

MEMORANDUM

TO: Municipal Chief Executives
FR: A&F Federal Funds Office
DT: April 28, 2021
RE: CARES Act Coronavirus Relief Fund – Municipal Program (CvRF-MP) Comprehensive Program Guidance (Version 1.0)

On May 14, 2020, the Commonwealth of Massachusetts created the CARES Act Coronavirus Relief Fund – Municipal Program (“CvRF-MP”) to provide up to approximately \$502 million for municipalities to address unanticipated costs incurred as a result of the public health emergency caused by COVID-19. Since then, the Executive Office for Administration and Finance’s Federal Funds Office (FFO) has issued a series of policy documents intended to assist municipalities with this program. In light of the changing federal program dynamics, and corresponding multiple communication memos from FFO since this program’s inception, the purpose of this document is to serve as a one-stop, comprehensive, centralized guidance document for all the program updates that have been issued by FFO since May 2020.

Note: While this document was finalized following the enactment of the American Rescue Plan Act (ARPA), it does not yet include any information about the impacts of ARPA on municipalities or the CvRF program.

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CARES Act Coronavirus Relief Fund – Municipal Program (CvRF-MP) Overview

General Background

On March 27, 2020, the President of the United States signed into law the federal Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). Most notably, the CARES Act created the federal Coronavirus Relief Fund (“CvRF”) administered by the US Department of the Treasury (“the Treasury” or “Treasury”) with oversight provided by the US Treasury Office of Inspector General (“Treasury OIG”). The federal CvRF included \$150 billion for state and local governments allocated on a per capita basis. The Commonwealth of Massachusetts (the “Commonwealth”) received approximately \$2.67 billion, with approximately \$121 million provided directly to the City of Boston, and approximately \$91 million provided directly to Plymouth County.

On December 27, 2020, an extension of the CvRF “covered period” was signed into law. This change extended the deadline for use of the CvRF from December 30, 2020 to December 31, 2021.

The Commonwealth created a state-level CvRF to receive and distribute funds from the federal CvRF. Up to \$502 million of the CvRF is available to municipalities (excluding Boston and municipalities in Plymouth County) through CvRF-MP to address unanticipated expenses incurred in response to the public health emergency caused by COVID-19. The City of Boston and Plymouth County are administering their own CvRF allocations.

The CvRF-MP is administered by the Commonwealth's Executive Office for Administration and Finance (“A&F”) Federal Funds Office (“FFO”) in partnership with the Department of Revenue’s Division of Local Services (“DLS”).

Eligible Uses of CvRF

The CARES Act CvRF provides resources for municipalities to address unexpected costs associated with the COVID-19 pandemic. The Fund is subject to at least three major conditions. These include:

1. “Necessary expenditures incurred due to the public health emergency with respect to ... COVID-19”
2. Expenses must be unbudgeted as of March 27, 2020
3. Expenses must be incurred during the covered period beginning March 1, 2020 and ending December 31, 2021
 - Treasury has clarified that to be an eligible use of the CvRF, recipients must receive the “beneficial use” of the good or service (goods delivered and in use or services rendered) by December 31, 2021.

- Program guidance indicates that payments for eligible expenses can be made up to 90 days following the end of the covered period, or March 31, 2022. Please be advised that this deadline may be subject to further revision by the US Treasury.

Further, while the CvRF is available to address unexpected costs caused by COVID-19, the fund is prohibited from being used to address revenue shortfalls because of COVID-19.

For a list of expense categories that A&F anticipates municipalities may incur, see the attached list of potential uses ([Attachment A](#)). If a municipality contemplates the use of funds outside the potential uses described in Attachment A, please contact the FFO using the web-based question submission form: https://massgov.formstack.com/forms/municipal_covid_spending_questions.

The list of potential municipal uses ([Attachment A](#)) has been revised since its original publication date. A&F has added several categories of eligible uses, including:

- Social distancing measures in public buildings – plexiglass barriers, stanchions, small building modifications
- Legal fees – must be related to COVID-19
- Unemployment claims – must be related to COVID-19
- Election expenses – costs beyond the budgeted amount to hold elections
- Other town management costs incurred due to COVID-19 – additional costs associated with hosting an annual town meeting, recreation-related expenses, library costs

The eligible uses described in Attachment A are as currently described in federal law and relevant guidance from the Treasury. If these uses are modified by future federal actions, A&F will update this guidance accordingly.

