



# Pandemic Recovery Office Coronavirus Relief Fund Guidance

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**Division Contact**  
jeremy.licht@doa.ri.gov

The purpose of this Coronavirus Relief Fund Guidance (“Guidance”) is to provide additional information to State Agencies regarding the use of funds from the Coronavirus Relief Fund (“CRF”). State Agencies and their subrecipients must follow this Guidance in their use of CRF Awards. The Pandemic Recovery Office will answer any questions you have about the use of CRF – *please come forward with questions*. We want to help State Agencies achieve their goals while keeping us compliant with federal rules.

The Pandemic Recovery Office will update this Guidance frequently as the federal government issues new guidance on the CRF and as State Agencies raise new questions about the use of the CRF. The Pandemic Recovery Office also has a [website](#) where it will post useful information on the CRF, including updates to this guidance, and other federal COVID funding issues.

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## Applicability & Some Key Terms

This Guidance applies to all **CRF Awards** and all **State Agencies** and their **Subrecipients**.

A **CRF Award** means funding from the Coronavirus Relief Fund (“CRF”) that a State Agency has been authorized to spend. CRF Awards are allocated from the \$1.25 billion CRF distribution received by the State and administered by the Department of Administration.

**State Agency** means any state agency, office, department, division, commission, board, council, or other entity of the state.

**Subrecipient** means, generally, an entity that receives money from a CRF Award from a State Agency to carry out part of a federally funded program; but does not include an individual that is a beneficiary of such program or a contractor that provides goods or services. For further explanation of a Subrecipient, consult the definition in the Uniform Administration Requirements, Cost Principles, and Audit requirements for Federal Awards, 2. CF.R. § 200 et seq.

## What kind of costs are eligible for CRF Awards?

**CRF Awards** can **ONLY** cover costs that are:

- **Necessary**, i.e. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
- **Unbudgeted**, i.e. 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; and
- **Incurred between March 1 and December 30**, i.e. were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

**CRF Awards** **CANNOT** be used for:

- Government revenue replacement.
- Costs that are charged to other federal funding sources. This is the prohibition on “double dipping.”

## Where can I find more information on the rules for CRF Awards?

The U.S. Department of Treasury (“Treasury”) has issued [guidance](#) on the use of the CRF and [FAQs](#) on the use of the CRF. Treasury updates these periodically. The State’s Pandemic Recovery Office provides interpretations of the Treasury guidance that are binding on State Agencies and their Subrecipients.

Please come to the Pandemic Recovery Office with any questions about acceptable uses of the CRF Awards. The Pandemic Recovery Office also has a [website](#) where it will post useful information on the CRF and other federal COVID funding issues.

## What kind of costs are necessary due to the public health emergency?

Necessary costs include expenditures that allow the State 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. Lists of examples of necessary costs are found in Appendix A.

### *How do I know if a cost is necessary to address the public health emergency?*

State Agencies must receive approval from the Office of Management & Budget and the Pandemic Recovery Office prior to be authorized to spend a CRF Award. During that process, OMB and the Pandemic Recovery Office will help the State Agency determine whether a cost is necessary or not and will define the use of the CRF Award to ensure that only necessary costs are charged to CRF.

If you have any questions about whether a cost is necessary, please contact the Pandemic Recovery Office.

### *Are there any prohibited costs?*

Yes. Any cost that does not meet the basic CRF eligibility criteria are prohibited. In addition, CRF Awards cannot pay for revenue replacement, the state share of Medicaid, damages covered by insurance, expenses covered by another federal program, reimbursement to donors for donated goods or services, workforce bonuses other than hazard pay or overtime, severance pay, or legal settlements.

### *Are administrative or indirect costs allowable on a CRF Award?*

No. Because administrative or indirect costs are not direct costs that address the pandemic, they are not allowable costs for a CRF Award. This rule applies to State Agencies and their

Subrecipients. The Pandemic Recovery Office has issued a [Coronavirus Relief Fund Indirect and Administrative Costs Policy](#) addressing this issue in greater detail.

