FREQUENTLY ASKED QUESTIONS

Version Date: December 15, 2020

Note: The December 15, 2020 version of this document replaces the September 30, 2020 version. Updates or clarifications to answers from the September 30 version are noted. If you have additional questions related to the CARES Act Coronavirus Relief Fund – Municipal Program, please submit questions to: https://massgov.formstack.com/forms/municipal_covid_spending_questions.

1. Should all municipalities apply for reimbursement through FEMA for FEMA-eligible expenses even though those costs could be paid from the CARES Act Coronavirus Relief Fund - Municipal Program?

Yes. Municipalities should seek FEMA reimbursements for allowable expenses in order to maximize the amount of revenue available to pay for the budgetary impacts of coronavirus.

2. Can municipalities use CARES Act Coronavirus Relief Fund - Municipal Program dollars as the 25 percent match for FEMA-eligible expenses?

Yes. The US Department of the Treasury and FEMA confirm that the CARES Act Coronavirus Relief Fund - Municipal Program can be used to pay for the FEMA cost share requirement.

3. Can CARES Act Coronavirus Relief Fund - Municipal Program dollars be used to offset the revenue lost due to the COVID-19 outbreak?

No, fund payments may not be used for government revenue replacement. In order to be eligible for CARES Act Coronavirus Relief Fund - Municipal Program dollars, uses must be necessary expenditures incurred due to the public health emergency with respect to COVID19, not budgeted as of March 27, 2020, and incurred between March 1, 2020 and December 30, 2020.

4. How do I know whether to apply for the CARES Act Coronavirus Relief Fund - Municipal Program or other COVID-related federal grants?

The CARES Act, as well as other federal legislation related to COVID-19, contained numerous grant opportunities for states, some of which will flow through to municipalities. You should pursue those opportunities to free up CARES Act Coronavirus Relief Fund - Municipal Program resources for costs that are ineligible from any other grant. Please note that in Round 2, applying for cashflow support is no longer a permissible request. A&F expects municipalities to seek funds only for eligible uses as specified in Attachment A.

Note: This answer was updated in the September 30, 2020 version of this document.

5. How do I access CARES Act Elementary and Secondary Education Emergency Relief (ESSER) Funds for my community?

Municipalities should pursue federal funding through the CARES Act Elementary and Secondary Education Emergency Relief (ESSER) Funds for education-related COVID-19 costs. The Department of Elementary and Secondary Education (DESE) is coordinating that grant program. Please visit http://www.doe.mass.edu/grants/2021/113/ for more information.
6. **How can I determine whether my costs are eligible for FEMA reimbursement?**


Please note that in September 2020, FEMA issued refined guidance on the eligibility of certain COVID-19 expenses. As a result, costs incurred by the state and local governments that were presumed to reimbursable are no longer eligible for FEMA PA. Most notably, PPE procured for use by public employees other than first responders (e.g., teachers or municipal administrative staff) and cleaning and sanitation costs for public buildings not used for direct responses to COVID-19 may not be eligible for FEMA PA reimbursement. For municipalities with a Remaining Eligible Amount, these costs can be covered with CvRF-MP dollars as part of the Reconciliation Round.

*Note: This answer was updated in the December 15, 2020 version of this document.*

7. **If I choose not to apply for CARES Act Coronavirus Relief Fund - Municipal Program resources in Round 1, will I still be eligible for Round 2?**

Yes. Communities do not forego eligibility for Round 2 if they choose not to request funds in Round 1. Further, the municipality’s Total Eligible Amount (see [Attachment C](https://www.mass.gov/)) does not change if they did not apply in Round 1.

In the Reconciliation Period, municipalities can apply for the Remaining Eligible Amount, which is calculated as the Total Eligible Amount minus the distributions received in Round 1 and Round 2.

*Note: This answer was updated in the December 15, 2020 version of this document.*

8. **My municipality is in Plymouth County. How do I access CARES Act Coronavirus Relief Fund - Municipal Program dollars?**

Municipalities located in Plymouth County should contact county officials for information about accessing the CARES Act Coronavirus Relief Fund.

