

FAQs for Local Governments receiving Coronavirus Relief Funds (CRF) from the State of Minnesota

This information is provided as a reference and is current as of Oct. 22, 2020. Recent changes to this document are the clarification of Question 11. In the event of a conflict between this document and state law, federal law, or U.S. Treasury guidance, the state and federal laws and guidance supersede this document. In this document “CRF,” “The Act” and “CARES Act” are used interchangeably. Department of Treasury guidance and FAQs cited are in quotations.

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General Questions

1. Where should I direct specific questions?

Contact your local government association or email CRAOffice.MMB@state.mn.us.

2. Where can I find my SWIFT ID?

Email efthelpline.mmb@state.mn.us to get your SWIFT ID.

3. Where can I find my DUNS number?

Information about how to obtain a new DUNS number or look up an existing DUNS number can be found here: <https://www.grants.gov/applicants/organization-registration/step-1-obtain-duns-number.html>.

4. What is the Federal CFDA # for the Coronavirus Relief Funds (CRF)?

21.019

5. What is the Federal Award ID Number (FAIN) for the Coronavirus Relief Funds?

SLT0016

6. How does a local government with fewer than 200 residents receive its funds?

Local governments with fewer than 200 residents must apply to their home county to receive funds. These local governments do NOT need to report expenditures to Minnesota Management and Budget (MMB).

7. What is the application and reporting process?

Cities, counties and townships with more than 200 residents may access the certification form on the [MN Department of Revenue \(MDOR\) website](#). Once the certification form is received, MDOR will distribute the funds on the next scheduled distribution date. Payments are distributed approximately six to eight business days after each certification date. The final certification date is Sept. 15, 2020.

Local governments will receive all funds up front. You do not need to submit separate applications for each expense. The local government may then use funds for expenses deemed eligible and in compliance with federal guidance. Local governments should document their decision-making process for each expense deemed eligible for use in the event of an audit.

Local governments must report expenditures monthly and may be required to submit a final narrative report at the end of the funding period. The reporting form and all relevant information are available for download on the [MN COVID-19 Response Accountability website](#). Reports are due to MMB seven business days after the end of each reporting period. Reports should be emailed as an Excel file to CRAOffice.MMB@state.mn.us.

8. What are the reporting deadlines for local governments that received CRF funds directly from the State of Minnesota?

Local governments must report on their use of CRF funds at the end of each reporting period. Reports are due seven business days after the end of each reporting period. Reporting periods and due dates are as follows:

Reporting Period	Report Due Date
July 1 to July 31	August 11
August 1 to August 31	September 10
September 1 to September 30	October 9
October 1 to October 31	November 10
FOR CITIES AND TOWNS November 1 to November 15	November 24
FOR COUNTIES November 1 to December 1	December 9

9. Where can I find more information about the Coronavirus Relief Fund?

- Treasury Department CARES Act Policy Issues: <https://home.treasury.gov/policy-issues/cares>
- Coronavirus Relief Fund, Guidance for State, Territorial, Local, and Tribal Governments: <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>)
- Coronavirus Relief Fund Frequently Asked Questions: <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>

Eligibility Questions

10. Which expenses are eligible?

Per Treasury Guidance, *“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 covered period.*

The statute 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.” Examples of eligible and ineligible expenses can be found in the federal [guidance](#) and [FAQs](#) document.

“Expenditures “due to” the public health emergency may include expenditures incurred to allow direct response 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.”

Local governments should weigh these factors and decide if a given expense is necessary and due to COVID-19. The decision-making process and justification for eligibility should be well-documented for use in the event of an audit.

11. Are expenses incurred (but not spent) before the end of the covered period an eligible use of CRF funds?

No. Per the certification form that each local government signed prior to receiving funds:

“Any aid amount remaining unexpended by an eligible city or town on November 15, 2020, must be sent to the home county in which the city or town is located. For cities located in Hennepin County the funds must be transferred to Hennepin County Medical Center or granted to another hospital in the county’s boundaries. For the cities or towns located in Ramsey County the funds must be granted to Regions Hospital or another hospital in the county’s boundaries. The transfer must be made no later than November 20, 2020. Any amount of aid remaining unexpended by an eligible county by December 1, 2020 must be returned to Minnesota Management and Budget by December 10, 2020.”

“Unexpended” means the payment has not been made (check has not been cut). Funds must be paid out no later than November 15 for cities and towns and no later than December 1 for counties. The only two exceptions are listed below.

