



State of Michigan Stimulus Project Management Office

District COVID-19 Costs CRF Grant Requirements

Coronavirus Aid, Relief, and Economic Security (CARES) Act,
Public Law 116-136

Managing Agency: Michigan Department of Education

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CRF Grant Requirement Instructions

The purpose of this document is to provide guidance to eligible grantees that accept funding using the Coronavirus Relief Fund (“CRF”) under the Michigan Department of Education and District COVID-19 Costs Program.

This packet contains three sections to provide subrecipients the information needed to apply and manage their program to comply with federal and state requirements. Guidance is evolving and the State of Michigan will require compliance with additional guidance as it is published.

Section I includes information on the program’s purpose, award amount and distribution to subrecipients, eligible uses, and specific timelines of the program.

Section II provides program requirements including internal controls and audit requirements that must be adhered to. Additionally, this section contains uniform Coronavirus Relief Fund guidance as the funds utilized from this program are considered federal financial assistance subject to the CRF requirements.

Section III includes the detailed accounting and reporting instructions for this program.

A signature certification is required in GEMS/MARS via <https://mdoe.state.mi.us/gems/public/QuestionnaireHome.aspx?code=i7c9tdez>.

For any questions, contact the Michigan Department of Education. Reach out to Christopher May at: 517-335-1263 or MayC@michigan.gov for revenue and expenditure accounting guidance and Philip Boone at: 517-899-0796 or Boonep2@michigan.gov for payment logistics guidance.

Section I. Program Information

Program Description and Purpose

To assist districts in supporting district COVID-19 costs, the Department of Education is allocating funding statewide to districts to support instructional recovery programming, benchmark assessments, or health and safety expenditures necessary to provide instruction safely due to COVID-19. An instructional recovery program eligible for funding is one specifically designed to enable students to catch up and resume learning that was interrupted due to the COVID-19 outbreak. Additional guidance on eligible funding categories is described in the remainder of this document.

Total Available Program Amount

- \$ 18,000,000

Amount available for subrecipients

- Funding was allocated to all districts on an equal per-pupil basis, based on the number of pupils in membership in each district in 2019-2020. The payment rate for each district will be at a rate of \$12.32 per pupil.

Uniform CRF Eligibility

Payments from the Coronavirus Relief Fund may only be used to cover expenditures that:

1. are necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease (COVID-19);
2. 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;
3. were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

The funds distributed as part of this program are being paid through State Aid and are comprised of restricted federal funds (making up a portion of Federal Coronavirus Relief Fund (CFDA 21.019) usage authorized by SB 690 signed into law on July 1, 2020). Usage of these funds must comply with the federal requirements of the Coronavirus Relief Fund. For a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time (though it is generally expected that this will take place within 90 days of a cost being incurred.)

Eligible CRF expenditures under this program

- **Compliance with public health measures**
 - Developing instructional programming to enable students to catch up on learning that was interrupted by the COVID-19 outbreak expense.
 - Technology improvement and curriculum development costs that are in addition to existing budgeted costs for regular curriculum development and any resources redirected to COVID distance learning preparation.
 - Designing and implementing unbudgeted benchmark assessments to determine the academic and technological needs of students due to the school closings from COVID-19 precautions.
- **Public health expenditures**

- Expenditures for enhanced disinfection of school facilities in line with CDC recommendation in response to the COVID-19 public health emergency.
- Expenditures for medical and protective supplies, including sanitizing products, temperature readers, and personal protective equipment to help reduce the spread of COVID-19.
- Other health and safety measures to mitigate COVID-19 threats to school safety and public health such as signage and physical barriers to enable students and teachers to practice social distancing.

Nonexclusive examples of ineligible CRF expenditures

- Damages covered by insurance.
- Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- Expenditures that have been or will be reimbursed under any federal program, such as the reimbursement under the federal school nutrition programs.
- Operational expenditures that were already accounted for in the most recently approved budget or unrelated to COVID-19 public health emergency.
- Reimburse costs for expenditures made prior to March 1, 2020 or after December 30, 2020.
- Research and development costs are not eligible for this program.