FEMA Public Assistance Grant Program

FEMA PA Overview

FEMA Public Assistance (“FEMA PA”) is a reimbursement program that provides federal funding to help communities respond to and recover from disasters. Given that the COVID-19 pandemic is a declared federal disaster, municipalities can submit eligible COVID-19 response expenses for reimbursement through the FEMA PA program. FEMA PA provides reimbursements, currently at a rate of 100 percent of total costs, to public entities for such eligible expenses, as defined by FEMA, without a limit on total reimbursements.

As you may know, CvRF-MP was designed as a complement to FEMA PA. As a result of this program design, municipalities are **required** to submit eligible expenses for FEMA PA reimbursement before utilizing CvRF-MP funding to cover the expense.

The Massachusetts Emergency Management Agency (MEMA) is available to assist municipalities with preparing FEMA PA applications. Please reach out to MEMA through [this link](#) to be directed to your municipality's assigned MEMA project coordinator, who can assist you in this process.

FEMA PA Eligibility and Summary of Policy Changes

The eligibility guidelines for FEMA PA have changed multiple times throughout the life of the program, with the first notable change taking place in the fall of 2020. The "FEMA True Up Details" tab of the Reconciliation Period application template, linked [here](#), document the change in FEMA PA reimbursement eligibility that took place at that time (see the *Reconciliation Period Application Process* subsection of *Accessing your CvRF-MP Allocation*). Under the fall 2020 guidance, the following Attachment A expenditure subcategories were deemed FEMA PA eligible:

- First responder direct staffing costs - Overtime, additional hires, and/or backfilling staff who test positive
- Quarantine/isolation costs for first responders who may be infected and should not put household members at risk - or who should be kept apart from potentially infected household members
- Health insurance claims costs in excess of reasonably budgeted claims costs, and directly related to COVID-19 medical costs
- Use of public spaces/buildings as field hospitals
- Educational materials related to COVID-19
- Grocery and/or meals delivery - modeled on COA activities
- Signage and communication including translation services

On January 21, 2021, the President of the United States issued an Executive Order ("EO") that instructed FEMA to increase the reimbursement rate for eligible COVID-19 costs submitted to FEMA PA from 75 percent to **100 percent** for costs incurred between January 20, 2020 and September 30, 2021.¹ A&F's current understanding is that applicants do not need to take further action to receive additional funding for eligible expenses that have already been submitted.

Further, this EO indicated that FEMA PA should cover costs incurred to facilitate the safe reopening and operation of **all eligible facilities** (once limited to health care and emergency work settings, now interpreted to include schools, public buildings, etc.). On April 5, 2021, FEMA issued Policy FP-104-21-0003 describing the impact of this EO on the program. This policy update expanded the FEMA PA eligibility guidelines to include the following costs as eligible for FEMA PA reimbursement:

¹ Memorandum to Extend Federal Support to Governors' Use of the National Guard to Respond to COVID-19 and to Increase Reimbursement and Other Assistance Provided to States, [January 21, 2021](#) and Memorandum on Maximizing Assistance from the Federal Emergency Management Agency, [February 2, 2021](#)

- Costs associated with the purchase and distribution of face masks, including cloth face coverings not considered Personal Protective Equipment (PPE) by the US Food and Drug Administration (FDA)
- Cleaning and disinfection costs, including the “purchase and provision of necessary supplies and equipment in excess of the Applicant’s regularly budgeted costs”
- COVID-19 diagnostic testing costs
- Temperature screening and scanning equipment or devices
- Acquisition and installation of temporary physical barriers such as plexiglass dividers
- Signage to facilitate social distancing
- Purchase and storage of PPE based on projected need

Under this new expanded eligibility, the following Attachment A subcategories were also deemed FEMA eligible (in addition to the categories eligible under the fall guidance):

- Cleaning/Disinfection of public buildings
- PPE, including first responders, grocery store employees, gas station attendants and others who interact with the public
- Social distancing measures in public buildings
- Testing for COVID-19

Notably, the expanded eligibility guidelines highlighted in this April policy update **only apply to expenses incurred between January 21, 2021 and September 30, 2021**. Any expense incurred between January 20, 2020 and January 20, 2021 can still be reimbursed by FEMA at the revised rate of 100%; however, such expenses are subject to the FEMA PA eligibility standards that were in effect prior to this EO.

Accessing Your CvRF-MP Allocation

Certification to Participate in CvRF-MP

Municipalities are responsible for ensuring the eligibility of all uses of funds provided through the CvRF-MP. A&F requires municipal chief executives to complete and submit the CvRF-MP Certification Form ([Attachment B](#)).