There are two exceptions to this rule:

- CRF eligible payroll expenses incurred through Nov. 15 (for cities and towns) and Dec. 1 (for counties) are allowed, even if not paid until after Nov. 15 for cities and towns and Dec. 1 for counties.
- Eligible items ordered for delivery prior to Nov. 15 (for cities and towns) and Dec. 1 (for counties) that have not yet been received **due to supply chain disruption** are allowed, even if not paid until after Nov. 15 for cities and towns and Dec. 1 for counties. Federal guidance recognizes this possibility:

“Similarly, in recognition of the likelihood of supply chain disruptions and increased demand for certain goods and services during the COVID-19 public health emergency, if a recipient enters into a contract requiring the delivery of goods or performance of services by (the end of the covered period), the failure of a vendor to complete delivery or services by (the end of the covered period), will not affect the ability of the recipient to use payments from the Fund to cover the cost of such goods or services if the delay is due to circumstances beyond the recipient’s control.”

For a supply chain disruption scenario, it is generally expected that payments will take place within 90 days of a cost being incurred.

12. Can CRF funds be used to reimburse for expenses already incurred or only for new expenses going forward?

CRF funds can be used to pay for expenses already incurred dating back to March 1, 2020, assuming the expense meets the other requirements for use of the Coronavirus Relief Fund.

13. Can local governments use CRF funds for business grants and if so, are there criteria around such grant programs?

Business grants are allowable under the Treasury guidance. A program may assist businesses with the costs of business interruption caused by required closures. Per federal guidance,

“A program that is aimed at helping small businesses with the cost of business interruption caused by required closures should be tailored to assist those businesses in need of such assistance.”

14. Are payroll costs of employees who were out on leave due to COVID response safety measures an eligible expense? Can CARES funding be used to pay required COVID federal sick leave payroll expenses?

Treasury guidance allows reimbursement for “expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.” The federal FAQs state “If the cost of an employee was allocated to administrative leave to a greater extent than was expected, the cost of such administrative leave may be covered using payments from the Fund.”

15. CARES Act intends to provide support for those economically affected by COVID-19. Can we give a cash rebate to taxpayers?

No. From Treasury guidance:

“a per capita payment to residents of a particular jurisdiction without an assessment of individual need would not be an appropriate use of payments from the Fund.”

16. Can a local government use CARES Act funds to purchase property for transitional housing for people experiencing homelessness and others lacking housing due to COVID-19? The purpose would be to keep the people experiencing homelessness isolated and to provide temporary housing for those that might be displaced by economic factors brought on by COVID-19.

Yes. Per Treasury Guidance, “Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions” are eligible. The local government must demonstrate that the expenditure was “necessary due to the public health emergency with respect to COVID-19.” Expenditures would need to be made between March 1 and Nov. 15, 2020, for a city or town, or Dec. 1, 2020, for a county. Subsequent, ongoing costs would not be eligible for CRF.

17. For grants to local businesses, are local governments able to allocate funds to a local economic development corporation, Housing and Redevelopment Authority (HRA), or Chamber of Commerce to administer and manage the grant programs?

Yes. Treasury guidance deems eligible

“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.”

Those funds could be in the form of a grant to those entities. Subrecipient monitoring requirements apply. The requirement that expenditures must be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency.

Accountability Questions

18. Must local governments comply with the Uniform Guidance?

The US Treasury FAQs states that 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.

19. If a local government grants a portion of its allocation to other entities, who is accountable for the funds?

The local government must provide oversight and monitoring of their subrecipients as designated in 2 C.F.R. §§ 200.330 through 200.332 regarding subrecipient monitoring and management.

Funding Questions

20. What happens if a local government does not have COVID-19 related costs?

If a local government has not incurred COVID-19 expenses and does not certify to receive CRF by Sept. 15, 2020, the allocation will be used by the state for other COVID-19 expenses.

21. Question and answer deleted on Sept. 25, 2020. Revised Q&A in Transfers Between Local Governments section below (questions 30 – 35).

22. If our local government has eligible expenses exceeding the allocation, will we be able to apply for additional funding after unused funds are returned to the state?

No. This is a one-time distribution and it is not anticipated that funds returned to the state will be reallocated to local governments as part of this process.

23. What is the proper sequencing of multiple state or federal grant funding sources relative to CARES Act, to optimize use of all available funding sources?

Per Treasury guidance:

“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.”

