs/service areas, but should be a single topic.

**Budget Execution Adjustment Title:** Begin your BEX work item title with "Coronavirus Relief Fund Request:" followed by the topic of your request. For example; "Coronavirus Relief Fund Request: Testing Expenses".

**Adjustment Type:** You should submit your funding request as a type “H” - other nongeneral fund adjustment.

**Adjustment information/program and subobject details:** You should array the funding request by program/service area and subobject where you anticipate spending the amounts or where such expenditures have already occurred.

**Adjustment information/fund detail:** You should use fund 10998, “Federal Trust - Budgetary Only” in the fund column of the adjustment information grid. This fund detail is a placeholder and will not be the fund that is ultimately used for expenditures if you are approved for a CARES Act allocation. DPB will change the fund detail to the specific fund detail required in your situation if you are approved for funding.

Note: you should not use fund 10998 in the PB system for any other purpose.

**Transaction Brief/Justification:** Use the justification box to briefly describe and justify your request. Your description should indicate how your agency will use the requested funds and why the request is an applicable and effective use of this funding. The description of the applicability of the request should indicate how the use of the requested funds qualifies under the guidance issued by the federal government (see Appendix A and Appendix B of these instructions). While this round of requests applies to FY 2020, you should also explain any estimates of continued costs into FY 2021.

Note: Please keep in mind that decision makers will be reviewing your requests in a very short amount of time so your descriptions and justifications should be as concise as possible.

**Supporting Documents:** You may attach additional information to support your request just underneath of the Justification box. For requests that span across both FY 2020 and FY 2021, please attach a spreadsheet that shows the projected use of funds by fiscal year, by program. Agencies are encouraged to work with their DPB analyst to develop the supporting documentation needed to best represent the request.

**Certification Statement:** You must attach a copy of the signed certification statement to each of your requests just underneath of the Justification box. The original signed certification must be retained by you in your agency files for audit and compliance purposes. Download a copy of this form from the same place on the DPB website where you obtained these instructions. See Appendix C of these instructions for an example of the form.

Submit your BEX as you normally would submit a BEX work item to DPB in the PB system.

Please remember that the budget execution module is being used to collect requests for funding. This submission does not guarantee the receipt of these funds. Requests will be vetted by decision makers and after the allocation decision making process has been completed, you will be notified. At that point, BEX transactions for approved requests will be submitted by DPB as “Approved” and subsequently transmitted to Cardinal while BEX transactions for amounts not approved will be marked as “Denied”.

For additional information on using the [PB system budget execution](#) module see the instructions posted along with this document.

# Appendix A - Guidance From U.S. Treasury

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## **Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments April 22, 2020**

The purpose of this document is to provide guidance to recipients of the funding available under section 601(a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The CARES Act established the Coronavirus Relief Fund (the “Fund”) and appropriated \$150 billion to the Fund. Under the CARES Act, the Fund is to be used to make payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories (consisting of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands); and Tribal governments.

The CARES Act provides that payments from the Fund may only be used to cover costs that—

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

The guidance that follows sets forth the Department of the Treasury’s interpretation of these limitations on the permissible use of Fund payments.

### ***Necessary expenditures incurred due to the public health emergency***

The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs, as well as expenditures incurred to respond to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.

Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.

The statute also specifies that expenditures using Fund payments must be “necessary.” The Department of the Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.



<sup>1</sup> See Section 601(d) of the Social Security Act, as added by section 5001 of the CARES Act.

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

The CARES Act also 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. 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.

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.

***Costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020***

A cost is “incurred” when the responsible unit of government has expended funds to cover the cost.