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**Eligible Uses**

9. **Can CARES Act Coronavirus Relief Fund - Municipal Program dollars be used to make certain changes to office space, such as plexiglass barriers and other sanitation items (e.g. hand sanitizer)?**

Yes. Eligible uses of the CARES Act Coronavirus Relief Fund - Municipal Program dollars include social distancing measures, sanitation items, disinfection equipment, and air filtration. The benefit of these measures must be received prior to December 30, 2020. Measures to increase social distancing, air filtration, or cleaning in public buildings that will not be in use for the public prior to December 30 are not eligible use. Note that these uses are subject to the other restrictions that apply to all CARES Act Coronavirus Relief Fund - Municipal Program expenditures (costs must be incurred or anticipated as a result of COVID-19, must have been
unbudgeted as of March 27, 2020, and be incurred between March 1, 2020 and December 30, 2020).

Note: This answer was updated in the December 15, 2020 version of this document.

10. Can CARES Act Coronavirus Relief Fund - Municipal Program dollars be used to make major capital upgrades?

No. Capital expenditures are not an eligible use of the CvRF. CARES Act Coronavirus Relief Fund - Municipal Program dollars must support necessary expenditures incurred due to the public health emergency with respect to COVID-19. This restriction applies to building modifications, vehicle purchases, and other capital expenditures. However, funds may be used for smaller office modification projects to ensure social distancing, such as a small wall or new entrance to any office, to the extent they are necessary as a result of the public health emergency caused by COVID19, unbudgeted as of March 27, 2020, and the costs incurred between March 1, 2020 and December 30, 2020. As an administrative convenience to municipalities, these expenses are capped at a total cost of $150,000 for all modification projects pursued by a municipality to ensure that such expenses do not encompass major capital improvements without requiring prior approval for minor building modifications. Please note, this does not create a presumption that all projects below $150,000 are eligible expenditures or that capital projects need not comply with all other aspects of Treasury guidance. In deference to Treasury guidance, the Commonwealth maintains a strong preference for temporary improvements or rentals that will accomplish the same or similar goal in meeting the necessity arising from the public health emergency.

Note: This answer was updated in the December 15, 2020 version of this document.

11. Are payroll costs of municipal employees who have been working beyond their regular duties in response to the public health emergency caused by COVID-19 an eligible use of the CARES Act Coronavirus Relief Fund - Municipal Program?

Costs must be unbudgeted as of March 27, 2020. Therefore, costs of salaried employees whose work has expanded is not an eligible cost of CARES Act Coronavirus Relief Fund - Municipal Program funds, unless the employee’s work assignment has fundamentally changed. Additional labor costs including extended hours of hourly workers are an allowable use, provided the additional time need was caused by COVID-19 and can be documented.

12. Can CARES Act Coronavirus Relief Fund - Municipal Program dollars be used to pay for additional costs associated with holding elections?

Yes. Note the normal restrictions that apply to all CARES Act Coronavirus Relief Fund - Municipal Program expenditures (costs must be incurred or anticipated as a result of COVID-19, must have been unbudgeted as of March 27, 2020, and be incurred between March 1, 2020 and December 30, 2020).

13. Can CARES Act Coronavirus Relief Fund - Municipal Program dollars be used to pay for unemployment insurance costs incurred by the recipient as an employer?
Yes. Note the normal restrictions that apply to all CARES Act Coronavirus Relief Fund - Municipal Program expenditures (costs must be incurred or anticipated as a result of COVID-19, must have been unbudgeted as of March 27, 2020, and be incurred between March 1, 2020 and December 30, 2020).

14. Are unused accrued compensation liabilities an eligible use of the CARES Act Coronavirus Relief Fund - Municipal Program?

No. To be an eligible use of the CARES Act Coronavirus Relief Fund - Municipal Program, expenses must be incurred during the period beginning March 1, 2020 and December 30, 2020. Accrued liabilities are not an expense during the incident period.

15. Are business assistance programs an eligible use of the CARES Act Coronavirus Relief Fund - Municipal Program? The U.S. Treasury guidance says that such programs are eligible.

No. The guidance issued by the U.S. Treasury also provides that all of the Commonwealth's expenditures from the Fund—whether spent on Commonwealth expenses or distributed to cities and towns to address local costs—are subject to the Single Audit Act, 31 U.S.C. §§ 7501-7507, and related provisions of the Uniform Guidance, including those regarding the monitoring and management of subrecipients, 2 C.F.R. §§ 220.330-200.332.

