

# Tioga County COVID-19 Relief Block Grant

## FREQUENTLY ASKED QUESTIONS

*(As of July 30, 2020. Subject to Change)*

### **1. Is my business/municipality/organization eligible for a grant even if it did not close during the COVID-19 public health emergency?**

Possibly. Based on the current guidance, your organization may be eligible for a grant even if it did not close, but it must have experienced some negative effects such as lost revenues or additional costs due to COVID-19. Limited guidance has been issued by the Commonwealth regarding the application of Act 24. Guidance issued by the United States Department of the Treasury ("U.S. Treasury") permits funds to be used to provide "grants to small businesses to reimburse the costs of business interruption caused by required closures." Frequently Asked Questions issued by the U.S. Treasury indicate that such grants may be used to reimburse the costs of business interruption caused by required closures as well as "to benefit small businesses that close voluntarily to promote social distancing measures or that are affected by decreased customer demand as a result of the COVID-19 public health emergency." Such effects must relate to the period that began on March 1, 2020 and ends on December 30, 2020.

### **2. What other requirements apply?**

Applicants must be appropriately licensed and operating in the County. Applicants must also operate from a physical location in the County.

### **3. Are the rules relating to the grant program subject to change?**

Like many things related to the COVID-19 pandemic, state and federal guidance affecting the Non-Governmental Business Interruption Grant Program is subject to change. Some of the limited guidance issued by the federal government has already been revised several times. The Commonwealth has not yet issued extensive guidance relating to Act 24 and the COVID-19 – County Relief Block Grant Program but is likely to do so in the near future.

### **4. If my organization applies for this grant program, will federal or Commonwealth approval of its application be required?**

No. The U.S. Treasury has indicated that federal approval of CARES Act Coronavirus Relief Fund money requests is not required. At this time, the same is true of the Commonwealth. The County will be making decisions

relating to the approval or denial of requests for Non-Governmental Business Interruption Grants.

**5. When will we be notified whether we will be awarded a grant?**

Grant award notifications will be made no later than mid-September. All applicants will receive notification of whether their application was approved or not.

**6. What does it mean that the money must be spent in the period beginning on March 1, 2020 and ending on December 30, 2020?**

For an expenditure to meet this CARES Act requirement, the expense must be incurred during the designated time period that began on March 1, 2020 and that ends on December 30, 2020. In an update provided on June 30, 2020, the U.S. Treasury indicated that payment may be made up to 90 days after an expense is incurred, which would permit December 2020 expenditures to be paid as late as 90 days later in March 2021. The U.S. Treasury also made it clear, however, that the goods or services purchased with Coronavirus Relief Fund money must actually be received or provided by December 30, 2020 (subject to a very limited exception that might potentially apply if factors outside of the control of the governmental entity spending the funds delay the receipt of the good or services until after December 30, 2020). Generally, you will need to take steps to ensure goods will be received and services will be provided by the December 30, 2020 deadline. If the money is not actually spent by the applicable deadline, it must be repaid to the U.S. Treasury. The December 30, 2020 deadline must be adhered to and it is recommended that provisions be included in any contracts with providers of good and services indicating that time is of the essence and that meeting applicable deadlines is mandatory.

Your entity will be required to repay the County for any funds that the County must repay to the Commonwealth or the U.S. Treasury.

**7. Can we set aside Coronavirus Relief Fund/ COVID-19 – County Relief Block Grant Program money for potential expenses in 2020?**

No. Such funds must be spent no later than December 30, 2020. In order to ensure that all Act 24/Corona virus Relief Fund money is spent, the County has the discretion to set an earlier deadline for the use of such funds.

**8. What happens to unspent Coronavirus Relief Fund money?**

Unspent Coronavirus Relief Fund money must be returned to the U.S. Treasury.

**9. What happens if Coronavirus Relief Fund money is spent improperly?**

Any Coronavirus Relief Fund money that is not spent properly must be repaid to the U.S. Treasury. The Inspector General of the U.S. Treasury oversees and monitors expenditures of Coronavirus Relief Fund money and can require that funds that were used in violation of the CARES Act be repaid to U.S. Treasury. As a result, if the County disburses grant funds and that money is not spent properly, the County will require the award recipient to pay the money back to the County.

**10. Can Coronavirus Relief Fund money be used to prepare for potential future pandemics?**

Coronavirus Relief Fund money must be used on expenditures that are necessary to respond to the current COVID-19 public health emergency between March 1, 2020 and December 30, 2020. Expenditures can be made to prepare for likely future waves or outbreaks of the current COVID-19 public health emergency that occur between now and December 30. A list of Frequently Asked Questions that was most recently updated by Treasury on June 24, 2020 indicates that while "Fund payments may be used only for expenditures necessary to address the current COVID-19 public health emergency" they can be used "to create a reserve of personal protective equipment or develop increased intensive care unit capacity to support regions in its jurisdiction not yet affected, but likely to be impacted by the current COVID-19 pandemic." However, expenditures that would be used solely to respond to potential future pandemics or outbreaks that occur after December 30, 2020 are not a permissible use of Coronavirus Relief Fund money.

