State of Utah Coronavirus Relief Fund
Local Government Allocation Agreement

As permitted by U.S. Treasury guidance, the State of Utah is distributing a portion of its Coronavirus Relief Fund (CRF) disbursement provided by the Coronavirus Aid, Relief, and Economic Security Act Federal Funding (CARES) Act to Utah's counties and municipalities located outside of Salt Lake County and Utah County (eligible local governments). Salt Lake County, Utah County, and municipalities within those counties are not be eligible for funding under this agreement because those counties received separate CRF payments from the federal government.

After competing this form and accepting the attached terms and conditions each eligible local government will be paid one-third of its CFR allocation from the State. The remaining two-thirds may be disbursed in the future, subject to the availability of funding. Only the Chief Executive, Chief Administrator, or Chief Financial Officer of each eligible local government entity is authorized to sign this agreement. The fastest method of receiving your allotted portion of funds is to fill out this electronic form and submit it electronically. However, you may elect to print out the form, fill it out, and then scan and email the completed form to Taylor Kauffman in the Governor's Office of Management and Budget, tkauffman@utah.gov.

County or Municipality Information

County or Municipality Name: _____
Street Address: _____
City, State, ZIP Code: _____

County or municipality's preferred method of disbursement:

- ☐ Funds deposited the same way monthly sales tax distributions are received, with the PTIF or bank account on file with the State Treasurer's Office
- ☐ Other (The payment will be delayed until you are contacted to verify arrangements)

Contact Person Name: _____
Contact Person Title: _____
Contact Person Phone: _____
Contact Person E-mail: _____

Acceptance of the Agreement by the County's or Municipality's Chief Executive, Chief Administrator, or Chief Financial Officer

☐ I have read the attached Terms and Conditions for Accepting Coronavirus Relief Fund Monies from the State of Utah.

☐ I accept the Terms and Conditions for Accepting Coronavirus Relief Fund Monies from the State of Utah and am authorized to do this on behalf of the local government requesting these funds.

Signature: _____

Name of County or Municipality Authorized Representative: _____
Title of County or Municipality Authorized Representative: _____
Date: _____

Terms and Conditions for Accepting Coronavirus Relief Fund Monies from the State of Utah

I. Background

The Federal Government provided $1.25 billion to Utah state and local governments through the Coronavirus Relief Fund (CRF) included in section 5001 of the Coronavirus Aid, Relief, and Economic Security Act Federal Funding (CARES) Act. Based on the distribution formula in the CARES Act, $934.8 million was paid to the State of Utah (State), $203.6 million was paid directly to Salt Lake County, and $111.6 million was paid directly to Utah County. State and local governments may only use the CRF payments to respond to the COVID-19 pandemic. The State is distributing a portion of its $934.8 million payment to counties and municipalities outside of Salt Lake County and Utah County that did not receive a direct allocation (eligible counties and municipalities). Salt Lake County, Utah County, and municipalities within those counties are not be eligible for funding under this agreement. COVID-19 response needs for those counties and municipalities within those counties should be covered with the CFR payments made to Salt Lake and Utah counties.

II. Funding Amount

Eligible counties and municipalities accepting the terms and conditions of this agreement (recipients) may be paid up to the maximum amount listed in the attached *State of Utah Coronavirus Relief Fund Allocation to Eligible Municipal and County Governments* document. The funding population-based allocation formula was developed after discussions between the Governor's Office of Management and Budget, the Office of the Legislative Fiscal, the Utah Association of Counties, and the Utah League of Cities and Towns. The formula was also presented to the Legislature's Executive Appropriations Committee during its May 13, 2020 meeting. This maximum amount is not guaranteed, and the amount may be subject to revision by the Governor or the Legislature.

Upon approval of this agreement, recipients will be paid one-third of their CFR allocation from the State. The remaining two-thirds will be disbursed in the future, subject to the availability of funding.

III. Permissible Use of Funding

The CARES Act and additional guidance issued by the United States Treasury provides that CRF funds may only be used to cover costs that meet the following conditions:

a. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19);
    i. 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.
    ii. Funds may NOT be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute.
    iii. The expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending the funds.

b. were not accounted for in the State's or recipient's budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the recipient; and
    i. 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.

ii. The "most recently approved" budget refers to the State's or recipient's enacted budget for the relevant fiscal period for the recipient, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by the recipient in response to the COVID-19 public health emergency.

iii. 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.