The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to respond directly to the emergency, such as by addressing medical or public health needs, as well as **expenditures incurred to respond to second-order effects of the emergency**, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures. **The grants to school districts for COVID-related costs are eligible as the costs are necessary expenditures incurred by school districts to respond to the second-order effects of the emergency.**

Updated [Guidance](#) from US Treasury

US Treasury released guidance on September 2, 2020 stating that payments from the Fund may be used to cover costs associated with providing distance learning (e.g., the cost of laptops to provide to students) or for in-person learning (e.g., the cost of acquiring personal protective equipment for students attending schools in-person or other costs associated with meeting Centers for Disease Control guidelines).

To this end, as an administrative convenience, US Treasury will presume that expenses of up to \$500 per elementary and secondary school student to be eligible expenditures, such that schools do not need to document the specific use of funds up to that amount. This provision pertains to reporting on the detailed uses CRF funds, and expectations of the US Treasury and their Office of Inspector General oversight. However, as further specified in the US Treasury FAQs (9/2/2020) questions B.7-12, subrecipients of CRF funding are required to comply with the uniform guidance and Single Audit requirements. Accordingly, subrecipients must record uses of CRF funds for correct inclusion on their SEFA and to support during Single Audit and MDE subrecipient monitoring activities.

Distribution of Funds to Subrecipients

- Districts will receive these funds through their July 2020 State School Aid payment, with a small adjustment being possible in August 2020 payments based on final membership counts.

Period of Performance

The expenditure period of CRF funds is March 1, 2020 – December 30, 2020. Refer to the Accounting and Reporting Instructions in Section III for more details.

Program Contact Information

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Section II. Standard Provisions: Program Requirements

Funds were awarded to the State of Michigan as Federal Financial Assistance from the U.S. Department of Treasury. The funds were awarded under the Social Security Act, as amended by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") <https://home.treasury.gov/policy-issues/cares/state-and-local-governments> as the Coronavirus Relief Fund signed on March 27, 2020.

CFDA #: 21.019

FAIN #: SLT0040

Coronavirus Relief Funds are considered federal financial assistance and have been assigned a Catalog of Federal Domestic Assistance (CFDA) or Assistance Listing Number of 21.019. Fund payments are considered to be federal financial assistance subject to the Single Audit Act (31 U.S.C. Sections 7501 – 7507) and the related provisions of the Uniform Guidance, 2 Code of Federal Regulations (CFR) Section 200.303 regarding internal controls, Section 200.330 – 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements. Under the Single Audit Act, subrecipients will need to report expenditures under this program using the CFDA number 21.019.

Each eligible subrecipient must be registered with the Federal System for Award Management (SAM) by September 1, 2020. The SAM website is: <https://www.sam.gov/SAM>.

Use of Funds:

The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenditures that:

1. are necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease (COVID-19);
2. 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;
3. were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

OMB Uniform Guidance for Non-federal Agencies Receiving These Funds

The U.S. Department of Treasury has indicated in the Coronavirus Relief Fund Frequency Asked Questions that are accessible at [Coronavirus Relief Fund FAQ pdf](#) that the provisions of the Uniform Guidance, 2 Code of Federal Regulations (CFR) Section 200.303 regarding internal controls, Sections 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements are applicable to all CRF subawards at this time. However, guidance is evolving, and jurisdictions will be required to comply with additional guidance as it is published. Effective internal controls must be established and maintained (2 CFR Section 200.303). All reimbursements requested under this program should be accounted for with supporting documentation. Subrecipients should maintain documentation evidencing that the funds were expended in accordance with federal, state, and local

regulations. In accordance with federal Uniform Guidance, funds received under this program shall be included on the eligible subrecipient's Schedule of Expenditures of Federal Awards (SEFA) and included within the scope of the eligible subrecipient's Single Audit.

The following is a summary of Uniform Guidance provisions that have been identified as significant. Subrecipients must review the Uniform Guidance at [eCFR Uniform Guidance](#) for complete requirements.