***Nonexclusive examples of eligible expenditures***

Eligible expenditures include, but are not limited to, payment for:

1. Medical expenses such as:
  - COVID-19-related expenses of public hospitals, clinics, and similar facilities.
  - Expenses of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs.
  - Costs of providing COVID-19 testing, including serological testing.
  - Emergency medical response expenses, including emergency medical transportation, related to COVID-19.
  - Expenses for establishing and operating public telemedicine capabilities for COVID-19-related treatment.
2. Public health expenses such as:
  - Expenses for communication and enforcement by State, territorial, local, and Tribal governments of public health orders related to COVID-19.
  - Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment, for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers in connection with the COVID-19 public health emergency.
  - Expenses for disinfection of public areas and other facilities, *e.g.*, nursing homes, in response to the COVID-19 public health emergency.
  - Expenses for technical assistance to local authorities or other entities on mitigation of COVID-19-related threats to public health and safety.

- Expenses for public safety measures undertaken in response to COVID-19.
  - Expenses for quarantining individuals.
3. 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.
  4. Expenses of actions to facilitate compliance with COVID-19-related public health measures, such as:
    - Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
    - Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.
    - Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.
    - Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.
    - COVID-19-related expenses of maintaining state prisons and county jails, including as relates to sanitation and improvement of social distancing measures, to enable compliance with COVID-19 public health precautions.
    - Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.
  5. 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.
    - Expenditures related to a State, territorial, local, or Tribal government payroll support program.
    - Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.
  6. Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria.

### *Nonexclusive examples of ineligible expenditures<sup>2</sup>*

The following is a list of examples of costs that would *not* be eligible expenditures of payments from the Fund.

1. Expenses for the State share of Medicaid.<sup>3</sup>
2. Damages covered by insurance.
3. Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
4. 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.
5. Reimbursement to donors for donated items or services.
6. Workforce bonuses other than hazard pay or overtime.
7. Severance pay.
8. Legal settlements.

<sup>2</sup>In addition, pursuant to section 5001(b) of the CARES Act, payments from the Fund may not be expended for an elective abortion or on research in which a human embryo is destroyed, discarded, or knowingly subjected to risk of injury or death. The prohibition on payment for abortions does not apply to an abortion if the pregnancy is the result of an act of rape or incest; or in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed. Furthermore, no government which receives payments from the Fund may discriminate against a health care entity on the basis that the entity does not provide, pay for, provide coverage of, or refer for abortions.

<sup>3</sup>See 42 C.F.R. § 433.51 and 45 C.F.R. § 75.306.

## Appendix B - Frequently Asked Questions

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The content below was provided by the US Department of the Treasury.

### **Coronavirus Relief Fund Frequently Asked Questions April 22, 2020**

#### ***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 Inspector General of the Department of the Treasury of amounts received from the Coronavirus Relief Fund (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.

#### ***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 Inspector General if they have not been used in a manner consistent with section 601(d) of the Social Security Act.

#### ***May governments retain assets purchased with these funds?***

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

#### ***What records must be kept by governments receiving payment?***

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

**Coronavirus Relief Fund  
Frequently Asked Questions  
Updated as of May 4, 2020**

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”).<sup>1</sup> 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”).

**Eligible Expenditures**

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

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

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

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

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

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

technology support that is not part of the staff or faculty's ordinary responsibilities.

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

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

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

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

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

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

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

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

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

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

Recipients will need to consider the applicable restrictions and limitations of such other sources of funding. In addition, expenses that have been or will be reimbursed under any federal program, such

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as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds, are not eligible uses of Fund payments.

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

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

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

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

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

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

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

Increased workers compensation cost to the government due to the COVID-19 public health

emergency incurred during the period beginning March 1, 2020, and ending December 30, 2020, is an eligible expense.

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

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

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

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

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

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

***Are expenses associated with contact tracing eligible?***

Yes, expenses associated with contract tracing are eligible.

