

MEMORANDUM

TO: Interested Parties
FR: A&F Federal Funds Office (FFO)
DT: November 12, 2020
RE: Responses to MMAAA Questions from November 5, 2020

The Commonwealth of Massachusetts (hereafter, the “Commonwealth”) created the CARES Act Coronavirus Relief Fund – Municipal Program (CvRF-MP) to distribute up to \$502 M to eligible cities and towns in Massachusetts to address certain unanticipated costs associated with the COVID-19 pandemic. On Thursday, November 5, 2020, the Director for Federal Funds at the Commonwealth’s Executive Office for Administration and Finance (A&F), Heath Fahle, presented on CvRF-MP to the virtual meeting of the Massachusetts Municipal Auditors and Accountants Association (MMAAA). This memorandum provides answers to questions posed by participants that were not answered during the presentation.

Questions and Answers

The questions posed by MMAAA participants are shown in **bold**. A&F’s answer is provided after each question. The name and time stamp associated with each question has been deleted. Typographical errors in the questions have been corrected.

Hello. Question on the CARES end date of 12/30. From an accounting standpoint, does this mean items have to be PAID for by the town by 12/30, or is it okay to be paid after the fact as long as they were ordered/incurred prior to 12/30?

To be an eligible use of the Coronavirus Relief Fund, the state or local government must receive the beneficial use of the expenditure by December 30, 2020 (goods delivered and in use, services rendered). Actual payments can lag no later than 90 days after December 30, 2020.

If we planned a meeting - ordered the items and then had to postpone the meeting after December 31 because of the new guidelines set up for meetings - would those be covered?

No. To be an eligible use of the Coronavirus Relief Fund, the state or local government must receive the beneficial use of the expenditure by December 30, 2020 (goods delivered and in use, services rendered). Actual payments can lag no later than 90 days after December 30, 2020.

There is lot of confusion about FEMA coverage. Is FEMA covering only through 9/15/20? Schools PPE not covered?

No. The Federal Emergency Management Agency Public Assistance program (FEMA PA) provides reimbursements for eligible costs, typically at a rate of 75 percent of the total cost. Further, the US Treasury has indicated that state and local governments are permitted to use CvRF as the non-FEMA match (25 percent) required to seek FEMA reimbursement.

FEMA published a memorandum that modified the FEMA PA program eligibility guidelines effective September 15, 2020. These eligibility changes narrowed the scope of certain costs that would be reimbursed by FEMA. Most notably, they clarified that PPE for individuals other than first responders and recurring cleaning/sanitation costs would no longer be reimbursable expenses under FEMA PA.

What happens to some big items like pandemic healthcare costs that FEMA may not reimburse 75%? Our Town is self-insured and we have documented expenditures from BCBS for about a \$1M.

COVID-related health care costs are an eligible use of the Coronavirus Relief Fund.

Can you send us the link for template for second quarter reporting? We were told that it is not the same as the first report template and is being revised

Yes. <https://www.mass.gov/lists/municipal-crf-mp-reporting-templates>

Part time School cafeteria workers hours are not budgeted in our School Lunch revolving fund, so if they came in to work to package meals for some students and some of our seniors for distribution during the shutdown when school was closed this past Spring, they were paid regular hours not overtime hours, are these hours CARES eligible?

Yes, this is an eligible use of the Coronavirus Relief Fund.

Please note that if cafeteria workers were not repurposed to other activities and the school continued to pay these wages, this would not be an eligible use of the Coronavirus Relief Fund because revenue replacement is a prohibited use.

Are extra costs related to election postage covered by CARES? Due to the volume of mail in ballots increasing due to COVID.

Yes, the incremental portion of election costs attributable to COVID-19 are an eligible use of the CvRF.

The regional school district would like to apply through the Town for expenses associated with the pandemic, are there particular requirements for the application for a sub-recipient grant?

Yes. Please refer to FAQ #20: <https://www.mass.gov/doc/cares-act-faq-for-municipal-officials/download>

My municipality recently began a mortgage assistance program. Checks are cut directly to the banks/mortgage companies. When filling out the quarterly report, is the grantee the individual who applied for the grant, or the bank?