The Certification Form is included in each of the Excel-based CvRF application workbooks. The Excel-based forms update automatically based on the application data. Municipalities are strongly encouraged to use the Certification Form generated in the application workbooks. Alternatively, municipalities may use the Certification Form attached to this guidance ([Attachment B](#)).

This document attests that a municipality will comply with all relevant rules and regulations associated with the CARES Act CvRF, including, but not limited to:

- Eligible uses
- Application for reimbursement through FEMA PA
- Quarterly reports on CvRF-supported spending as required by A&F
- Acknowledges that the municipality is obligated to return the balance of unspent funds as directed by A&F; and
- If the Treasury determines that the municipality did not comply with all relevant rules and regulations, the Commonwealth will recover such funds through an assessment or deduction from the municipality's periodic unrestricted local aid distribution.

Total Eligible Amount and Remaining Eligible Amount

As described above, the Commonwealth made up to approximately \$502 million available to municipalities through the CvRF-MP. These funds were allocated on a per capita basis. This allocation made a Total Eligible Amount available to municipalities (excluding Boston and municipalities in Plymouth County). Please see the Total Eligible Amounts document ([Attachment C](#)) for the Total Eligible Amount for each municipality.

Funding Disbursement – Summary of Rounds 1 and 2 and the Ongoing Reconciliation Period

In 2020, CvRF-MP was run as an advance lump sum payment program. Municipalities had two opportunities (Rounds 1 and 2) to apply for a payment to address estimated or incurred eligible expenses between March 1, 2020 and December 30, 2020 (this was ultimately extended until December 31, 2021) that had not already been covered by other sources including, but not limited to, previous CvRF-MP draw downs and FEMA PA reimbursements.

Round 1 was conducted in the summer of 2020; \$95.5 M in CvRF-MP funding was disbursed to 258 municipalities. Round 2 was conducted in the fall of 2020; \$224.0 M in CvRF-MP funding was disbursed to 267 municipalities.

Upon conclusion of Rounds 1 and 2, CvRF-MP was shifted to a reimbursement basis. This shift in administration took effect upon the commencement of the “Reconciliation Period” (functionally a “Round 3”) on December 17, 2020.

Originally, the Reconciliation Period was established to allow municipalities to draw from their remaining CvRF-MP award balance to cover unforeseen expenses incurred between October 2020 and December 2020, the original expiration date for the use of CvRF funds. However, with the extension of the “covered period” for use of CvRF to December 31, 2021, the Reconciliation Period was expanded into a rolling application period for municipalities to draw from their remaining CvRF-MP award balance on a reimbursement basis. The current deadline for

Reconciliation Period applications is **June 30, 2021**. This deadline will be reassessed once anticipated policy changes at the federal level have been implemented.

Reconciliation Period Application Process

Like Round 2, the application form is an Excel workbook template, which can be found on the DLS COVID-19 resources webpage, and is also linked [here](#). Please review the instructions included in the workbook template to complete the application form. Once the application is complete, applicants may submit the Excel workbook using this web-based submission portal: <https://www.mass.gov/forms/crf-mp-reconciliation-round-applicationsubmission>. As a reminder, the submission passcode is “Gwskd59q”.

FFO will review and approve applications on a rolling basis. Municipalities can submit multiple applications during the Reconciliation Period. However, A&F strongly recommends that municipalities minimize the number of applications to facilitate timely payment processing.

The Reconciliation Period application consists of two sections: “**FEMA True Up**” and “**New Expenditures**”.

The **FEMA True Up** section allows municipalities to draw from their remaining CvRF-MP award balance for expenses incurred between March 1, 2020 and January 20, 2021 under the original assumption that such expenses would be eligible for FEMA PA reimbursement and that were not ultimately not eligible for FEMA PA reimbursement due to a restrictive FEMA PA policy change that took place in the fall of 2020 (see the *FEMA PA Eligibility and Summary of Policy Changes* subsection within *FEMA Public Assistance Grant Program*). The impact of this policy shift is captured on the “FEMA True Up Details” tab. As you may remember, at that time, the FEMA PA reimbursement structure consisted of FEMA reimbursement at 75% of the cost of the eligible expense, with municipalities needing to cover the remaining 25% of the cost through another funding source, likely CvRF-MP. Therefore, the FEMA True Up section serves the purpose of allowing municipalities to draw down the remaining 75% of the cost of such relevant expenses within one of the spending categories outlined on the “FEMA True Up Details” tab that were incurred between March 1, 2020 and January 20, 2021 and were NOT ultimately eligible for FEMA PA reimbursement.

