

# 7/31 County Webinar

July 31, 2020

# Agenda

- I. Meeting Called to Order
- II. Recovery Office Updates
- III. Prudent and Eligible Expenditure of Funds
- IV. FAQs
- V. Next Steps

Agenda Item II

# Recovery Office Updates

# Office of Recovery Updates

- General Updates
  - The Office of Recovery is expanding its staff and has a new Executive Director. Secretary of Transportation Julie Lorenz will serve in a dual role as ED of the Recovery office and Secretary of KDOT.
- Round One Updates
  - We have posted the questions from Wednesday's Zoom along with "frequently asked determinations" on the website.
  - We are looking at ways to be more flexible and practical in the report/plan approval process. More details on that soon.
- Round Two Updates
  - The State Finance Council has approved all proposals for the investment areas of Public Health, Education, and Economic Development. They will consider the Connectivity proposals next week after additional review. All materials from the State Finance Council can be found here: <https://covid.ks.gov/spark-meetings/>
  - Agencies are beginning to develop implementation processes for approved Round 2 programs. We will have more details on applications, distribution timelines, etc. in the coming weeks.

# Office of Recovery Updates

- Please centralize communication and requests for guidance interpretation through your primary point of contact – this includes Requests for Guidance Interpretation.
- We are continuing to answer questions via the [recovery@ks.gov](mailto:recovery@ks.gov) email. Please submit all general inquiries about timelines, forms, etc. there.
- We'd like to reiterate something the toolkit – a top priority for counties should be to spend funds on **sourcing** and **securing** needed PPE supplies from outside vendors using their funds. State resource's such as KDEM for PPE, are a last resort.

# Office of Recovery Updates

- Additional key clarifications:
  - **Can non-profits be reimbursed for loss of fundraising revenue?** Counties may make grants to small businesses, including non-profits, to reimburse the costs of business interruption caused by required closures, so long as the expenditures are reasonably determined to be necessary. Non-profits are also eligible for public health related funds such as grants for PPE, cleaning supplies, etc.
  - **Can small businesses get money for income losses even if they didn't close?** Yes, businesses do not have to close in order to receive a grant or loan if the county determines that their losses are due to the COVID-19 emergency.

# Reporting and Planning Overview for August 15<sup>th</sup> Deadline

- By **August 15<sup>th</sup>**, you will submit two documents to the Office of Recovery through the online submission portal:

## County Reimbursement Reporting Form

- Presented during the July 9<sup>th</sup> Webinar
- Official reporting document to track reimbursements for the reporting period of **March 1<sup>st</sup> – July 31<sup>st</sup>**
- Reimbursements can be either for the county or for subrecipients.
- To be used for accounting and compliance purposes.

## Direct Aid Planning Form

- Presented during the July 10<sup>th</sup> webinar.
- A planning tool used to outline spending plans for remaining funds. Should incorporate all funds not accounted for in the reimbursement reporting form. **Must be approved before direct funds are spent.**
- Can include transfers to sub-recipients, county level planned spending, or new programs.
- Can be amended as needed beyond August 15<sup>th</sup>.

# What does Round 2 mean for Counties?

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- State investments are intended to supplement and augment your work at the county level. They are also intended to provide additional funds for specific services, priorities, and needs.
- Continue to provide reimbursements to institutions even if they are eligible for state investments for other priorities. Rules on duplication of funds still apply – no cost may be reimbursed twice.
- Continue to create business/other grant programs as you deem necessary, the state programs do not have enough funds to cover all the demand and are intended to support your investments.
- Continue to prioritize critical community level investments with your remaining funds to support priorities like rent/utility assistance, business/childcare support, nursing home support, etc. Use the toolkit and webinars for ideas.

Agenda Item III

# Prudent and Eligible Expenditure of Funds

# Key considerations for prudent and eligible expenditure of CRF Funds

- **All funds must be for necessary COVID-19 related expenditures.** That means that all expenditures need to be for what is necessary to prevent the spread of the disease, address the economic and health impacts of COVID-19, actions to facilitate health measures. Expenses must also be unaccounted for or substantially different from any expected use of funds.
- **Start with necessary COVID-19 priorities, and then determine what goods, programs, etc. are needed to support those priorities.** Not the other way around. This will help ensure that all items are necessary COVID-19 expenses.

