



STATE OF INDIANA

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Cristopher R. Johnston
Director

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Dear Municipal Chief Executive Officer:

The U.S. Treasury periodically updates their guidance for the permitted use and administration of the Coronavirus Relief Fund created by the CARES Act. In addition, the Indiana Finance Authority ("IFA") has participated in several webinars devoted to this topic and received valuable input during these sessions. Based on this additional information and feedback, the permitted uses of the funds have been updated to include the reimbursement of the following:

- a. Public safety and public health employee payroll expenses
- b. Costs associated with the administration of COVID-19 related programs and/or the reimbursement of COVID-19 related expenses
- c. Interest and administrative costs associated with tax anticipation notes (TANs)
- d. Expenses of providing paid sick and paid family and medical leave
- e. Unemployment insurance expenses paid as an employer
- f. Expenses incurred to remarket convention facilities and local tourism
- g. Expenses with the provision of economic support

The pertinent sections of the guidance that provide further description on the eligible use for these purposes is provided in Attachment I. Please refer to the IFA's web site (www.ifa.in.gov) for a complete description of the updated eligible expenses that may be reimbursed with your allocation from the Coronavirus Relief Fund.

In light of these significant changes, OMB recommends that you analyze your public safety and public health payroll expenses, starting with the costs incurred during the month of March 2020. US Treasury has recently supplemented and clarified its guidance on public safety and public health employees which can be found on the updated Frequently Asked Questions on this topic posted to the IFA web page. The guidance identifies the "first responder" employee categories as well as those who directly support such staff as qualifying for reimbursement. Administrative/accounting staff would not qualify.

Thank you for all efforts to lead your community through these challenging times.

Sincerely,

Cristopher R. Johnston

Attachment I

a. Public safety and public health employee payroll

US Treasury Guidance

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 are eligible.

Please refer to the IFA's web site (www.ifa.in.gov) for a complete description of eligible payroll expenses and processing requirements.

b. Administrative fees

US Treasury Q & A

May Fund payments be used for expenditures related to the administration of Fund payments by a State, territorial, local, or Tribal government?

Yes, if the administrative expenses represent an increase over previously budgeted amounts and are limited to what is necessary. For example, a State may expend Fund payments on necessary administrative expenses incurred with respect to a new grant program established to disburse amounts received from the Fund.

c. Interest and administrative expenses associated with tax anticipation notes (TANs)

US Treasury Q&A

If a recipient must issue tax anticipation notes (TANs) to make up for tax due date deferrals or revenue shortfalls, are the expenses associated with the issuance eligible uses of Fund payments?

If a government determines that the issuance of TANs is necessary due to the COVID-19 public health emergency, the government may expend payments from the Fund on the interest expense payable on TANs by the borrower and unbudgeted administrative and transactional costs, such as necessary payments to advisors and underwriters, associated with the issuance of the TANs.

d. Expenses of providing paid sick and paid family and medical leave as well as unemployment compensation expenses paid as an employer.

US Treasury Guidance

Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions are eligible.

- e. Expenses of unemployment insurance 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 are eligible.

US Treasury Q&A

Are recipients permitted to use Fund payments to pay for unemployment insurance costs incurred by the recipient as an employer?

Yes, Fund payments may be used for unemployment insurance costs incurred by the recipient as an employer (for example, as a reimbursing employer) 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.

Note: The amount eligible for reimbursement will be the remaining cost following the application of the 50% credit authorized by the Families First Coronavirus Response Act.

- f. Expenses incurred to remarket convention facilities and local tourism

US Treasury Q&A

May recipients use Fund payments to remarket the recipient's convention facilities and tourism industry?

Yes, if the costs of such remarketing satisfy the requirements of the CARES Act. Expenses incurred to publicize the resumption of activities and steps taken to ensure a safe experience may be needed due to the public health emergency. Expenses related to developing a long-term plan to reposition a recipient's convention and tourism industry and infrastructure would not be incurred due to the public health emergency and therefore may not be covered using payments from the Fund.

Note: The State of Indiana is administering an assistance program for arts and cultural entities and community events impacted by COVID-19. Requests for reimbursement from common entities will be scrutinized to avoid duplicative payments.

- g. Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency

US Treasury Guidance

Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.

US Treasury FAQ

The Guidance provides that eligible expenditures may include expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures. What is meant by a “small business,” and is the Guidance intended to refer only to expenditures to cover administrative expenses of such a grant program?

Governments have discretion to determine what payments are necessary. A program that is aimed at assisting small businesses with the costs of business interruption caused by required closures should be tailored to assist those businesses in need of such assistance. The amount of a grant to a small business to reimburse the costs of business interruption caused by required closures would also be an eligible expenditure under section 601(d) of the Social Security Act, as outlined in the Guidance.