### *Can payroll expenses be charged to a CRF Award?*

Yes, in certain circumstances. However, State Agencies cannot charge payroll to a CRF Award without specific authorization from the Office of Management & Budget. The Office of Management & Budget will issue guidance on this subject periodically.

## **What does it mean for a cost to be unbudgeted?**

A cost is unbudgeted if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within the state budget as of March 27, 2020 or (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

## **What does it mean for a cost to be incurred by December 30, 2020?**

CRF Awards can only be used for costs incurred between March 1, 2020 and December 30, 2020, also known as the “**covered period.**” Generally speaking, for a cost for a service or good to be considered to have been incurred in the covered period, ***performance or delivery for the service or good (1) must occur during the covered period and (2) must need to occur during the covered period.*** Thus, the cost of a good or service received during the covered period will not be considered eligible ***if there is no need for receipt until after the covered period has expired.*** Payment does not have to occur in the covered period, but should generally occur within 90 days of the covered period.

For example, in the case of a lease of equipment or other property, you can only charge to a CRF Award the cost of a lease payment for the period of the lease that is within the covered period, but not otherwise.

Given that it is not always possible to estimate with precision when a good or service will be needed, the touchstone in assessing the determination of need for a good or service during the covered period will be reasonableness at the time delivery or performance was sought, e.g., the time of entry into a procurement contract specifying a time for delivery.

### *Are there any exceptions to the December 30 deadline?*

There are some exceptions, but they are narrow:

- First, the cost of a good that must be delivered in December in order to be available for use in January could be covered with a CRF Award.

- Second, the cost of goods purchased in bulk and delivered during the covered period may be covered using a CRF Award if a portion of the goods is ordered for use in the covered period and ***the bulk purchase is consistent with usual procurement policies and practices, and it is impractical to track and record when the items were used.***
- Third, if a State Agency enters into a contract requiring the delivery of goods or performance of services by December 30, 2020, the failure of a vendor to complete delivery or services by December 30, 2020 will not affect the ability to use a CRF Award to cover the cost of such goods or services if the delay is due to circumstances beyond the recipient's control.

*Must subrecipients incur costs by December 30?*

Yes. Subrecipients received part of a CRF Award from a State Agency must incur all costs by December 30. State Agencies must include in their agreements with Subrecipients language that requires Subrecipients to meet this deadline.

*What about advance payments for a good or service?*

Advanced funds will conform to the period of completion noted above. Simply stated, the contracted goods or services must be received or performed by December 30, 2020.

## Appendix A: Examples of Permissible CRF Expenditures

Eligible expenditures include, but are not limited to, payment for:

1. Medical expenses such as:
  - a. COVID-19-related expenses of public hospitals, clinics, and similar facilities.
  - b. Expenses of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs.
  - c. Costs of providing COVID-19 testing, including serological testing.
  - d. Emergency medical response expenses, including emergency medical transportation, related to COVID-19.
  - e. Expenses for establishing and operating public telemedicine capabilities for COVID-19- related treatment.
2. Public health expenses such as:
  - a. Expenses for communication and enforcement by State, territorial, local, and Tribal governments of public health orders related to COVID-19.
  - b. Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment, for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers in connection with the COVID-19 public health emergency.
  - c. Expenses for disinfection of public areas and other facilities, e.g., nursing homes, in response to the COVID-19 public health emergency.
  - d. Expenses for technical assistance to local authorities or other entities on mitigation of COVID-19-related threats to public health and safety.
  - e. Expenses for public safety measures undertaken in response to COVID-19. • Expenses for quarantining individuals.
3. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID19 public health emergency.
4. Expenses of actions to facilitate compliance with COVID-19-related public health measures, such as:
  - a. Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
  - b. Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.
  - c. Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.
  - d. Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.

- e. COVID-19-related expenses of maintaining state prisons and county jails, including as relates to sanitation and improvement of social distancing measures, to enable compliance with COVID-19 public health precautions.
  - f. Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.
5. Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, such as:
- a. Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
  - b. Expenditures related to a State, territorial, local, or Tribal government payroll support program.
  - c. Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.