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

i. A cost is "incurred" when the recipient has expended funds to cover the cost.

These provisions and guidance are current as of May 28, 2020. Recipients accepting funds must agree to adhere to any additional current or future Federal or State legislative guidance regarding spending, reporting, or any other matter related to the CRF. Further, recipients shall require that any subgrantee to which it awards CRF funds adhere to the CARES Act and any current or future guidance related to the CRF funds. Federal guidance is updated regularly and can be found at https://home.treasury.gov/policy-issues/cares/state-and-local-governments. The latest guidance documents from the U.S. Treasury are attached.

IV. Availability of Funding

The recipient has until November 30, 2020 to expend the CRF funds provided by the State. CRF funds provided by the State that are not expended on eligible expenditures on or before November 30, 2020, shall be returned to the State on or before 5:00 P.M. MST, December 4, 2020, so that the State will have time to reallocate and expend the funds before they expire on December 30, 2020. The recipient may petition the State to retain allocated, but unspent CRF funds, after the November 30, 2020 date, with approval from the State. Any requests for exceptions shall be emailed to Taylor Kauffman in the Governor's Office of Management and Budget, tkauffman@utah.gov, before 5:00 P.M. MST, November 23, 2020.

V. Accountability for the Use of Funds

Funds provide through this agreement 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. The CFDA number assigned to the CRF is 21.019, pending completion of registration by the federal government.

If state or federal audit findings determine that any funds were expended by the recipient in violation of CARES Act requirements and result in a request for repayment to the Federal Government of those funds, the recipient shall provide funds to the State sufficient to meet such repayment request(s). If the State is forced to repay the funds because the recipient is unwilling or unable to repay the funds, the amount paid by the State will become a past due obligation of the recipient to the State and may be collected as such.

VI. Reporting on Use of Funds

The recipient shall retain documentation related to any uses of the funds, including but not limited to invoices, sales receipts, and payroll expenditures. Any subgrants made by the recipient shall similarly require, as a term of the grant, that the subgrantee shall retain documentation and shall produce such documentation to the recipient and the State upon request.

The recipient is required to report CRF expenditures in quarterly data uploaded to Transparent Utah. CRF expenditures shall be identified using a Uniform Chart of Accounts Coding Block for local entities that will be provided by the Office of the State Auditor in June 2020. The CRF expenditure coding may be recorded (1) through transactions in the recipient's financial system or (2) as adjustments to the recipient's Transparent Utah upload file before it is submitted. The recipient may decide which of these two options it utilizes. The Office of the State Auditor will be able to provide technical assistance for CRF expenditure coding, if needed. The recipient is also required to provide summary and detailed documentation supporting the use of funds upon request of state, federal, or independent auditors. The State may request additional financial or performance reporting, if necessary.

Attachment A

State of Utah Coronavirus Relief Fund Allocation to Eligible County Governments

County	2019 Population	Total Allocation	First Distribution
Beaver County	6,710	$698,572.00	$232,857.00
Box Elder County	56,046	$5,804,915.00	$1,934,972.00
Cache County	128,289	$11,802,478.00	$3,934,159.00
Carbon County	20,463	$2,390,481.00	$796,827.00
Daggett County	950	$127,380.00	$42,460.00
Davis County	355,481	$31,447,864.00	$10,482,621.00
Duchesne County	19,938	$2,633,222.00	$877,741.00
Emery County	10,012	$1,012,373.00	$337,458.00
Garfield County	5,051	$519,521.00	$173,174.00
Grand County	9,754	$1,210,286.00	$403,429.00
Iron County	54,839	$5,576,911.00	$1,858,970.00
Juab County	12,017	$1,174,844.00	$391,615.00
Kane County	7,886	$805,863.00	$268,621.00
Millard County	13,188	$1,478,380.00	$492,793.00
Morgan County	12,124	$1,748,229.00	$582,743.00
Piute County	1,479	$149,136.00	$49,712.00
Rich County	2,483	$294,237.00	$98,079.00
San Juan County	15,308	$2,188,094.00	$729,365.00
Sanpete County	30,939	$3,115,284.00	$1,038,428.00
Sevier County	21,620	$2,164,934.00	$721,645.00
Summit County	42,145	$5,938,786.00	$1,979,595.00
Tooele County	72,259	$8,167,674.00	$2,722,558.00
Uintah County	35,734	$5,075,989.00	$1,691,996.00
Wasatch County	34,091	$3,719,023.00	$1,239,674.00
Washington County	177,556	$16,251,568.00	$5,417,189.00
Wayne County	2,711	$331,785.00	$110,595.00
Weber County	260,213	$24,141,234.00	$8,047,078.00
County Government Total		**$139,969,063.00**	**$46,656,354.00**

