

8/12 County Webinar

August 12th, 2020

Agenda

- I. Updates from Department of Commerce on Round 2 Programs
- II. Recovery Office Updates
- III. New Federal Guidance
- IV. FAQs
- V. Next Steps

Agenda Item I

Update from Department of Commerce – Round 2

Important Dates

- Portal at kansascommerce.gov will open tomorrow—**Thursday, August 13th at 4pm**
- At that time, you will be able to view the applications only
- Applications will be accepted beginning **Wednesday, August 19th at Noon**
- We are providing this five-day review period to ensure enough time for outreach to businesses large and small across the state about these funding opportunities



Agenda Item II

Office of Recovery Updates

Office of Recovery Updates

- General Updates
 - The Office of Recovery has brought on Doug Gerber as the County Projects Director. We are very excited to welcome him to the team.
- Round One Updates
 - We have posted the a single FAQ document with all of questions so far on the website.
 - So far, we have provided over 150 guidance interpretation responses and continue to respond to general questions via the recovery@ks.gov email inbox.
 - We plan to provide details soon concerning the approval process for plans. We are also working to provide you all a new reporting document to use **beyond** the 8/15 deadline that will incorporate new federal reporting requirements. The forms for the 8/15 deadline will not change.
 - Since 8/15 is a Saturday, there will be a grace period until Monday, 8/17 At 5:00PM.
 - We have received a number of direct aid plans and reimbursement/reporting spreadsheets. You should receive an email confirmation once submitted. We are working to finalize a consultant/accounting contract to help ensure speedy review of these reports.

Office of Recovery Updates

- Round Two Updates

- On Monday 8/10, the State Finance Council approved the \$60 million in investment for the connectivity, state agency reimbursements, and up to \$5 million for a consultant contract.
- Agencies are finalizing applications for Round 2 programs and we will be releasing more information in the coming weeks as portals open. Look for additional webinars or communications from agencies or from the Office of Recovery.
- Continue to review materials from SPARK Steering and Executive Committee meetings as well as State Finance Council presentations. All materials can be found here: <https://covid.ks.gov/spark-meetings/>

Office of Recovery Updates

- Key clarification:
 - **Q: If a State transfers Fund payment to its political subdivisions, would the transferred funds count toward the subrecipients' total funding received from the federal government for purposes of the Single Audit Act?**
 - A: Yes. The Fund payments to subrecipients would count toward the threshold of the Single Audit Act and 2 C.F.R. part 200, subpart F re: audit requirements. Subrecipients are subject to a single audit or program- 11 specific audit pursuant to 2 C.F.R. § 200.501(a) when the subrecipients spend \$750,000 or more in federal awards during their fiscal year.
 - **Q: Are counties permitted to use payments from the Fund to cover the expenses of an audit conducted under the Single Audit Act??**
 - A: Yes. Recipients are permitted to use payments from the Fund to cover the expenses of an audit conducted under the Single Audit Act. Subrecipients are subject to a single audit or program- 11 specific audit pursuant to 2 C.F.R. § 200.501(a) when the subrecipients spend \$750,000 or more in federal awards during their fiscal year.
 - **We are expecting additional guidance on the ability to hold funds beyond 12/30 for a federal audit.**
 - **We have posted Federal Audit Requirement Guidance on the [covid.ks.gov](https://www.covid.ks.gov) website.**

Office of Recovery Updates

- Additional key clarifications:
 - **Can I reimburse entities for donations they provided to the county?** No. Reimbursement for donations is not an eligible expense.
 - **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.
 - **Can private schools and colleges get reimbursements?** : Private schools can apply directly to a county to receive funds or reimbursements just as any other business or other entity would. According to the County resolution, counties are only **required** to provide reimbursements to public educational institutions and municipalities. Counties have the **option** to provide reimbursements to other entities such as private schools, subject to the requirements of the CARES Act.

Office of Recovery Updates

- Potentially protected sheet on County Reimbursement and Reporting Spreadsheet:
 - **We have been notified that some new versions of the county reimbursement and reporting spreadsheet have some sheets as password protected like the “County Report Summary”:** That issue should be fixed on the version online. If you are still having issues, the password is “**donotuse**” for any protected sheets.

Next Steps for Guidance Interpretation Requests

- **We would like counties to utilize resources like their county counsel and FAQs to make county-level determinations as much as possible for eligibility of expenses.** Consult the federal guidance, state FAQs, webinars, internal legal staff and other resources as much as possible 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.
- **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.
- **We will continue to communicate federal guidance as it comes in.** Counties should try to make determinations on one-off eligibility questions as much as possible.





Prioritizing Community Level Investments

- State Round 2 and 3 intended to address state-wide priorities to mitigate the spread of COVID-19 and address the secondary impacts of the disease on the entire state. Round 1 funds are intended to help counties prioritize and address community-level impacts of the COVID-19 pandemic.
- 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.