Documenting that costs were for eligible uses is essential to managing compliance risk and to minimizing the possibility that the costs are deemed ineligible, thereby requiring the state to return funds to the federal government. Accordingly, in order to facilitate state compliance with these requirements, the guidance expressly allows states to impose restrictions and requirements on transfers of funds to local governments.

It is within this discretionary framework and mindful of the significant audit and compliance risk facing the Commonwealth that the Executive Office for Administration and Finance (“A&F”) established specific, permitted uses for which cities and towns could request funds and instructed municipalities to contact the Division of Local Services if they contemplated requesting funds for any other purpose. Municipal small business assistance programs are not among the list of permitted purposes.

Municipalities are highly encouraged to explore several small business assistance programs offered by the SBA by visiting: https://www.sba.gov/funding-programs/loans/coronavirus-relief-options.

16. Are COVID-related costs incurred by schools eligible uses of the CARES Act Coronavirus Relief Fund - Municipal Program?

Yes, in the case of costs that are included in Attachment A as allowable uses, such as PPE, or school learning costs, to the extent not funded from other sources. Costs must be otherwise eligible (unbudgeted as of March 27, incurred between March 1 and December 20).

Please note that the Department of Elementary and Secondary Education (DESE) published guidance for school districts to pursue CARES Act Coronavirus Relief Fund dollars directly from the Commonwealth. Please see this website for more information: http://www.doe.mass.edu/grants/2021/102/. We urge you to pursue these opportunities to maximize the amount of funding available to you. If these resources are insufficient to meet the need, the CARES Act Coronavirus Relief Fund - Municipal Program (CRF-MP) can be used to
support these costs. In that event, the school districts receiving funding from the municipality would be the sub-grantee, and the municipality as the grantor would be responsible for enforcing federal reporting requirements and compliance standards.

*Note: This answer was updated in the September 30, 2020 version of this document.*

17. Is the provision of COVID safety protocols, supplies, or expenses for public building projects currently under construction, including school projects funded by MSBA, an eligible use of the CARES Act Coronavirus Relief Fund - Municipal Program?

Yes, these funds can be used for additional costs of construction sites. Any such expenses must be unbudgeted as of March 27, 2020 and incurred between March 1, 2020 and December 30, 2020. Changes to the design of a school project, are not an eligible use of the CARES Act Municipal Coronavirus Relief Fund. In addition to costs for safety supplies, municipalities should retain documentation of any increased costs caused by delay due to public health precautions as these expenses may be eligible uses of the CvRF.

*Note: This answer was updated in the December 15, 2020 version of this document.*

18. Can entities other than municipalities, such as regional school districts, apply for CARES Act Coronavirus Relief Fund – Municipal Program funds?

No. Municipalities are the only entities eligible to receive CARES Act Coronavirus Relief Fund - Municipal Program allocations.

19. Can CARES Act Coronavirus Relief Fund – Municipal Program dollars be used to purchase ambulances? The U.S. Treasury guidance says that “[e]mergency medical response expenses, including emergency medical transportation, related to COVID-19” are eligible expenditures.

No, in virtually all contexts, ambulances are major capital upgrades that are not necessary expenditures incurred due to the public health emergency with respect to COVID-19. In order to be an eligible expense, the purchase of an ambulance must be supported by documentation of a COVID-19 related necessity that cannot be dealt with using existing equipment. If a recipient faced circumstances in which there was no ability to transport COVID patients because no ambulance service exists in the community, the Commonwealth may view the purchase of an ambulance as an expense necessary as a result of the public health emergency caused by COVID-19. Replacing aging equipment is not an eligible use of CvRF nor is purchasing new equipment in order to use current equipment in a changed role which can be accomplished in a more cost-effective manner. In any other case, the difficulty of adequately attributing the need for a new vehicle to COVID-19 is too great to approve an expense. The cost of ambulance trips incurred by a municipality may be an allowable expense, to the extent that ambulance trips related to COVID-19 can be separated out from ambulance trips unrelated to COVID-19.