State of Utah Coronavirus Relief Fund Allocation to Eligible Municipal Governments

Municipality	County	2019 Population	Total Allocation	First Distribution
Beaver	Beaver County	3,144	$275,815.00	$91,938.00
Milford	Beaver County	1,394	$122,292.00	$40,764.00
Minersville	Beaver County	919	$80,621.00	$26,874.00
Bear River City	Box Elder County	905	$79,393.00	$26,464.00
Brigham City	Box Elder County	19,807	$1,737,614.00	$579,205.00
Corinne	Box Elder County	754	$66,146.00	$22,049.00
Deweyville	Box Elder County	363	$31,845.00	$10,615.00
Elwood	Box Elder County	1,120	$98,255.00	$32,752.00
Fielding	Box Elder County	483	$42,372.00	$14,124.00
Garland	Box Elder County	2,601	$228,179.00	$76,060.00
Honeyville	Box Elder County	1,615	$141,680.00	$47,227.00
Howell	Box Elder County	255	$22,370.00	$7,457.00
Mantua	Box Elder County	896	$78,604.00	$26,201.00
Perry	Box Elder County	5,200	$456,182.00	$152,061.00
Plymouth	Box Elder County	458	$40,179.00	$13,393.00
Portage	Box Elder County	269	$23,599.00	$7,866.00
Snowville	Box Elder County	176	$15,440.00	$5,147.00
Tremonton	Box Elder County	9,066	$795,336.00	$265,112.00
Willard	Box Elder County	1,954	$171,419.00	$57,140.00
Amalga	Cache County	547	$47,987.00	$15,996.00
Clarkston	Cache County	741	$65,006.00	$21,669.00
Cornish	Cache County	333	$29,213.00	$9,738.00
Hyde Park	Cache County	4,770	$418,459.00	$139,486.00
Hyrum	Cache County	8,529	$748,226.00	$249,409.00
Lewiston	Cache County	1,838	$161,243.00	$53,748.00
Logan	Cache County	52,390	$4,596,033.00	$1,532,011.00
Mendon	Cache County	1,435	$125,889.00	$41,963.00
Millville	Cache County	2,109	$185,017.00	$61,672.00
Newton	Cache County	825	$72,375.00	$24,125.00
Nibley	Cache County	7,193	$631,022.00	$210,341.00
North Logan	Cache County	11,343	$995,091.00	$331,697.00
Paradise	Cache County	1,010	$88,605.00	$29,535.00
Providence	Cache County	7,709	$676,290.00	$225,430.00
Richmond	Cache County	2,771	$243,092.00	$81,031.00
River Heights	Cache County	2,059	$180,630.00	$60,210.00
Smithfield	Cache County	11,986	$1,051,499.00	$350,500.00
Trenton	Cache County	547	$47,987.00	$15,996.00
Wellsville	Cache County	3,907	$342,751.00	$114,250.00
East Carbon	Carbon County	1,592	$139,662.00	$46,554.00
Helper	Carbon County	2,115	$185,543.00	$61,848.00
Price	Carbon County	8,326	$730,417.00	$243,472.00
Scofield	Carbon County	23	$2,018.00	$673.00
Wellington	Carbon County	1,621	$142,206.00	$47,402.00
Dutch John	Daggett County	140	$12,282.00	$4,094.00