24. What happens to unused funds?

Per the certification form that each local government signs prior to distribution:

“Any aid amount remaining unexpended by an eligible city or town on November 15, 2020, must be sent to the home county in which the city or town is located. For cities located in Hennepin County the funds must be transferred to Hennepin County Medical Center or granted to another hospital in the county’s boundaries. For the cities or towns located in Ramsey County the funds must be granted to Regions Hospital or another hospital in the county’s boundaries. The transfer must be made no later than November 20, 2020. Any amount of aid remaining unexpended by an eligible county by December 1, 2020 must be returned to Minnesota Management and Budget by December 10, 2020.”

The certification form is available on the [Minnesota Department of Revenue’s website](#).

25. How should interest earned from Fund payments be treated?

The federal guidance states:

“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.”

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

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

FEMA Reimbursement Questions

27. Regarding the clause in the certification form that local governments are responsible for FEMA nonfederal share, increased workers’ compensation costs, and costs of supporting their Community

Health Board's COVID-19 response - does this mean that we cannot apply CARES monies to those areas?

Local governments should use the CARES Act funds for these purposes.

28. Can CARES Act funds be used to pay the 25% local match?

Yes. As stated in Treasury FAQs:

“payments from the Fund may be used to meet the non-federal matching requirements for Stafford Act assistance to the extent such matching requirements entail COVID-19-related costs that otherwise satisfy the Fund’s eligibility criteria and the Stafford Act. Regardless of the use of Fund payments for such purposes, FEMA funding is still dependent on FEMA’s determination of eligibility under the Stafford Act.”

29. If we can submit for FEMA reimbursement, is this saying that we must seek FEMA funds for those eligible costs?

Where reasonable, local governments should request FEMA reimbursement for eligible costs. Doing so will maximize the federal resources available to Minnesota. There is no legal requirement compelling a local government to seek FEMA reimbursement before expending CARES Act funds.

Transfers Between Local Governments

30. If a town or city has unspent funds left after paying its eligible COVID-19 related costs, can it transfer part of its allocation to another town or city who has more COVID-19 related costs than allocated funds?

No. A town or city cannot transfer unspent (excess) funds to another town or city when the original town or city does not have enough CRF qualifying expenses to use its allocation from the state. Unspent funds must be returned to that town or city’s home county, or in the case of cities and towns in Hennepin or Ramsey County, to a hospital within the county.

31. Can local governments transfer funds to other local governments with whom they share COVID-19 related costs for shared services or to other local governments within their boundaries?

Yes, provided the transfer qualifies as a necessary expenditure incurred due to COVID-19 and meets the other criteria of the CARES Act. For example, the City of Minneapolis may transfer funds to Minneapolis Public Schools. In addition, to facilitate fair share of costs, Minnesota local governments that traditionally share services such as fire, ambulance, police, or public health functions via a joint powers agreement or other arrangement may transfer funds for this purpose to other local governments outside their boundaries for needs that meet all CARES Act requirements.

32. What are the recordkeeping and accountability requirements for transferring funds in situations such as those outlined in Question 31?

Each local government must verify transfers will be used for CRF eligible expenses. In addition, as stated in the certification form signed by each local government, the local government will maintain copies of any

agreements to share Coronavirus Relief Funds. Copies of such agreements and accounting records must be sufficient to document the funds distributed to other local governments. The same holds true for transfers to school districts or other units of government within the town or city's boundaries.

33. How do I report transfers of funds to another unit of government like in Question 31?

If applicable, transfers should be reported in the corresponding section of MMB's local government expenditure form. For example, a transfer to a school district to facilitate distance learning should be reported in the "Facilitating Distance Learning" category. If none of the categories apply, the transfer should be explained and documented on line 55 of the local government expenditure report - "Items Not Listed Above" category.

34. What if a town or city can't spend its allocated funds by Nov. 15, 2020?

Cities and towns must return unspent funds to their home county. For cities and towns located in Hennepin County the funds must be transferred to Hennepin County Medical Center or granted to another hospital in the county's boundaries. For the cities or towns located in Ramsey County the funds must be granted to Regions Hospital or another hospital in the county's boundaries. The transfer must be made no later than Nov. 20, 2020. Any amount of aid remaining unexpended by an eligible county by Dec. 1, 2020 must be returned to Minnesota Management and Budget by Dec. 10, 2020.

35. How should a city or town facilitate the transfer of funds to its home county or grants to hospitals?

It is up to the county and city or town to determine how to facilitate the transfer.

For reporting purposes, the city or town should record the transfer on line 62 of the local government expenditure form "Funds transferred to Home County," and the county should report the receipt of funds from a city or town on line 71 of the local government expenditure form "Funds Received from Towns and Cities." Cities or towns granting unused funds to hospitals must report those grants on line 67 of the local government expenditure form.