The **New Expenditures** section allows municipalities to draw from their remaining CvRF-MP award balance on a reimbursement basis for any eligible expense that was not funded through a Round 1 or Round 2 draw down. However, as outlined in the *FEMA PA Eligibility and Summary of Policy Changes* subsection of *FEMA Public Assistance Grant Program*, the April FEMA PA policy update means that different eligibility standards apply to expenses incurred either before or after January 21, 2021.

As a result of these timing and eligibility differences, municipalities must be cognizant of when an expense was incurred when completing the “New Expenditures” tab. The “FEMA Reimb.

Eligibility” tab of the Reconciliation Period application template outlines the various categories of CvRF eligible expenses and whether or not they are eligible for FEMA PA reimbursement, depending on the date when the expense was incurred.

Federal Spending Reporting Requirements

Federal CvRF Reporting Requirements

The Treasury OIG has released guidance related to reporting requirements for CvRF recipients. This guidance requires quarterly reporting for the Commonwealth. These deadlines may be subject to change. **As a result, A&F requires all relevant stakeholders to report on a quarterly basis.**

For all Commonwealth subrecipients, **report filings are due by 4:00 PM on the Report Filing Deadline date noted below:**

Cycle	Reporting Period	Subrecipient Report Filing Deadline	Prime Recipient (Commonwealth) Report Filing Deadline
1	3/1/2020 – 6/30/2020	9/25/2020	
2	7/1/2020 – 9/30/2020	11/13/2020	
3	10/1/2020 – 12/31/2021	3/5/2021	4/12/2021
4	1/1/2021 – 3/31/2021	6/4/2021	7/12/2021
5	4/1/2021 – 6/30/2021	9/3/2021	10/12/2021
6	7/1/2021 – 9/30/2021	12/3/2021	1/10/2022
7	10/1/2021 – 12/31/2021	3/4/2022	4/11/2022
8	1/1/2022 – 3/31/2022	6/3/2022	7/11/2022
9	4/1/2022 – 6/30/2022 (all adjustments complete)	9/2/2022	10/11/2022

CvRF-MP Quarterly Spending Reporting Guidelines and Relevant Materials

The most recent quarterly spending reporting template, for eligible expenses incurred between 10/1/2020 – 12/31/2020, can be found [here](#). Completed submissions can be uploaded through the following url: https://massgov.formstack.com/forms/reporting_municipal_covid19_spending. As a reminder, the submission passcode is “Gwskd59q”. In the event that you miss a quarterly spending reporting submission, please report the expenses from that quarter, as well as the quarter for the forthcoming submission, in one report to be submitted by the deadline of the forthcoming submission.

Treasury OIG requires reporting by type for all contracts, grants, loans, transfer to other government entities, and direct payments. Within each transaction type (Contracts, Grants, Loans, Transfers, or Direct Payments), organize transactions into Expenditure Category (Attachment A Subcategory).

Treasury OIG Definitions
Obligation - Commitment to pay a third party with CRF proceeds based on a contract, grant, loan, or other arrangement.
Expenditure - Amount that has been incurred as a liability of the entity (the service has been rendered or the good has been delivered to the entity). As outlined in Treasury’s Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments, performance or delivery must occur between March 1 and December 31, 2021 in order for the cost to be considered incurred; payment of funds need not be made during that time (though it is generally expected that payment will take place within 90 days of a cost being incurred).
Contract - Obligation to an entity associated with an agreement to acquire goods or services.
Grant - Obligation to an entity that is associated with a grant agreement. A grant agreement is a legal instrument of financial assistance between the prime recipient and entity that is used to enter into a relationship to carry out a public purpose and does not include an agreement to acquire goods or services or provide a loan.
Primary place of performance (contract, grant) - Address where the predominant performance of the contract or grant will be accomplished.
Period of performance start/end date (contract, grant) - Period of performance start date is the date on which efforts begin or the contract or grant is otherwise effective. Period of performance end date is the date on which all effort is completed or the contract or grant is otherwise ended.
Transfer to another government entity - Disbursement or payment to a government entity that is legally distinct from the prime recipient. The following organization types are considered another government entity: State government, County government, City/Township Government, Special District Government, US Territory or Possession, Indian/Native American Tribal Government (Federally Recognized), Indian/Native American Tribal Designated Organization.
Direct Payment - Disbursement (with or without an existing obligation) to an entity that is not associated with a contract, grant, loan, or transfer to another government entity. If the direct payment is associated with an obligation, then the obligation and expenditure should be reported. If the direct payment does not involve a previous obligation, the direct payment will be recorded when the expenditure is incurred.