Municipality	County	2019 Population	Total Allocation	First Distribution
Manila	Daggett County	308	$27,020.00	$9,007.00
Bountiful	Davis County	44,648	$3,916,848.00	$1,305,616.00
Centerville	Davis County	17,921	$1,572,161.00	$524,054.00
Clearfield	Davis County	32,366	$2,839,381.00	$946,460.00
Clinton	Davis County	22,593	$1,982,023.00	$660,674.00
Farmington	Davis County	24,820	$2,177,391.00	$725,797.00
Fruit Heights	Davis County	6,312	$553,735.00	$184,578.00
Kaysville	Davis County	32,495	$2,850,698.00	$950,233.00
Layton	Davis County	78,267	$6,866,152.00	$2,288,717.00
North Salt Lake	Davis County	21,110	$1,851,923.00	$617,308.00
South Weber	Davis County	7,612	$667,780.00	$222,593.00
Sunset	Davis County	5,408	$474,429.00	$158,143.00
Syracuse	Davis County	30,779	$2,700,158.00	$900,053.00
West Bountiful	Davis County	5,802	$508,994.00	$169,665.00
West Point	Davis County	10,887	$955,087.00	$318,362.00
Woods Cross	Davis County	11,469	$1,006,144.00	$335,381.00
Altamont	Duchesne County	246	$21,581.00	$7,194.00
Duchesne	Duchesne County	1,770	$155,277.00	$51,759.00
Myton	Duchesne County	614	$53,865.00	$17,955.00
Roosevelt	Duchesne County	7,068	$620,056.00	$206,685.00
Tabiona	Duchesne County	162	$14,212.00	$4,737.00
Castle Dale	Emery County	1,492	$130,889.00	$43,630.00
Clawson	Emery County	186	$16,317.00	$5,439.00
Cleveland	Emery County	439	$38,512.00	$12,837.00
Elmo	Emery County	404	$35,442.00	$11,814.00
Emery	Emery County	268	$23,511.00	$7,837.00
Ferron	Emery County	1,495	$131,152.00	$43,717.00
Green River	Emery County	935	$82,025.00	$27,342.00
Huntington	Emery County	1,935	$169,752.00	$56,584.00
Orangeville	Emery County	1,330	$116,677.00	$38,892.00
Antimony	Garfield County	123	$10,790.00	$3,597.00
Boulder	Garfield County	242	$21,230.00	$7,077.00
Bryce Canyon City	Garfield County	226	$19,826.00	$6,609.00
Cannonville	Garfield County	177	$15,528.00	$5,176.00
Escalante	Garfield County	810	$71,059.00	$23,686.00
Hatch	Garfield County	144	$12,633.00	$4,211.00
Henrieville	Garfield County	226	$19,826.00	$6,609.00
Panguitch	Garfield County	1,708	$149,838.00	$49,946.00
Tropic	Garfield County	524	$45,969.00	$15,323.00
Castle Valley	Grand County	353	$30,968.00	$10,323.00
Moab	Grand County	5,359	$470,131.00	$156,710.00
Brian Head	Iron County	95	$8,334.00	$2,778.00
Cedar City	Iron County	34,411	$3,018,784.00	$1,006,261.00
Cedar Highlands	Iron County	70	$6,141.00	$2,047.00
Enoch	Iron County	7,328	$642,866.00	$214,289.00
Kanarraville	Iron County	418	$36,670.00	$12,223.00