**11. Can CARES Act Coronavirus Relief Fund money be used for revenue replacement?**

Grants received by eligible private businesses and eligible non-profit entities can be used for any lawful purpose related to COVID-19. Governmental entities are not eligible for revenue replacement reimbursement.

**12. My non-profit entity had to cancel fundraising events due to COVID-19. Is that a basis for obtaining a grant?**

Yes. Lost revenue due to fundraisers that were cancelled due to COVID-19 are an example of an effect of COVID-19 that would provide a basis for a non-profit entity to receive a grant.

**13. Some of our municipal employees have taken leave under the Emergency Paid Sick Leave Act and the Emergency Paid Family and Medical Leave Expansion Act provisions of the Families First Coronavirus Response Act. Can Coronavirus Relief Fund money be used to cover the cost of that leave as part of our COVID-19 response?**

Yes, for municipalities. Under the currently limited guidance from the Commonwealth, there is a basis for concluding that this is an expenditure related to a municipality's COVID-19 response that is permitted by Act 24. In addition, the U.S. Treasury has indicated that Coronavirus Relief Fund money can be used to cover the cost of leave taken by governmental employees under the Emergency Paid Sick Leave Act and the Emergency Paid Family and Medical Leave Expansion Act provisions of the Families First Coronavirus Response Act ("FFCRA"). This is significant for governmental employers because they are not eligible for tax credits that private employers can use to offset the cost of such FFCRA leave.

**14. Can we use Coronavirus Relief Fund money received under the COVID-19 – County Relief Block Grant Program for whatever budgetary needs may arise?**

No. Coronavirus Relief Fund money must be spent in compliance with the conditions set by the CARES Act, and Act 24 places additional restrictions on such money that is distributed through the COVID-19 – County Relief Block Grant Program. Guidance issued by the U.S. Department of the Treasury ("U.S. Treasury") provides assistance in interpreting the requirements of the CARES Act and in filling in some of the gaps where the CARES Act does not provide specific details. Money can only be spent under the conditions outlined in the CARES Act and Act 24.

The Guidance issued by the U.S. Treasury specifically states that Coronavirus Relief Fund money cannot be spent to fill shortfalls in governmental revenues in order to cover expenditures that do not qualify for reimbursement under the Coronavirus Relief Fund provisions of the CARES Act.

In addition, Coronavirus Relief Funds cannot be used to reimburse expenses that have been or will be reimbursed through any other federal program or other sources. Double reimbursement of the same expense is not permitted.

Finally, in addition to meeting the requirements set by the federal CARES Act and related U.S. Treasury guidance, Coronavirus Relief Fund money distributed through the COVID-19 – County Relief Block Grant Program must fall within one of the categories identified in Act 24 and comply with any related statutory provisions and guidance issued by the Commonwealth.

**15. Our municipality uses the “reimbursable method” for unemployment compensation costs and essentially self-insures unemployment compensation benefits by reimbursing the Commonwealth, dollar for dollar, the unemployment compensation benefits charged to our account. Can the CARES Act and the Coronavirus Relief Fund provide any assistance with our unemployment compensation costs?**

Under the currently limited guidance from the Commonwealth, there is a basis for concluding that this is an expenditure related to a municipality’s COVID-19 response that is permitted by Act 24.

Potentially 100% of your unemployment costs could be covered through two different parts of the CARES Act. Section 2103 of the CARES Act provides assistance for employers that use the “reimbursable method” or, in other words, are self-insured for unemployment insurance compensation purposes instead of paying unemployment compensation taxes. Typically employers using the reimbursable method repay the Commonwealth for all of the unemployment compensation benefits charged to their account. With COVID-19 pandemic-related layoffs and unemployment compensation claims skyrocketing, this arrangement, while very common, is particularly concerning for such governmental employers that do not pay the annual solvency fee that would permit them to obtain relief from charges. Section 2103 of the CARES Act provides a 50% reimbursement of unemployment compensation benefits paid by employers using the reimbursable method from March 13, 2020 through December 31, 2020. The reimbursements will be paid to the States and then passed on to employers. Pennsylvania addressed these issues at the state level in Act 9 of 2020.

The other 50% of a reimbursable employer’s COVID-19 unemployment costs can potentially be covered by Coronavirus Relief Fund money under Section 5001 of the CARES Act, so long as the money is spent in the period running from March 1, 2020 through December 30, 2020 (which is slightly different than the time period that applies under Section 2103). The U.S. Treasury has indicated that Coronavirus Relief Funds can be used for an employer’s unemployment compensations costs related to “the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.” Coronavirus Relief Funds cannot be used to reimburse an employer for the 50% of unemployment benefit costs covered by Section 2103 of the CARES Act, but Coronavirus Relief Funds can be used to reimburse an employer for the other 50% of unemployment benefit costs.

**16. May funds be used to satisfy non-federal matching requirements under the Stafford Act?**

Yes, payments from the Coronavirus Relief 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. Regardless of the use of Fund payments for such purposes, FEMA funding is still dependent on FEMA's determination of eligibility under the Stafford Act.