*Note: This answer was updated in the December 15, 2020 version of this document.*

20. An independent public entity (e.g., regional school district, independent service district) serving my municipality incurred or expects to incur costs that are eligible uses of the CARES Act Coronavirus Relief Fund. How can my municipality transfer funds to this entity in order to address these expenses?
Municipalities are the only entity eligible to receive funds from the Commonwealth through the CARES Act Coronavirus Relief Fund – Municipal Program. However, municipalities are allowed, but not required, to transfer funds to political subdivisions. If municipalities choose to transfer funds to subrecipients, A&F recommends providing such transfers as reimbursements for eligible uses articulated in the Potential Municipal Uses document (Attachment A) of the program guidance. Municipalities are required adapt the Certification form (Attachment B) as appropriate and get the Certification signed by the Chief Executive for the subrecipient. Municipalities are further required to collect and retain all relevant documentation to demonstrate the eligibility of the expense. As A&F promulgates reporting requirements, municipalities with subrecipients will be required to collect and convey all such information to the Commonwealth.

Alternatively, if the eligible uses may be procured and distributed from a central point in the normal course of business, such as purchasing Personal Protective Equipment (PPE), these goods can be acquired by the municipality and distributed on the basis of need to independent public entities directly.

21. Can CARES Act Coronavirus Relief Fund – Municipal Program dollars be used for costs related to food insecurity?

The following food-related categories are eligible expenses: COVID-related expansion of food banks; food pantries; grocery or meal delivery; and food for families that rely on food through the school system. Note the normal restrictions that apply to all CARES Act Coronavirus Relief Fund - Municipal Program expenditures (costs must be incurred or anticipated as a result of COVID-19, must have been unbudgeted as of March 27, 2020, and be incurred between March 1, 2020 and December 30, 2020).

Note: This answer was added in the September 30, 2020 version of this document.

22. Can CARES Act Coronavirus Relief Fund – Municipal Program dollars be used to pay for unexpected library expenses?

Unanticipated library expenses due to the COVID-19 pandemic are eligible expenses. Please note that there may be additional CARES Act funds available through the Board of Library Commissioners for the needs of libraries. Please note that library expenses are not presumed to be eligible and restrictions that apply to all CARES Act Coronavirus Relief Fund - Municipal Program expenditures still apply (costs must be incurred or anticipated as a result of COVID-19, must have been unbudgeted as of March 27, 2020, and be incurred between March 1, 2020 and December 30, 2020). In particular, equipment purchases must be supported by documentation that they are the most cost-effective method to meet a necessity arising directly from the public health emergency.

Note: This answer was updated in the December 15, 2020 version of this document.

23. Can CARES Act Coronavirus Relief Fund – Municipal Program dollars be used to pay for unexpected town meeting expenses?

Unexpected town meeting expenses due to the COVID-19 pandemic are eligible expenses. Note the normal restrictions that apply to all CARES Act Coronavirus Relief – Municipal Program expenditures (costs must be incurred or anticipated as a result of COVID-19, must have been unbudgeted as of March 27, 2020, and be incurred between March 1, 2020 and December 30,
24. Can CARES Act Coronavirus Relief Fund – Municipal Program dollars be used to pay for software systems that support a conversion to a paperless work environment?

Conversion projects to paperless work environments require further analysis under federal guidance. Please submit a memo to A&F (Brendan.S.Sweeney@mass.gov) outlining your decision-making process on the necessity of this project. Please include an explanation or documentation of the following:

- Whether this project was budgeted prior to March 27, 2020;
- Whether your municipality contemplated and/or completed efforts to digitize records prior to March 27, 2020;
- Your municipality’s current teleworking policy including the percentage of employees who currently telework or alternatively the percentage of employee time spent teleworking;
- What beneficial outcomes you expect your municipality to achieve by completing this project;
- The date you expect the project to be completed.

Note: This answer was added in the September 30, 2020 version of this document.

25. Can CARES Act Coronavirus Relief Fund – Municipal Program dollars be used to pay for increased flu-related costs?

Increased flu-related costs, over and above your community’s total flu-related costs from this past year, are eligible expenses. However, you must be able to document that the increased costs are incurred due to COVID.

Note: This answer was added in the September 30, 2020 version of this document.

26. Can CARES Act Coronavirus Relief Fund – Municipal Program dollars be used to operate a municipal COVID-19 testing program or purchase testing materials?