Municipality	County	2019 Population	Total Allocation	First Distribution
Paragonah	Iron County	558	$48,952.00	$16,317.00
Parowan	Iron County	3,227	$283,096.00	$94,365.00
Eureka	Juab County	718	$62,988.00	$20,996.00
Levan	Juab County	955	$83,780.00	$27,927.00
Mona	Juab County	1,793	$157,295.00	$52,432.00
Nephi	Juab County	6,315	$553,998.00	$184,666.00
Rocky Ridge	Juab County	861	$75,533.00	$25,178.00
Alton	Kane County	123	$10,790.00	$3,597.00
Big Water	Kane County	517	$45,355.00	$15,118.00
Glendale	Kane County	410	$35,968.00	$11,989.00
Kanab	Kane County	4,929	$432,408.00	$144,136.00
Orderville	Kane County	607	$53,250.00	$17,750.00
Delta	Millard County	3,609	$316,608.00	$105,536.00
Fillmore	Millard County	2,648	$232,302.00	$77,434.00
Hinckley	Millard County	718	$62,988.00	$20,996.00
Holden	Millard County	391	$34,301.00	$11,434.00
Kanosh	Millard County	486	$42,635.00	$14,212.00
Leamington	Millard County	239	$20,967.00	$6,989.00
Lynndyl	Millard County	114	$10,001.00	$3,334.00
Meadow	Millard County	328	$28,775.00	$9,592.00
Oak City	Millard County	657	$57,637.00	$19,212.00
Scipio	Millard County	334	$29,301.00	$9,767.00
Morgan	Morgan County	4,320	$378,982.00	$126,327.00
Circleville	Piute County	497	$43,600.00	$14,533.00
Junction	Piute County	175	$15,352.00	$5,117.00
Kingston	Piute County	156	$13,685.00	$4,562.00
Marysvale	Piute County	430	$37,723.00	$12,574.00
Garden City	Rich County	619	$54,303.00	$18,101.00
Laketown	Rich County	276	$24,213.00	$8,071.00
Randolph	Rich County	503	$44,127.00	$14,709.00
Woodruff	Rich County	214	$18,774.00	$6,258.00
Blanding	San Juan County	3,684	$323,187.00	$107,729.00
Monticello	San Juan County	1,990	$174,577.00	$58,192.00
Centerfield	Sanpete County	1,496	$131,240.00	$43,747.00
Ephraim	Sanpete County	7,396	$648,831.00	$216,277.00
Fairview	Sanpete County	1,359	$119,221.00	$39,740.00
Fayette	Sanpete County	265	$23,248.00	$7,749.00
Fountain Green	Sanpete County	1,165	$102,202.00	$34,067.00
Gunnison	Sanpete County	3,587	$314,678.00	$104,893.00
Manti	Sanpete County	3,666	$321,608.00	$107,203.00
Mayfield	Sanpete County	560	$49,127.00	$16,376.00
Moroni	Sanpete County	1,557	$136,591.00	$45,530.00
Mount Pleasant	Sanpete County	3,538	$310,379.00	$103,460.00
Spring City	Sanpete County	1,082	$94,921.00	$31,640.00
Sterling	Sanpete County	320	$28,073.00	$9,358.00
Wales	Sanpete County	376	$32,985.00	$10,995.00

Municipality	County	2019 Population	Total Allocation	First Distribution
Annabella	Sevier County	814	$71,410.00	$23,803.00
Aurora	Sevier County	1,055	$92,552.00	$30,851.00
Central Valley	Sevier County	567	$49,741.00	$16,580.00
Elsinore	Sevier County	885	$77,639.00	$25,880.00
Glenwood	Sevier County	476	$41,758.00	$13,919.00
Joseph	Sevier County	358	$31,406.00	$10,469.00
Koosharem	Sevier County	334	$29,301.00	$9,767.00
Monroe	Sevier County	2,354	$206,510.00	$68,837.00
Redmond	Sevier County	745	$65,357.00	$21,786.00
Richfield	Sevier County	7,953	$697,695.00	$232,565.00
Salina	Sevier County	2,579	$226,249.00	$75,416.00
Sigurd	Sevier County	442	$38,775.00	$12,925.00
Coalville	Summit County	1,591	$139,574.00	$46,525.00
Francis	Summit County	1,542	$135,275.00	$45,092.00
Henefer	Summit County	965	$84,657.00	$28,219.00
Kamas	Summit County	2,248	$197,211.00	$65,737.00
Oakley	Summit County	1,692	$148,435.00	$49,478.00
Park City	Summit County	8,556	$750,595.00	$250,198.00
Grantsville	Tooele County	11,943	$1,047,727.00	$349,242.00
Rush Valley	Tooele County	506	$44,390.00	$14,797.00
Stockton	Tooele County	706	$61,935.00	$20,645.00
Tooele	Tooele County	36,394	$3,192,747.00	$1,064,249.00
Vernon	Tooele County	349	$30,617.00	$10,206.00
Wendover	Tooele County	1,517	$133,082.00	$44,361.00
Ballard	Uintah County	1,056	$92,640.00	$30,880.00
Naples	Uintah County	2,085	$182,911.00	$60,970.00
Vernal	Uintah County	10,466	$918,154.00	$306,051.00
Charleston	Wasatch County	496	$43,513.00	$14,504.00
Daniel	Wasatch County	1,112	$97,553.00	$32,518.00
Heber	Wasatch County	16,908	$1,483,293.00	$494,431.00
Hideout	Wasatch County	1,005	$88,166.00	$29,389.00
Independence	Wasatch County	219	$19,212.00	$6,404.00
Interlaken	Wasatch County	238	$20,879.00	$6,960.00
Midway	Wasatch County	5,420	$475,482.00	$158,494.00
Wallsburg	Wasatch County	391	$34,301.00	$11,434.00
Apple Valley	Washington County	853	$74,831.00	$24,944.00
Enterprise	Washington County	1,927	$169,050.00	$56,350.00
Hildale	Washington County	3,012	$264,235.00	$88,078.00
Hurricane	Washington County	18,840	$1,652,782.00	$550,927.00
Ivins	Washington County	9,224	$809,197.00	$269,732.00
La Verkin	Washington County	4,555	$399,598.00	$133,199.00
Leeds	Washington County	896	$78,604.00	$26,201.00
New Harmony	Washington County	233	$20,440.00	$6,813.00
Rockville	Washington County	281	$24,651.00	$8,217.00
Santa Clara	Washington County	8,146	$714,626.00	$238,209.00
Springdale	Washington County	630	$55,268.00	$18,423.00