Ideas for county investments



- Counties can follow this guidance to align priorities to state themes for investments

INVESTMENT IDEAS BY COUNTY OBJECTIVE				
STATE-LEVEL FOCUS AREAS	1. Making our public institutions whole	2. Protecting the health of Kansans, now and beyond	3. Ensuring that businesses and non-profits can re-open safely and rebound from COVID-19	4. Building resilient communities
 <p>HEALTH <i>Advance public health and respond to future outbreaks</i></p>	<ul style="list-style-type: none"> Reimbursement for already incurred health costs such as protective equipment, testing supplies, EMS, etc. 	<ul style="list-style-type: none"> Testing Medical Supplies Emergency Management Contact Tracing County jail grants 	<ul style="list-style-type: none"> Grants for public health infrastructure improvements Funds for PPE, supplies, digital thermometers, etc. 	<ul style="list-style-type: none"> Vaccine deployment Investments 90 supplies of equipment Expand contract tracing infrastructure
 <p>CONNECTIVITY <i>Enable remote connectivity through investments in technology and digital infrastructure</i></p>	<ul style="list-style-type: none"> Reimbursements for already incurred connectivity costs such as laptops, telemedicine equipment, etc. 	<ul style="list-style-type: none"> Telehealth technology investments Digital infrastructure grants for hospitals and clinics 	<ul style="list-style-type: none"> Software and hardware improvements for post-COVID workplaces Remote work support and investments 	<ul style="list-style-type: none"> Broadband Investments Training and digital infrastructure improvements to improve inter-agency coordination
 <p>ECONOMIC DEVELOPMENT <i>Protect livelihoods of affected individuals, invest in communities, and support businesses</i></p>	<ul style="list-style-type: none"> Reimbursements for already incurred economic development costs such as existing COVID-19 grant programs to business, etc. 	<ul style="list-style-type: none"> Programs to care for homeless populations Funds for food distribution and inventory Grants to senior-care centers for health expenses Evictions and rent assistance 	<ul style="list-style-type: none"> Grants for small businesses and non—profits COVID-19 related workforce retraining programs Worker support and hazard pay programs 	<ul style="list-style-type: none"> Unemployment insurance Childcare and early childhood investments for essential workers
 <p>EDUCATION <i>Provide quality education and resources to all students</i></p>	<ul style="list-style-type: none"> Reimbursements for already incurred education costs such as tech for distance learning, training for teachers, etc. 	<ul style="list-style-type: none"> School-based mental health Safety and health supplies for schools Distance Learning support Technology for students 	<ul style="list-style-type: none"> Funding for student-focused non-profits for remote services Grants to childcare providers for operating costs, health supplies 	<ul style="list-style-type: none"> School Infrastructure Investments School Lunch and food delivery investments

All investments must meet CARES Act spending requirements

Agenda Item III

New Federal Guidance

Updates from the 8/10 Federal Guidance

- The updated federal guidance as of 8/10 can be found here:
<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>
- Questions 49-52 are new additions:
 - **Are States permitted to use Coronavirus Relief Fund payments to satisfy non-federal matching requirements under the Stafford Act**
 - Yes. As previous guidance has stated, payments from the Fund may be used to meet the non-federal matching requirements for Stafford Act assistance to the extent such matching requirements entail COVID-19-related costs that otherwise satisfy the Fund's eligibility criteria and the Stafford Act. States are fully permitted to use payments from the Fund to satisfy 100% of their cost share for lost wages assistance recently made available under the Stafford Act.
 - **If governments use Fund payments as described in the Guidance to establish a grant program to support businesses, would those funds be considered gross income taxable to a business receiving the grant under the Internal Revenue Code (Code)?**
 - Yes. The receipt of a government grant by a business generally is not excluded from the business's gross income under the Code and therefore is taxable. However, a grant made by the government of a federally recognized Indian tribe to a member to expand an Indian-owned business on or near reservations is excluded from the member's gross income under the general welfare exclusion. For more information:
<https://www.irs.gov/newsroom/cares-act-coronavirus-relief-fund-frequently-asked-questions>