# Key considerations for prudent and eligible expenditure of CRF Funds

- **Example: Replacement of existing inventory, infrastructure, etc.** If you or a sub-recipient plan use CRF funds to replace existing infrastructure or inventory, you must ensure that the replacement is clearly necessary to combat the impact of COVID-19. For example, you cannot simply replace a vehicle because it has a significant number of miles or renovate a building because it is older. You must illustrate that the replacement is necessary for COVID-19. So, you could buy an additional EMS vehicle to better provide health services to COVID-19 patients or use funds to fix a broken vehicle. Similarly, you can make capital investments in a building to support public health goals like adding plexiglass dividers for public-facing government offices.

# Next Steps for Guidance Interpretation Requests

- **We would like counties to make county-level determinations as much as possible for eligibility of expenses.** Consult the federal and state guidance and ensure that you can provide a clear justification for why that expense is necessary to combat COVID-19 or its economic impacts on your counties.
- **Prioritize funds for directly and clearly eligible expenses.** Expenses clearly allowed in the guidance like small business support, rent assistance, distance learning support, public health investments, etc. should all be prioritized.
- **We will continue to provide broader guidance to help frame your eligibility decision making at the county level and post frequently asked questions.** Counties should try to make determinations on one-off eligibility questions as much as possible.

Agenda Item IV

# FAQs

# Reminder: Updates to the Direct Aid Template

- New Direct Aid Template and associated memo are posted on <https://covid.ks.gov/spark-recovery-office/>
- This document should **not** be used to record already incurred expenditures or reimbursements, it is **not** a reporting form
- What has changed?
  - There are now three types of tabs: planned independent expenditures, program tabs, and transfer tabs.
  - The program tab now includes a budget narrative to ensure that there are justifications for all expenditures.
  - All transfers to schools, cities, etc. should now be in a separate transfers tab, with itemized expected expenditures for that transfer.

# Selected FAQs

- **Q: Are vehicles and Health Department trailers both acceptable expenses, and would there be any restriction on the vehicle?**
  - A: Purchase of vehicles for the Health Department would most likely qualify for funding if the County reasonably determined the equipment was necessary to increase COVID-19 treatment capability. Note that vehicle replacement would not be an eligible expense. The expenditure must be deemed reasonably necessary due to the public health emergency.
- **Q: Can counties give loans to for-profit entities rather than only grants?**
  - A: Counties may provide loans to for-profit or non-profit entities if they choose to do so. However, grants are highly encouraged due to the difficulty of loan repayment because the economic stresses of the pandemic and the complexities of managing a loan program during the short expenditure period of 3/1 – 12/30.
- **Q: When considering infrastructure investments to make the December 30<sup>th</sup> timeline, is it sufficient to have funds obligated? Or would having a signed contract and putting funds into escrow be acceptable?**
  - A: Under the federal guidance, a contract and escrow is not sufficient. Performance or delivery must occur during the Covered Period of March 1 – December 30, 2020. Accordingly, if the expenditure is for something that cannot be delivered and used during that time period, it is not eligible. The guidance gives some flexibility for unforeseeable delays during delivery, but if you know the good or service cannot be delivered and used before December 30, it is not an eligible expense.

# Additional Selected Clarifications

- Payroll reporting:
  - All payroll reporting needs to be in a single line item for each job position, on the county and/or the subrecipient expenditure report. Payroll costs cannot be combined into one line item due to the potential complications as a result of ambiguous reporting.
  - If a single employee's entire salary is eligible for reimbursement, even if they were paid bi-weekly, that one employee's salary may be reported in one line item. Note in the comments the dates/pay periods encompassed in the requested reimbursement.
  - EIN Column on Reporting Template
  - The EIN column is highly recommended to be filled out on your report but not required. If the EIN is difficult to obtain, the vendor name is sufficient. For example, the vendor name would be the name of the company providing the product, not Amazon.
- Interest accounts for CRF Disbursements
  - Upon further conversations with counties, some counties do not have options to put funds in a not interest-bearing account. Right now our recommendation is not put CRF funds in accounts that accrue interest due to the complexities with reporting. We will review options for how to record and report interest earned on CRF disbursements for those counties with no other options.

Agenda Item V

# Next Steps

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- Continue to streamline questions to one central person at your county – you should be receiving emailed answers to your questions.
- Next Webinar: As of now, the next webinar is next Friday, August 7th. We will most likely add a webinar for next Wednesday. Please watch out for an email that will clarify.
- As we get closer to the deadlines for key reports, we will continue to answer questions and provide time during webinars for Q&A. As mentioned, we ask that counties try to make expenditure reasonability determinations themselves as much as possible. Continue to evaluate if expenditures are necessary for COVID-19.