2 CFR 200.303 Internal Controls

The non-Federal entity (in this case, school districts) must:

1. Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the federal award.
2. Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
3. Evaluate and monitor the non-Federal entity's compliance with statutes, regulations, and the terms and conditions of Federal awards.
4. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
5. Take reasonable measures to safeguard protected personally identifiable information.

2 CFR 200.330 – 200.332 Subrecipient Monitoring and Management

The subrecipient (in this case, school districts) receiving the subaward shall not issue any subawards to any other entity.

2 CFR 200.501 – Audit Requirements

- (a) Audit required. A non-federal entity (in this case, school districts) that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

2 CFR 200.508 – Auditee Responsibilities

The auditee (in this case, school districts) must:

1. Procure or otherwise arrange for the audit, if required.
2. Prepare appropriate financial statements, including the schedule of expenditures of Federal awards.
3. Promptly follow up and take corrective action on the audit findings.
4. Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit.

Repayment for ineligible CRF expenditures or under spending

Any funds received under the authorizing legislation for this program expended by the eligible subrecipient in a manner that does not adhere to the Coronavirus Aid, Relief, and Economic Security Act, Public Law 116-136 or Uniform Guidance 2 CFR 200, as applicable, shall be returned to the state. If it is determined that an eligible subrecipient receiving funds under this act expends any funds under this act for a purpose that is not consistent with the requirements of the Coronavirus Aid, Relief, and Economic Security Act, Public Law 116-136, or Uniform Guidance 2 CFR 200, the state budget director is authorized to withhold payment of state funds, in part or in whole, payable from any state appropriation.

All subawards are subject to future audits and subrecipients must allow the State of Michigan, any of its duly authorized representatives and/or State of Michigan's Office of the Auditor General access to the eligible subrecipient's records and financial statements to ensure compliance with Federal statutes, regulations and the terms and conditions of the grant award.

CRF Record Retention Requirements

Recipients of Coronavirus Relief Fund payments shall maintain and make available to the U.S. Department of Treasury, Office of Inspector General, upon request, all documents and financial records sufficient to establish compliance with subsection 601(d) of the Social Security Act as amended, (42 U.S.C. 801(d)).

Records shall be maintained for a period of five (5) years after final payment is made using Coronavirus Relief Fund monies. These record retention requirements are applicable to prime recipients and their grantees and subgrant recipients, contractors, and other levels of government that received transfers of Coronavirus Relief Fund payments from prime recipients.

Records to support compliance with subsection 601(d) may include, but are not limited to, copies of the following:

1. general ledger and subsidiary ledgers used to account for (a) the receipt of Coronavirus Relief Fund payments and (b) the disbursements from such payments to meet eligible expenditures related to the public health emergency due to COVID-19;
2. budget records for 2019 and 2020;
3. payroll, time records, human resource records to support costs incurred for payroll expenditures related to addressing the public health emergency due to COVID-19;
4. receipts of purchases made related to addressing the public health emergency due to COVID-19;
5. contracts and subcontracts entered into using Coronavirus Relief Fund payments and all documents related to such contracts;
6. grant agreements and grant subaward agreements entered into using Coronavirus Relief Fund payments and all documents related to such awards;
7. all documentation of reports, audits, and other monitoring of contractors, including subcontractors, and grant recipients and subrecipients;
8. all documentation supporting the performance outcomes of contracts, subcontracts, grant awards, and grant recipient subawards;
9. all internal and external email/electronic communications related to use of Coronavirus Relief Fund payments; and
10. all investigative files and inquiry reports involving Coronavirus Relief Fund payments.

Section III. Reporting Requirements

The State Budget Director will report on the status of these funds to the Senate and House appropriations committees and the Senate and House fiscal agencies periodically until all funds are exhausted. U.S. Treasury reporting requirements are evolving and additional reporting guidance will be issued with more detail but the elements described below are the minimum reporting and certification expectations.

State agencies must identify and develop additional reporting requirements that are specific for their program. State agencies should be prepared to collect information from subrecipients that show in which Congressional or Legislative District these funds were expended.

