Examples of CARES Act Fund Expenditures

LMC
LEAGUE of MINNESOTA CITIES

Deciding how to allocate CARES Act funds has been difficult for cities as guidance is limited and often changing.

The following is a list of general items Minnesota cities have determined to be eligible expenses. Each city needs to consider their own unique circumstances when making decisions and should work with their city attorney and/or city auditor in making and documenting determinations.

PUBLIC FACILITIES

- Building ingress/egress improvements to limit public crossing in walkways
- Plexiglass dividers between staff and public
- Outdoor drop box to collect payments
- Touchless faucets, paper towels, soap dispensers, water bottle fillers

HUMAN RESOURCES

- Payroll incurred to mitigate COVID-19
  - Payroll for administrative staff time addressing COVID related tasks
  - Payroll for public safety personnel
  - Payroll for public works time spend sanitizing park equipment
- Paid leave resulting from FFCRA
- Payroll related to the Stay at Home order for employees unable to telework
- Unemployment incurred due to COVID-19
- Council and Mayor compensation for additional COVID related meetings

TECHNOLOGY

- Tablets for council members to facilitate distance meeting
- Website enhancements
- Laptops to enable employees to work remotely
- VPN and other remote security
- Video equipment to enable broadcasting council meetings
- Online payment solutions
- Virtual meeting software

PUBLIC SAFETY

- Masks, gloves, and sanitizing supplies
- Gowns to cover uniforms when responding to potential COVID-19 cases

OTHER

- Legal fees related to COVID-19
- Ads and publication of COVID-19 related events, closures, regulations
- Costs related to CARES Act administration

GRANTS AND LOANS

- Additional expenses due to business interruption
- Food distribution

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For an expense to be CARES Act eligible, it must satisfy three distinct elements:

1. Necessary expenditures incurred due to the public health emergency with respect to COVID-19.

An expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Coronavirus Relief Fund payments. Expenditures must be used for actions taken to respond to the public health emergency, including expenditures incurred to respond directly to the emergency, as well as expenditures incurred to respond to second order effects, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.

2. Costs not accounted for in the city's budget most recently approved as of March 27, 2020.

3. Performance or delivery must occur during the covered period, and payment of funds must be made during that time.

For cities, the covered period is March 1, 2020, to Nov. 15, 2020. There are two limited exceptions. Payroll expenses incurred through Nov. 15 and paid on the next regularly scheduled payroll are allowed. Additionally, items or services ordered with expected delivery by Nov. 15, which are delayed due to supply chain disruption, are allowed. *(This area of regulation continues to evolve.)*

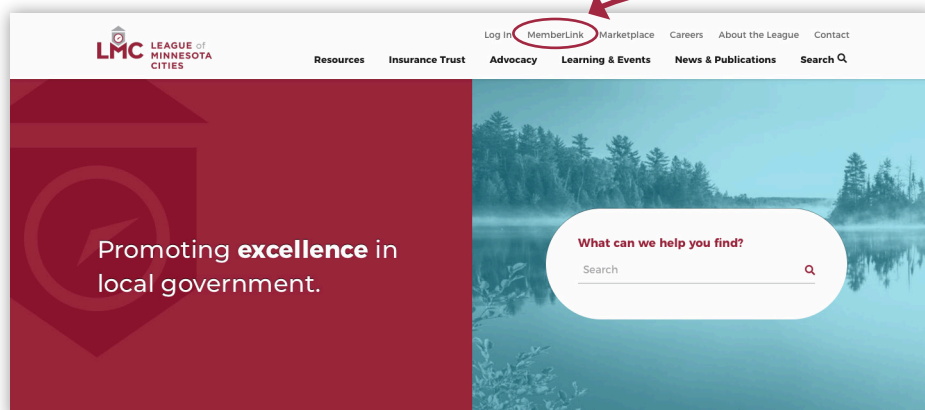> Cities should document the reasons the expenses were determined to satisfy the three-part test.
>
> These findings can be used later to explain decisions to auditors and show the council's careful consideration.

ADDITIONAL RESOURCES

LMC COVID page: www.lmc.org/resources/covid-19-resources/

Email questions to Research & inquiry Service: research@lmc.org

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