The grantee would be whoever is subject to the grant agreement with the municipality. Is the applicant the bank or mortgagee? If the mortgagee is the one applying and certifying eligibility under CARES requirements, they would be considered the grantee.

If a City or Town realized something initially charged to FEMA during the 3/1/20-12/30/20 period is determined not to be eligible. Will there be an opportunity to charge this expense to the relief fund after 12/30 during the 90 days to March even if not initially included in the reconciliation period?

Yes.

Are municipal light plants eligible to recover costs spent for coronavirus expenses?

Yes, so long as they are not recouping lost revenue.

Specifically what happens if the item meets A&F eligible use criteria but FEMA does not reimburse?

A municipality can support eligible uses that are not reimbursed by FEMA with CvRF payments. If the municipality requires additional funds and has a Remaining Eligible Amount, the municipality can request such funds during the reconciliation round.

If we need to revise our quarterly reporting, should we just upload a new version or make the corrections in the round one tab of the round 2 reporting template? We have some previously reported expenses that may be covers by other grants.

Yes.

What if FEMA denied eligible costs they should have covered and the CARES funds only reimbursed us for 25% of those costs? Can we recoup that remaining 75% in the reconciliation period?

Yes, if the municipality has a Remaining Eligible Amount, they may request this funding during the reconciliation period. Further, if the municipality has received CvRF payments but has not spent them on eligible uses.

Our FEMA Projects have not yet been approved. How do we proceed in order to meet the deadlines?

Provided the municipality has a Remaining Eligible Amount, the municipality can request funds during the reconciliation round to address costs that are not reimbursed by FEMA.

Can you send out the 9/15 FEMA memo to town accountants? Many of us have heard of this memo but not actually seen it.

Yes. https://www.fema.gov/sites/default/files/2020-09/fema_policy_104-009-19_PA-eligibility-policy-covid.pdf

Is FEMA guarantee to make determination on eligibility of reporting through 9/14/20 before 12/30/20?

Provided the municipality has a Remaining Eligible Amount, the municipality can request funds during the reconciliation round to address costs that are not reimbursed by FEMA.

This question was skipped but i have the same question - Part time School cafeteria workers hours are not budgeted in our School Lunch revolving fund, so if they came in to work to package meals for some students and some of our seniors for distribution during the shutdown when school was closed this past Spring, they were paid regular hours not overtime hours, are these hours CARES eligible?

See above.

You may have addressed this, I apologize if I missed it. I Assume Phase 4 use will be for any funds available, no other funding will be provided. Is that correct?

This would depend on the specific provisions of any federal funding package that is ultimately passed by Congress. At this point, we have no insight into potential federal legislation.

I apologize if I missed this but is it true FEMA will only be reimbursing PPE for first responders after Sept 14th?

Yes. See the questions above related to FEMA and the link to the FEMA memo describing the eligibility changes.

Is the increase to Waste Disposal costs covered?

To an eligible use of the Coronavirus Relief Fund, an expense must be necessary as a result of the public health emergency caused by COVID-19. In certain instances, for example medical waste and sanitation expenses at a testing site or homeless shelter opened in response to COVID-19, it is straightforward to document the necessity related to COVID-19. In most other instances, however, the ability to demonstrate necessity as a result of COVID-19 is too tenuous to support expenditures from the Coronavirus Relief Fund.

Why are municipal school department's considered separate entity from the city when they are the largest department of the City? From what you said I should show the school expenses as a transfer on my reporting and then there is a separate quarterly reporting to break down what that transfer was made of and I need a certification form from the schools to accompany this?

The previous answer (referring to the question about regional school districts) was about regional school districts. That answer does not apply to municipal school departments.

Will the 2nd quarter reporting template be a good way for the Regional School Districts to document their expenditures back to us as the grantor?

Yes.

Can you answer waste costs

Yes. See above.

Has there been any thought to posting all the questions people has asked your office? I'm assuming there is a lot of overlap.

Yes. A&F has published a Frequently Asked Questions document: <https://www.mass.gov/doc/cares-act-faq-for-municipal-officials/download>.