Reporting on Expenditures

Subrecipients may be required to periodically report on spend throughout this grant program. **Subrecipients will be required to sign and return the [Grant Certification form](#) to MDE no later than October 7, 2020.**

Accounting and Reporting Instructions

In July and August 2020 State School Aid payments, districts will receive a new allowance line item called “103(2) - DISTRICT COVID COSTS” equating to approximately \$12.32 per pupil. Although these funds are coming through State Aid, they are restricted federal funds (making up a portion of Federal Coronavirus Relief Fund (CRF) (CFDA 21.019) usage authorized by Public Act 123 of 2020 signed into law on July 1, 2020). Additionally, Senate Bill 373, which is pending governor approval, authorizes another \$350 per pupil to be distributed to districts from federal CRF funds.

The expenditure period of CRF funds is March 1, 2020 – December 30, 2020. However, since the legislation establishing this funding was not signed into law during districts’ 2019-20 fiscal year, these revenues should not be recognized in 2019-20 financial reporting or audited financial statements. Details regarding eligible expenditures, grant-specific reporting requirements, and other information will be made available by MDE as soon as possible. Eligible CRF expenditures should be recorded in the fiscal year in which they were incurred, and the revenue from CRF to reimburse for these expenditures should be recorded in fiscal year 2020-21, using Grant Code 798.

All 2019-20 CRF expenditures will be reported on the fiscal year 2020-21 SEFA; districts choosing to charge 2019-20 expenditures to these funds are encouraged to work with their auditor to determine additional reporting implications. CRF revenues should be recorded in fiscal year 2020-21 as additional eligible expenditures are incurred during fiscal year 2020-21. CRF revenue should be recorded using Major Class Code 414 and Suffix Code 0250.

Michigan Department of Education
_____ (School District Name)
District COVID-19 Costs Program - Reporting Form
Grant Certification (to be completed in GEMS/MARS)

I, _____, am an official of _____ (subrecipient name), and I certify that:

1. I have the authority on behalf of _____ (subrecipient name) to certify receipt of the payment from the State of Michigan from the Coronavirus Relief Fund as created in the CARES Act and PA 123 Section 103(2).
2. I understand the State of Michigan will rely on this certification as a material representation in issuing a District COVID-19 Costs Program payment to _____ (subrecipient name).
3. _____ (subrecipient name), has received payment for the eligible expenditures listed in the program guidance and other Treasury documentation and will be used only to cover those costs.
4. Program funds provided pursuant to this guidance and certification cannot be used as a revenue replacement for lower than expected tax or other revenue collections.
5. Program funds received pursuant to this guidance and certification cannot be used for expenditures for which the school district has received any other federal funds or emergency COVID-19 supplemental funding (whether state, federal, or private in nature) for the same expense.
6. Program funds received pursuant to this guidance and certification cannot be used to subaward funds to another subrecipient or local unit of government.
7. I have read and agree on behalf of _____ (subrecipient name) to comply with all applicable provisions and requirements corresponding to the receipt of funds required in the Coronavirus Aid, Relief, and Economic Securities Act, Public Law 116-136 or Uniform Guidance 2 CFR 200.
8. Further, I understand and agree on behalf of _____ (subrecipient name) that any funds received under this act and incurred in any manner that does not comply with the Coronavirus Aid, Relief, and Economic Securities Act, Public Law 116-136 or Uniform Guidance 2 CFR 200, as applicable shall be returned to the State of Michigan. Any funds that are provided by the State of Michigan under the District COVID-19 Costs Program that are found to be based on inaccurate, nonqualifying, or fraudulent information will be returned to the State of Michigan. Funds provided under the District COVID-19 Costs Program must adhere to official federal guidance issued or to be issued on what constitutes a necessary expenditure as described in the guidance for the U.S. Treasury Coronavirus Relief Fund at <https://home.treasury.gov/policy-issues/cares/state-and-local-governments>.
9. The governing body has been notified of the submission of this report, and are aware of the Federal statutes, regulations and terms and conditions of the grant award.

I certify under the penalties of perjury set forth in Michigan Penal Code, MCL 750.423, that I have read the above certification and my statements contained herein are true and correct to the best of my knowledge.

By: _____

Signature: _____

Title: _____

Date: _____