

# Assessments of Revenues and Expenses Associated with the City's COVID-19 Response – Report No. 1

Report # 2020/21-01 | September 2020



*City of*  
**SACRAMENTO**

Office of the City Auditor

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Whistleblower Hotline

In the interest of public accountability and being responsible stewards of public funds, the City has established a whistleblower hotline. The hotline protects the anonymity of those leaving tips to the extent permitted by law. The service is available 24 hours a day, 7 days week, 365 days per year. Through this service, all phone calls and emails will be received anonymously by third party staff.

Report online at <https://www.reportlineweb.com/cityofsacramento> or call toll-free: 888-245-8859.

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# AUDIT FACT SHEET

## Assessments of Revenues and Expenses Associated with the City's COVID-19 Response – Report No. 1

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### Background

The City of Sacramento will be subject to future audits of State and Federal funds, such as the Coronavirus Relief Fund or FEMA Public Assistance. These audits would likely be conducted by an Inspector General's Office or the Government Accountability Office. The key to successfully withstanding any future audit will be the City's ability to provide sufficient and appropriate documentation supporting the use of these funds.

### Objective, Scope, and Methodology

The objective of these assessments is to help the City prepare for State and Federal audits of the City's use of emergency funding. This includes proactive and real-time assistance in complying with regulatory requirements, securing reimbursements, tracking disaster recovery costs, and evaluating whether funds are being used efficiently and effectively.

### Office of the City Auditor COVID-19 Activities

- Co-author, with the Office of the City Attorney, the *City of Sacramento Regulatory and Internal Control Framework for the City's COVID-19 Response*.
- Review and provide audit perspective on potential COVID-19 funding and reimbursement strategies.
- Participate in the City's review team to provide audit perspective on Coronavirus Relief Fund eligibility and risks in the event of future audit.
- Once proposals have been green-lighted by the City Council for Coronavirus Relief Funding, participate in the procurement process by reviewing and providing feedback on various procurement documents such as Request for Proposals, Professional Services Agreements, and Grant Agreements.
- Review Citywide policies and procedures to determine relevancy to the City's COVID-19 response as well as whether amendments to the policies or procedures may be necessary to ensure compliance with funding-specific requirements, such as strengthening information system controls, ensuring the segregation of duties, and building in appropriate levels of management review.
- Develop a funding matrix with key information such as funding source, amount, application deadlines, and eligibility requirements.
- Survey department fiscal contacts to get a sense of each department's COVID-19 expenses and potential funding sources those expenses could be eligible for.
- Develop and execute pro-active auditing procedures for COVID-19 expenses.
- Investigate reports of fraud, waste, and abuse related to the COVID-19 pandemic received through the City's Whistleblower Hotline.
- