

CARES Act Funding: Criteria for State Use

General Criteria

Under the CARES Act, payments from the Corona Relief Fund may only be used to cover costs that:

1. Are necessary expenditures incurred due to the public health emergency caused by 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.

Necessary Expenditures

- The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency.
- These may include expenditures incurred to:
 - Allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs
 - Respond to second-order effects of the emergency, such as providing economic support to those suffering employment or business interruptions due to COVID-19-related business closures.
- Examples of “necessary expenditures” provided by U.S. Treasury include:
 - Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
 - Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
 - Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund’s eligibility criteria.

Costs Incurred

- Costs must be incurred between March 1, 2020, and December 30, 2020.
- A cost is “incurred” when the responsible unit of government has expended funds to cover the cost—i.e. the funds must be spent by December 30, 2020.

Non-eligible Expenses

- Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute.
- Costs that were not accounted for in the budget most recently approved as of March 27, 2020.
- Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.