Updates from the 8/10 Federal Guidance

- Questions 49-52 are new additions:
 - **If governments use Fund payments as described in the Fund Guidance to establish a loan program to support business, would those funds be considered gross income taxable to a business receiving the loan under the Code?**
 - Generally, the receipt of loan proceeds is not included in gross income. However, if the government forgives all or a portion of the loan, the amount of the loan that is forgiven is generally included in gross income of the business and is taxable unless an exclusion in section 108 of the Code or other Federal law applies. If an exclusion applies, an equivalent amount of any deductions, basis, losses or other tax attributes may have to be reduced in accordance with the Code or other Federal law.
 - **At what point would costs be considered to be incurred in the case of a grant made by a State, local, or tribal government to cover interest and principal amounts of a loan, such as might be provided as part of a small business assistance program in which the loan is made by a private institution?**
 - A grant made to cover interest and principal costs of a loan, including interest and principal due after the period that begins on March 1, 2020, and ends on December 30, 2020 (the “covered period”), will be considered to be incurred during the covered period if (i) the full amount of the loan is advanced to the borrower within the covered period and (ii) the proceeds of the loan are used by the borrower to cover expenses incurred during the covered period. In addition, if these conditions are met, the amount of the grant will be considered to have been used during the covered period for purposes of the requirement that expenses be incurred within the covered period. Such a grant would be analogous to a loan provided by the Fund recipient itself that incorporates similar loan forgiveness provisions. As with any other assistance provided by a Fund recipient, such a grant would need to be determined by the recipient to be necessary due to the public health emergency.

What expected info wasn't included in the new round of Federal Guidance?

- Capital projects like the construction of new building – it was mentioned briefly on the 8/6 webinar that only construction projects for “temporary facilities, buildings, etc.” are allowed. **We are still waiting for more information on this new guidance and what it means for you.**
- We are still waiting for additional information on:
 - Litigation Defense Costs
 - Setting aside funds for close-out costs like a potential audits
 - **Payroll Costs / Substantially Dedicated / Public Safety / Public Health**
 - Feds may tighten up eligible payroll expenses, we recommend taking a more conservative approach to payroll (avoid crediting entire agencies to CRF) and focusing on community-level investments
 - Expenses of Tax Anticipation Notes
 - Construction projects and other capital investments

New Federal Reporting Requirements as of 7/31

- The new guidance requires the state to report additional project information on the status of programs, including new expenditure categories to further clarify areas of spending.
- It also requires contracts, grants, transfers, direct payments, and loans of greater than \$50,000 to be reported along with specific information (amount, borrower, obligation amounts) for each entry.
- **What does this mean for counties?** At this time, this new guidance does **not** change any of the reporting forms you are required to submit by 8/15. However, we are reviewing what additional information will be needed from counties for subsequent reports. If there are any substantial changes required for your accounting practices, we will notify you in the coming week.

New Federal Reporting Requirements as of 7/31 cont.

- The reporting spreadsheets for the 8/15 deadline will not change.
- For reporting beyond the 8/15 deadline, we will provide you a new reporting spreadsheet that incorporates the new federal requirements. That new Excel spreadsheet will allow you to accurately track monthly expenditures for you and your sub-recipients. It will be very similar to the spreadsheet you and your sub-recipients have already been filling out.

Agenda Item IV

FAQs

Selected FAQs

- **Q: Will the state allow encumbrances for expenditures using CRF funds?**
 - A: Performance or delivery of a cost must occur during the Covered Period of March 1 – December 30, 2020. There is some flexibility in payment of funds past 12/30, but the goods or services still have to be incurred during the allowed period of 3/1 – 12/30. So, if you buy PPE in November, you must use at least a portion of it by 12/30 (unless there is a supply chain disruption) but you can make the payment for that PPE up to 90 days after. 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.
- **Q: Can CRF funds be used for the 25% FEMA match requirement?**
 - A: Yes. FEMA has relaxed the 25% required non-federal matching requirement, so you may use CRF Funds for the FEMA 25% match.
- **Q: Can county business grants be used to pay for federal loan programs?**
 - A: There is not clear federal guidance on this question and businesses should consult their accounting staff or the terms of the loan provided to them by the federal government. We would generally recommend that businesses do not use county funds to pay for federal loan programs to avoid potential issues with duplication of funds.

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.
 - 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.
- Hazard Pay
 - Hazard pay means additional pay for performing hazardous duty or work involving physical hardship, in each case that is related to COVID-19. The Guidance says that funding may be used to meet 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 COVID-19 public health emergency. Hazard pay is a form of payroll expense and is subject to this limitation, so Fund payments may only be used to cover hazard pay for such individuals. The county must make the determination that the employees receiving hazard pay were specifically and substantially dedicated to mitigating or responding to the COVID-19 public health emergency. General hazard pay across the board for all employees regardless of their activities is not allowed.

Agenda Item V

Next Steps

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.

Reporting and Planning Overview for August 15th Deadline

- By **August 15th** (grace period until 8/17 at 5:00PM) you will submit two documents to the Office of Recovery through the online submission portal:

County Reimbursement Reporting Form

- Presented during the July 9th Webinar
- Official reporting document to track reimbursements for the reporting period of **March 1st – July 31st**
- 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 10th 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 15th.

Next Steps

- We have received a number of direct aid plans and reimbursement/reporting spreadsheets. You should receive an email confirmation once submitted. Since 8/15 is a Saturday, there will be a grace period until Monday, 8/17 At 5:00PM.
- Next Webinar: August 14th, 10AM
- 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.