

**Ohio Economic Development Association**

**CARES Act Webinar – July 17, 2020**

**Follow-up Q&A**

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Prior to and during the OEDA CARES Act Webinar, several questions were posed. To provide as full a response as possible, I include those questions and my answers, below.

**Question 1: In effect, what does it mean that the federal government presumes public safety employees' payroll expenses are substantially dedicated to the COVID pandemic?**

Answer: For any uses by local governments of the Coronavirus Relief Fund under the CARES Act, such use of funds must adhere to the following three requirements: (1) the covered expenses are necessary due to the COVID public health emergency; (2) the covered expenses were not accounted for in the most recently approved budget (pre-March 27, 2020); and (3) the covered expenses were incurred between March 1 and December 30, 2020.

To satisfy these three requirements, the US Treasury provided some guidance to local governments. In one instance, that of public safety employees' unforeseen payroll expenses, the federal government presumes them to be substantially dedicated to the COVID public health emergency, and therefore Requirement 1, above, is deemed satisfied (i.e., the payroll expenses were indeed necessary).

That said, Requirements 2 and 3 nevertheless must be satisfied, too (i.e., non-budgeted costs, incurred between March and December).

As to Requirement 2, public safety employees' payroll expenses may be covered by the Coronavirus Relief Fund if they were not budgeted for. The federal government interprets this to mean such payroll expenses that are substantially different from those public safety expenses initially budgeted for the year – when such personnel have been diverted to support management and enforcement of stay-at-home orders.

**Question 2: Whether communities may apply for and use CARES Act funding for the following (1) economic development strategic planning, (2) site development (infrastructure, a spec building), or (3) website/marketing costs to attract new investment/jobs?**

Answer: There are different elements of the CARES Act that may address each of these proposed uses of funds:

1. The U.S. Economic Development Administration's CARES Act allocation to its Economic Adjustment Assistance program likely is the preferred federal funding vehicle to conduct long-term economic development planning, as it is listed specifically as an eligible use of funds, so long as the planning is to develop strategies to respond to the COVID public health emergency.

2. The U.S. Treasury's published guidance on the Coronavirus Relief Fund states that, generally, capital improvement projects are not eligible uses of funds. But the EDA's CARES Act appropriation does allow for capital improvement projects as so-called "implementation" grants.
3. The U.S. Treasury's published guidance notes specifically that Coronavirus Relief Fund payments may be used for "re-marketing" purposes to reposition a community's destination and tourism attractions in response to the COVID-19 public health emergency and to the public's general concerns with safe experiences.

**Question 3: Are payments to furloughed public employees laid off as a result of the COVID-19 public health emergency eligible for Coronavirus Relief Fund use?**

Answer: The U.S. Treasury's published guidance on the Coronavirus Relief Fund notes that local government recipients may use their Fund payments for unemployment insurance costs incurred as an employer related to the COVID-19 public health emergency if such costs are not otherwise reimbursed by the federal government through other means. Further, local government Fund recipients may use their Fund payments to cover employment and training programs for furloughed public employees. Finally, the payroll and benefit costs associated with public employees who *could have been furloughed* but who were instead redeployed to perform work functions in response to the public health emergency are also covered.

**Question 4: Can local governments help pay for public employees' child care expenses incurred as a result of the COVID-19 public health emergency?**

Answer: The U.S. Treasury notes that payroll support programs may be created for those public employees whose work duties are substantially dedicated to responding to the COVID-19 public health emergency. But the guidance notes further that only payroll expenses may be covered. Thus, to the extent such child care benefits were included in a local government's pre-COVID, traditional payroll expenses, the local government may reasonably determine such payroll benefits satisfy the CARES Act, but then only such benefits could be covered with Coronavirus Relief Fund payments involving personnel responding to the public health emergency.