

## CARES Act Funding Summary Solano County FY2020/21 Supplemental Recommended Budget

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### Overview:

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is the federal economic relief package approved to aid in responding to the public health and economic impacts of Coronavirus Disease 2019 (COVID-19). The CARES Act appropriated \$150 Billion to be used by specific state & local governments in response costs to COVID-19 from March 1, 2020 to December 30, 2020. The CARES Act was signed into law on March 27, 2020. On June 29, 2020 Governor Newsom signed the State's 2020/21 Budget which formalized an allocation of CARES Act funding to each County and City. Solano County's allocation is \$45 million.

Access and receipt of CARES Act funding allocation requires that the County adhere to both federal and State guidelines. The guidelines include a requirement that CARES Act expenditures must be incurred between March 1, 2020 and December 30, 2020 and be due to the Public Health emergency with respect to COVID-19. CARES Act funds not spent by the County will need to be returned to the State. The window of time to plan and spend the CARES Act allocation is currently 10 months, although the COVID-19 impacts may be longer. The federal and State agencies administering the funding are establishing reporting requirements to ensure funds are allocated and spent in-line with the guidelines.

County Departments identified initial eligible costs under the CARES Act eligibility criteria for March 1, 2020 and June 30, 2020 and prepared estimates for July to December 2020 for COVID-19 medical response costs.

On August 11, 2020 the County Administrator provided a series of recommendations to the Board with a proposed CARES Act Expenditure Plan, allocating the \$45 million in funding. The Board approved delegated authority on CARES Act funding to the County Administrator and provided feedback. On August 25, 2020 the Board received and approved the revised CARES Act Expenditure Plan allocating the Solano County CARES Act funding. County Departments have reflected necessary appropriations for CARES Act funds in the FY2020/21 Supplemental Adjustments to Departmental Budgets. See details in the Supplemental Departmental Narratives in Attachment C to the Supplemental Recommended Budget Document.

### Background:

The CARES Act, signed into law on March 27, 2020, included \$150 Billion in Coronavirus Relief Fund (CRF) allocations for State, Local, and Tribal governments. While the County of Solano fell under the population threshold of 500,000 population to receive a direct allocation from the federally approved and funded CRF, the California State Budget included a proposal to share \$1.3 Billion of the State's CRF allocation with all counties and cities.

On June 29, 2020, Governor Gavin Newsom signed the 2020/21 Budget, which made formal the allocation of \$45 million in CRF funds to the County of Solano for purposes consistent with the guidance provided by the U.S. Department of the Treasury.

In addition to the County's allocation of CARES Act funds, the State allocations of pass-through CARES Act funding to local jurisdictions include Benicia (\$335,553); Dixon (\$246,597); Fairfield (\$1.44million); Rio Vista (\$123,311); Suisun City (\$359,536); Vacaville (\$1.22million); Vallejo (\$1.47million). Also included in the CARES Act Funding was a federal allocation to HUD to be distributed to HUD Entitlement Jurisdictions throughout the Country as an additional related allocation via the Community Development Block Grant program for COVID-19 response. Locally, this included several cities who are HUD/CDBG entitlement cities -- Fairfield (\$507,084); Vacaville (\$297,029); and Vallejo (\$618,244). The cities of Benicia, Dixon, Rio Vista and Suisun City and the County of Solano are not HUD entitlement agencies. Allocation of CARES Act funding also included funding allocations to other types of public entities (e.g., transit agencies, hospitals, workforce agencies and schools).

### CARES Act Expenditure Guidelines:

The CARES funding comes with several federal restrictions that must be met to be an allowable expenditure. In summary the CARES Act provides that payments from the fund may only be used to cover costs that:

- Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
- Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government;

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- Were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020. It is important to note that encumbered and/or awards are considered an expense only if the scope of services has been completely satisfied by December 30, 2020;
- Expenditures comply with 2 CFR 200 and are subject to Single Audit; and
- Funds cannot be used to supplant costs funded by other sources (i.e. State/Federal grants).

The acceptance of CARES funding includes additional State restrictions in order to receive the funding:

- Adhere to federal guidance and the state's stay-at-home requirements and other health requirements as directed in gubernatorial Executive Order N-33-20, any subsequent Executive Orders or statutes, and all California Department of Public Health orders, directives, and guidance in response to the COVID-19 emergency.
- Use the funds in accordance with all applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020.
- Report on expenditures and summarize regional collaboration and non-duplication of efforts within the region by September 1, 2020 and return any funds that are unspent by October 30, 2020 (unless extended by the Department of Finance based on reported expenditures to date) and repay the state for any cost disallowed after federal review.
- Retain records to support reported COVID-19 eligible expenditures and participate in audits as outlined by the federal government and State.

State Distribution of CARES Act funds to local agencies began the end of July, with the first distribution received on July 31, 2020. Per the State Budget the State will require that Counties certify each month that they are still maintaining compliance with state health orders, executive orders, and other guidance related to COVID-19 in order to receive each of these monthly allocations. In addition, the County is required to submit periodic expenditure reports to the State on CARES funding and should the County not demonstrate adequate expenses or a plan to expend all funds prior to December 30, 2020, the State reserves the right to withhold funds.

The full U.S. Department of the Treasury guidance and FAQs are available online here: <https://home.treasury.gov/policy-issues/cares/state-and-local-governments>