

## CORONAVIRUS RELIEF FUNDS – FEDERAL PARAMETERS

Joint Fiscal and Legislative Council

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*Note: Appropriations of CRF monies must be made with the knowledge that the statutory and regulatory context and related guidance are changing constantly. Additional federal action could further change the potential for and appropriateness of CRF usage.*

### **Coronavirus Aid, Relief, and Economic Security (CARES) Act language**

The CARES Act and U.S. Department of the Treasury (U.S. Treasury) guidance say that payments from the Fund 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.*

### **Guidance documents**

Guidance from the U.S. Treasury is available here: [CRF Guidance April 22, 2020](#)

Vermont's Executive Branch has also issued guidance, which is likely subject to change as federal laws and guidance change. It can be found here:

[May 6th Administration guidance](#), with additional guidance here: [May 26th update](#)

The U.S. Department of the Treasury has issued several sets of frequently asked questions (FAQs), most recently updated on May 28, 2020. That recent guidance is available here:

[CRF FAQ update May 28, 2020](#)

### **Considerations for spending CRF monies**

Here are some of the key contextual issues to be aware of when spending CRF monies:

- **Actual expenditure required.** Funds must be *expended*—not just allocated or appropriated—by December 30, 2020 or they will be returned to the U.S. Treasury.
- **Costs incurred by December 30.** Costs must have actually been *incurred* by December 30, 2020 in order to use CRF monies to cover them.
- **Relationship to COVID-19.** Costs must be *necessary* expenditures incurred *due to, or as a result of*, the COVID-19 health emergency.
- **Determination of necessity.** U.S. Treasury guidance suggests use of CRF monies often depends on the State's determination that a specific expenditure is necessary.
- **Revenue replacement prohibited.** CRF monies *cannot* be used for any government revenue replacement, including helping taxpayers meet their tax obligations.

- **Loan repayment.** Loans of CRF monies for eligible expenditures that are repaid *before* December 30, 2020 may be repaid to the State to use for other eligible purposes. Loans repaid *after* December 30, 2020 must be repaid to the U.S. Treasury.
- **Clawback.** Vermont must *repay* to the U.S. Treasury any CRF monies used for purposes that the U.S. Treasury determines to have been ineligible for CRF.

### **Examples of CRF-eligible expenditures**

The U.S. Treasury has provided many examples of CRF-eligible expenditures, including:

- Expenses related to COVID-19 contact tracing
- Expenses for food delivery to residents, such as vulnerable populations, to enable compliance with COVID-19 public health precautions
- Grants to small businesses to reimburse costs of business interruption caused by required closures due to the public health emergency
- Employment and training programs for employees furloughed due to public health emergency, if government determines programs are necessary due to emergency
- Support for a state's unemployment insurance fund due to public health emergency
- Grant programs to prevent eviction and assist in preventing homelessness
- Projects to expand rural broadband capacity to assist with distance learning and telework, but only if expected to increase capacity to significant extent relating to need for distance learning and telework due to the current public health emergency

### **Examples of uses of ineligible expenditures from the CRF**

The U.S. Treasury has indicated that the following, among others, are not CRF-eligible expenditures:

- Assisting property owners to pay their property taxes (with a possible exception in certain circumstances to prevent foreclosure)
- Broad-based financial support not based on a determination of necessity, although some flexibility may be permitted based on administrative feasibility
- Capital improvement projects providing potential economic development to a community, unless they are necessary expenditure incurred due to the current public health emergency and projects are complete by December 30
- Prepaying contracts, if not consistent with ordinary policies and procedures
- Replacing government revenues
- Rural broadband projects that would not significantly increase capacity until after the current public health emergency is over.

### **Vermont's CRF allocations**

A list of Vermont CRF allocations to date can be found here: [Vermont CRF Tracker](#)