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

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



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

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

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

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

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

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

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

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

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

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

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

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

***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.

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

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

***May Fund payments be used to replace foregone utility fees? If not, can Fund payments be used as a direct subsidy payment to all utility account holders?***

Fund payments may not be used for government revenue replacement, including the replacement of unpaid utility fees. Fund payments may be used for subsidy payments to electricity account holders to the extent that the subsidy payments are deemed by the recipient to be necessary expenditures incurred due to the COVID-19 public health emergency and meet the other criteria of section 601(d) of the Social Security Act outlined in the Guidance. For example, if determined to be a necessary expenditure, a government could provide grants to individuals facing economic hardship to allow them to pay their utility fees and thereby continue to receive essential services.

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

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

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

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

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

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

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

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

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

**Questions Related to Administration of Fund Payments**

***Do governments have to return unspent funds to Treasury?***

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

***What records must be kept by governments receiving payment?***

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

***May recipients deposit Fund payments into interest bearing accounts?***

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

***May governments retain assets purchased with payments from the Fund?***

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

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

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

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

# Appendix C - Certification for Use of Coronavirus Relief Fund

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*Note: Provided for example only - download a standalone copy of this form from the DPB website where these instructions are located.*

## CERTIFICATION FOR USE OF CORONAVIRUS RELIEF FUNDS

As the head of **[insert name of agency]**, I certify that:

1. on behalf of **[insert name of agency]**, I am requesting funding from the Commonwealth of Virginia's share of the Coronavirus Relief Fund (CRF) pursuant to section 601(b) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, div. A, Title V (Mar. 27, 2020).
2. I understand that the Commonwealth of Virginia will rely on this certification as a material representation for distributing CRF funds to **[insert name of agency]**.
3. I understand that it is my responsibility to ensure that **[insert name of agency]**'s proposed uses of the CRF funds provided under section 601(b) of the Social Security Act will be used only to cover those costs that:
  - a. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
  - b. were not accounted for in the budget most recently approved as of March 27, 2020, for **[insert name of agency]**; and
  - c. were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.
4. I understand that CRF funds provided pursuant to this certification are for necessary expenditures that were incurred during the period that begins on March 1, 2020, and ending on December 30, 2020, and that any CRF funds that are not expended or will not be expended on necessary expenditures on or before December 30, 2020, by **[insert name of agency]** or its grantee(s), must be returned to Commonwealth of Virginia no later than December 30, 2020.

5. I understand that **[insert name of agency]** will not receive continued funding beyond December 30, 2020, from any source and **[insert name of agency]** may not continue to pay expenses or provide services from within existing resources. I further understand that after the CRF funds are expended, the program and related services will end no later than December 30, 2020.
6. I understand that expenditure of the CRF funds provided pursuant to this certification must adhere to official federal guidance issued or that will be issued regarding what constitutes a necessary expenditure. Any CRF funds expended by **[insert name of agency]** or its grantee(s) in any manner that does not adhere to official federal guidance shall be returned to the Commonwealth of Virginia so that it may be reprogrammed or returned to the federal government.
7. I understand that **[insert name of agency]** is responsible for retaining documentation of all uses of the CRF funds, including but not limited to invoices and/or sales receipts. Such documentation shall be produced upon request.
8. I understand that **[insert name of agency]** is responsible for maintaining proper accounting records to segregate these CRF expenditures from those supported by other fund sources and that all such records will be subject to audit.
9. I understand that CRF funds provided pursuant to this certification cannot be used as a revenue replacement for lower than expected nongeneral fund revenue collections or to replace any activities currently funded from the general fund or nongeneral fund revenues.
10. I understand that CRF funds provided pursuant to this certification cannot be used to offset future budget reductions.
11. I understand that any CRF funds received pursuant to this certification cannot be used for expenditures for which **[insert name of agency]** has received from any other emergency COVID-19 supplemental funding (whether state, federal, or private in nature) for that same expense nor may CRF funds be used for purposes of matching other federal funds unless specifically authorized by federal statute, regulation, or guideline.

I certify that I have read the above certifications and my statements contained herein are true and correct to the best of my knowledge.

By: \_\_\_\_\_ Signature: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_