FEMA PA Policy Changes and Their Impact on Quarterly Spending Reporting

As you may know, FEMA PA (see *FEMA Public Assistance Grant Program* for additional information) originally granted reimbursement for eligible expenses at a rate of 75% of the total cost of the expense. In order to incorporate the impact of this policy in federal quarterly spending reports filed to date (for all expenses incurred between 3/1/20 – 12/31/20) municipalities have only been reporting 25% of the total cost of FEMA PA eligible expenses as funded through

CvRF-MP, with the assumption that the remaining 75% of the cost of the expense will be funded through FEMA PA reimbursement.

Through a recent FEMA PA policy change (see the *FEMA PA Eligibility and Summary of Policy Changes* subsection within *FEMA Public Assistance Grant Program*) this reimbursement rate has been increased from 75% to 100% and applied retroactively to all eligible expenses incurred between **January 20, 2020 and September 30, 2021**.

FFO is planning to work with municipalities to make corresponding quarterly spending reporting adjustments for all previously reported expenses that are FEMA PA eligible on the forthcoming quarterly spending report, which is due on Friday, June 4. These adjustments will consist of “un-reporting” the 25% CvRF cost share for all FEMA PA eligible expenses by centrally removing these entries from your municipality’s list of reported CvRF-MP expenses to date.

FREQUENTLY ASKED QUESTIONS

Note: This version of this document replaces the December 15, 2020 version. If you have additional questions related to the CvRF-MP, 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 CvRF-MP?

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 CvRF-MP 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 CvRF-MP 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 31, 2021.

3. How do I know whether to apply for the CvRF-MP 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 CvRF-MP resources for costs that are ineligible from any other grant. Please note that applying for cashflow support is no longer a permissible request. A&F expects municipalities to seek [CvRF-MP](#) funds only for eligible uses as specified in [Attachment A](#).

4. 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 <https://www.doe.mass.edu/federalgrants/esser/> for more information.

5. How can I determine whether my costs are eligible for FEMA reimbursement?

The Massachusetts Emergency Management Agency (MEMA) can assist you with the FEMA application process, including guidance about eligible expenses. You can contact them through [this link](#). Additionally, feel free to refer to the materials on their website for municipal applicants: <https://www.mass.gov/info-details/fema-public-assistance-local-state-tribal-and-non-profit>.

6. If I chose not to apply for CvRF-MP resources in Round 1 and/or Round 2, will I still be eligible for the Reconciliation Period?

Yes. Communities did not forego eligibility if they chose not to request funds in Round 1 or Round 2. Further, the municipality's Total Eligible Amount (see [Attachment C](#)) does not change if they did not apply in Round 1 or Round 2.

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.

7. My municipality is in Plymouth County. How do I access CvRF-MP dollars?

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

Eligible Uses

8. Can CvRF-MP 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 CvRF-MP dollars include social distancing measures, sanitation items, disinfection equipment, and air filtration. The benefit of these measures must be received prior to December 31, 2021. Measures to increase social distancing, air filtration, or cleaning in public buildings that will not be in use for the public prior to December 31, 2021 are not an eligible use. Note that these uses are subject to the other restrictions that apply to all CvRF-MP 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 31, 2021).

9. Can CvRF-MP dollars be used to make major capital upgrades?

No. Capital expenditures are not an eligible use of the CvRF. CvRF-MP 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 COVID-19, unbudgeted as of March 27, 2020, and the costs incurred between March 1, 2020 and December 31, 2021. 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.

10. 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 CvRF-MP?

Costs must be unbudgeted as of March 27, 2020. Therefore, costs of salaried employees whose work has expanded is not an eligible cost of CvRF-MP funds, unless the employee's work assignment has fundamentally changed to respond to the public health emergency. Additional labor costs including extended hours of hourly workers are an allowable use, provided the additional time need was necessary to respond to or mitigate the effects of the public health emergency and can be documented.

11. Can CvRF-MP dollars be used to pay for additional costs associated with holding elections?

Yes. Note the normal restrictions that apply to all CvRF-MP 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 31, 2021).

Municipalities should be able to document the increase in costs compared to normal election costs.

12. Can CvRF-MP 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 CvRF-MP 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 31, 2021).

