CARES Act Funding Guidance

On March 27, 2020 the President signed the Coronavirus Aid, Relief and Economic Security (CARES) Act which provided $1.25 billion to the State of Utah. Of that $1.25 billion, Salt Lake and Utah Counties will receive direct appropriations based on population. Up to 45% of the overall amount may be spent by local governments according to the below guidance and process. If distribution becomes available to your municipality, it will need to come from the State of Utah or Salt Lake or Utah Counties. ULCT is working with them, UAC, and all stakeholders to determine a potential process based on the Treasury guidance.

The legislation allows for unbudgeted expenditures incurred by the State and local governments related to COVID19 between March 1, 2020 and December 30, 2020. It is our interpretation that if a municipality budgets for COVID-19 related costs in the next fiscal year, those costs won't be reimbursed with CARES Act funds.

Yesterday, April 22 the U.S. Treasury issued additional guidance on local government CARES Act funds.

The CARES Act states that payments may only be used to cover costs that:

1. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19);
2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

The U.S. Treasury interprets a “necessary” expenditure as an expenditure that “is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.” Below is a summary of the guidance provided. ULCT will be working with the State and federal delegation to get additional clarifications.

The U.S. Treasury’s guidance identifies five main areas for CARES Act funds utilization:

1. Medical
a. Temporary medical facilities, testing costs, or medical transportation

2. Public Health
   a. Communication and enforcement of public health orders, purchases of medical and protective supplies, additional sanitization products, protective equipment, disinfection of public areas, technical assistance, public safety measures, etc.

3. Payroll for employees
   a. Only for those employees who spend a substantial amount of time responding to COVID-19

4. Compliance costs
   a. Telework costs, paid sick and family medical leave, vulnerable population support, homeless population precautions

5. Economic support
   a. Grants to small business or payroll support program

Items not covered by CARES Act funds:
1. Lost revenues or budget shortfalls
2. Medicaid
3. Damages
4. Payroll for employees NOT dedicating a majority of their time responding to COVID-19
5. Expenses covered by another federal program providing funds
6. Severance pay
7. Legal settlements
8. Reimbursement for donated items
9. Workforce bonuses (excludes hazard and overtime pay)