In short, municipalities may generally use Coronavirus Relief Fund money to purchase COVID-19 testing equipment, supplies, and services prior to December 30, so long as the equipment and supplies are used in whole or in part prior to that date. Laboratory services provided as part of any testing equipment purchase are also considered eligible even if provided after December 30, 2020 so long as they are purchased as ancillary services. Please contact A&F for more details and assistance in establishing a testing program that complies with CARES Act requirements.

Note: This answer was added in the December 15, 2020 version of this document.

27. Is the cost of an employee’s wages who is out on FFCRA leave an eligible expense? Is the cost of backfilling that employee’s position eligible?

Note: This answer was added in the September 30, 2020 version of this document.
In order for a cost to be an eligible use of CARES Act funds, it must have been unbudgeted in the budget that is in effect as of March 27, 2020. While coronavirus related leave is not a budgeted expense, all other types of leave are considered to have been budgeted. The Families First Coronavirus Response Act (FFCRA) requires certain employers to provide employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19 including up to an additional 10 weeks of paid expanded family and medical leave at two-thirds the employee’s regular rate of pay where an employee, who has been employed for at least 30 calendar days, is unable to work due to a bona fide need for leave to care for a child whose school or child care provider is closed or unavailable for reasons related to COVID-19. Costs associated with providing paid leave to an employee under the FFCRA are eligible expenses. All other types of administrative leave expenses are ineligible. In addition, if an employer uses CARES Act funds to cover an employee’s FFCRA leave, they may not also use CARES Act funds to pay that employee’s replacement until the replacement’s payroll costs exceed the previously budgeted amount that is being covered by CARES Act funds.

Note: This answer was added in the December 15, 2020 version of this document.

28. Can CARES Act Coronavirus Relief Fund – Municipal Program dollars be used to purchase equipment such as radios, office equipment, etc. that can be used for COVID-19 related work?

The expenses of acquiring equipment may be covered with payments from the Fund in certain cases. For example, Treasury’s initial guidance referenced coverage of the costs of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity as an eligible use of funds. Any such use must be consistent with the requirements of section 601(d) of the Social Security Act as added by the CARES Act. As with all uses of payments from the Fund, the use of payments to acquire equipment is limited to that which is necessary due to the COVID-19 public health emergency. In the context of acquisitions of equipment, this means that the acquisition itself must be necessary. In particular, a government must (i) determine that it is not able to meet the need arising from the public health emergency in a more cost-effective manner and (ii) maintain documentation to support this determination.

Note: This answer was added in the December 15, 2020 version of this document.

Process

29. Can my municipality apply for eligible expenditures that were incurred in FY20 in Round 2?

Yes. In addition to estimating incurred or anticipated expenses for FY21, eligible expenditures incurred in FY20 are permissible for reimbursement in Round 2. Please consult DLS Bulletin 2020-07 for more information on how to account for CARES Act Coronavirus Relief Fund - Municipal Program dollars.

Note: This answer was updated in the September 30, 2020 version of this document.

30. When will the application process open for the Reconciliation Round?

Municipalities may apply for the Reconciliation Round of the CvRF-MP beginning on December 17, 2020. The deadline for applications is January 29, 2021, and the application form is provided in this Excel workbook template (update).
31. What are the reporting requirements for the CARES Act Coronavirus Relief Fund – Municipal Program?

To comply with all relevant federal and state laws and regulations, A&F has established a quarterly reporting process. Municipalities receiving funds through the CvRF-MP are required to adhere to all elements of the reporting requirements described in the relevant guidance.

32. I was notified that my municipality was selected for a desk review. What does this entail?

As part of the Commonwealth’s role in audit and oversight of CARES Act funds, the Federal Funds Office will be completing desk reviews of municipal transactions on a rolling basis. Municipalities will be selected on a rolling basis and when selected should reply within two weeks with requested documentation and materials. Materials to retain in anticipation of future audits include: An invoice or other relevant documentation to demonstrate the date goods and services were purchased, the date received, and the expenditure amount; for payroll, corresponding time sheets; the municipal budget that was in effect as of March 27, 2020; or any additional documentation to demonstrate or support that this expenditure is eligible for funding through the Coronavirus Relief Fund.