13. Are unused accrued compensation liabilities an eligible use of the CvRF-MP?

No. To be an eligible use of the CvRF-MP, expenses must be incurred during the period beginning March 1, 2020 and December 31, 2021. Accrued liabilities are not an expense during the incident period.

14. Are business assistance programs an eligible use of the CvRF-MP? The U.S. Treasury guidance says that such programs are eligible.

No. The guidance issued by the U.S. Treasury 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 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>.

15. Are COVID-related costs incurred by schools eligible uses of the CvRF-MP?

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, 2020 and December 31, 2021).

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: <https://www.doe.mass.edu/federalgrants/>. 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 CvRF-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.

16. 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 CvRF-MP?

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 31, 2021. Changes to the design of a school project, are not an eligible use of the CvRF-MP. 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.

17. Can entities other than municipalities, such as regional school districts, apply for CvRF-MP funds?

No. Municipalities are the only entities eligible to receive CvRF-MP allocations.

18. Can CvRF-MP dollars be used to purchase ambulances or other vehicles? 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 and other vehicles 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.

19. 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 CvRF. 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 CvRF-MP. 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.

20. Can CvRF-MP 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 31, 2021).

21. Can CvRF-MP 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 also that library expenses are not presumed to be eligible and restrictions that apply to all CvRF-MP 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 31, 2021). 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.

22. Can CvRF-MP 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 CvRF-MP 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 31, 2021). In your application, please categorize this request as an “Other Request” and provide detail to support that the expense meets these restrictions.

23. Can CvRF-MP dollars be used to pay for software systems and/or conversions to a paperless work environment?

Software purchases and paperless conversion projects 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 initiative was budgeted prior to March 27, 2020
- Whether your municipality contemplated and/or completed such efforts 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
- The number of employees that will be able to telework as a result of this initiative that are not able to telework currently
- What beneficial outcomes you expect your municipality to achieve by completing this project
- The date you expect the project to be completed.

24. Can CvRF-MP 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-19.

25. Can CvRF-MP dollars be used to operate a municipal COVID-19 testing program or purchase testing materials?

In short, municipalities may generally use CvRF money to purchase COVID-19 testing equipment, supplies, and services prior to December 31, 2021, 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 31, 2021 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.

26. 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?

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.

27. Can CvRF-MP 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.

28. Is Hazard Pay an eligible use of CvRF-MP funding?

Hazard pay is an eligible use of the CvRF, however, Treasury has very specific requirements regarding what types of hazard pay are eligible for funding under the CARES Act. These requirements are much narrower than traditional definitions of hazard pay. Hazard pay may be covered using payments from the CvRF only if it is provided for performing hazardous duty or work involving physical hardship that in each case is related to COVID-19. This means that hazard pay specifically may only be covered to the extent it is related to COVID-19.

Notwithstanding any previous agreements or collective bargaining terms to the contrary, hazard pay that is provided in compensation for employees working during a state of emergency is not eligible to be paid using the CvRF. Municipalities who have provided hazard pay using the CvRF must be able to document the specific COVID-related hazardous duty in each instance where said hazard pay was provided. Given this level of

specificity, municipalities who have previously offered hazard pay using the CvRF should contact the FFO to confirm they have proper documentation and identify alternative eligible uses of their funds if necessary.

29. Are heating, ventilation, and air conditioning (HVAC) repairs an eligible use of CvRF-MP dollars?

HVAC repairs in school buildings are an eligible use of CvRF-MP funding if necessary to meet federal CDC guidelines related to air quality in order to safely re-open school buildings. Please note, other sources of federal funding may become available to meet this need. Municipalities should explore all available options and ensure that the appropriate source of federal funding is charged for these projects. HVAC repairs in non-school buildings may be an eligible expense necessary to comply with public restrictions to prevent the spread of COVID-19 but are subject to the \$150,000 small capital project cost limitation listed in FAQ #9.

Process

30. Can my municipality apply for eligible expenditures that were incurred in 2020 in the Reconciliation Period?

Yes. In addition to applying for actual incurred expenses for 2021, eligible expenditures incurred in 2020 are still permissible for reimbursement in the Reconciliation Period. Please consult DLS Bulletin 2020-07 for more information on how to account for CvRF-MP dollars.

31. 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 **June 30, 2021**. Further information can be found in the *Accessing Your CvRF-MP Award* section of this document.

32. What are the reporting requirements for the CvRF--MP?

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 (see *Federal Spending Reporting Requirements*).

33. 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 CvRF.