

From: NACo/Jack Peterson

Sent: Wednesday, April 22, 2020

Subject: Treasury Guidance - State, Local and Tribal Governments for the Coronavirus Relief Fund

Adding a bit of flavor to the announcement from the White House Office of Intergovernmental Affairs.

- For **NEW** Treasury guidance for the \$150 billion in CARES funding for state, territorial, local and tribal Governments, [click here](#). **Please note that this guidance provides an overview of eligible expenditures that CRF payments may be used for.**
- For Treasury's FAQ sheet, [click here](#). **Please note question 2 that addressed whether a state may be able to transfer CRF payments to local governments.** I know many of your state offices said they were waiting on this guidance – **this guidance unambiguously says the money can be shared with local governments for expenditures that are covered under the Act, but does not specify a percentage.** I've attached the survey on how state associations are working with states to get a share of the state portion of these funds.

As suspected, the Treasury guidance reiterates that CRF payments may not be used to cover loss revenue. **However, CRF payments can be used to cover expenses of providing paid sick and paid family and medical leave to public employees.** Please see below for an abbreviated list of eligible/ineligible CRF payment uses below.

Eligible expenditures

- Medical expenses
- Public health expense substantially dedicated to mitigating or responding to the COVID-19 pandemic
- Expenses of actions to facilitate compliance with COVID-19 related public health measures (i.e. food delivery, distance learning efforts, telework capabilities, paid sick/family/medical leave, maintaining prisons/jails, care for homeless populations)
 - o **Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.**
- Expenses associated with economic support in connection with COVID-19 public health emergency (i.e. grants to small businesses, expenditures of state/local govt. payroll support program, unemployment insurance costs)

Ineligible expenditures

- Expenses for the states' share of Medicaid
- Damages covered by insurance
- Payroll or benefits expenses for employees whose work duties are not substantially dedicate to mitigating/responding to COVID-19
- Expenses that have been or will be reimbursed under any federal program (i.e. reimbursement by the federal government pursuant to the CARES Act of contributions by states to state unemployment funds)
- Reimbursement to donors for donated items or services
- Workforce bonuses other than hazard pay or overtime
- Severance pay
- Legal settlements

NACo is still working through the documents and plan to release a comprehensive overview. Thanks to Eryn Hurley on our team for this quick dive! Let us know if you have questions we can answer.

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