Municipality	County	2019 Population	Total Allocation	First Distribution
St. George	Washington County	90,221	$7,914,844.00	$2,638,281.00
Toquerville	Washington County	1,725	$151,330.00	$50,443.00
Virgin	Washington County	666	$58,426.00	$19,475.00
Washington	Washington County	28,652	$2,513,562.00	$837,854.00
Bicknell	Wayne County	332	$29,125.00	$9,708.00
Hanksville	Wayne County	220	$19,300.00	$6,433.00
Loa	Wayne County	587	$51,496.00	$17,165.00
Lyman	Wayne County	257	$22,546.00	$7,515.00
Torrey	Wayne County	244	$21,405.00	$7,135.00
Farr West	Weber County	7,333	$643,304.00	$214,435.00
Harrisville	Weber County	6,814	$597,774.00	$199,258.00
Hooper	Weber County	9,096	$797,967.00	$265,989.00
Huntsville	Weber County	649	$56,935.00	$18,978.00
Marriott-Slaterville	Weber County	1,880	$164,927.00	$54,976.00
North Ogden	Weber County	20,362	$1,786,303.00	$595,434.00
Ogden	Weber County	88,867	$7,796,061.00	$2,598,687.00
Plain City	Weber County	7,246	$635,672.00	$211,891.00
Pleasant View	Weber County	10,924	$958,333.00	$319,444.00
Riverdale	Weber County	8,940	$784,282.00	$261,427.00
Roy	Weber County	39,458	$3,461,543.00	$1,153,848.00
South Ogden	Weber County	17,449	$1,530,753.00	$510,251.00
Uintah	Weber County	1,366	$119,835.00	$39,945.00
Washington Terrace	Weber County	9,349	$820,162.00	$273,387.00
West Haven	Weber County	15,508	$1,360,475.00	$453,492.00
Municipal Government Total			**$107,296,608.00**	**$35,765,538.00**
Grant Total Eligible Counties and Municipalities			**$247,265,671.00**	**$82,421,892.00**

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.[1]

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.

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

[1] *See* Section 601(d) of the Social Security Act, as added by section 5001 of the CARES Act.

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[2]

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.[3]
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.

[2] 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.

[3] *See* 42 C.F.R. § 433.51 and 45 C.F.R. § 75.306.

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.

Coronavirus Relief Fund
Frequently Asked Questions
Updated as of May 28, 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").[1] 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.

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

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 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 "[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.

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.

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.

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.

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 are not permissible.

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 accrued interest expense on TANs and unbudgeted administrative and transactional costs, such as necessary payments to advisors and underwriters, associated with the issuance of the TANs.

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.

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.

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

No. The Guidance says 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. Hazard pay is a form of payroll expense and is subject to this limitation, so Fund payments may only be used to cover hazard pay for such individuals.

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.

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.

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.

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.

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.

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.

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.

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, pending completion of registration.

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.

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.

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.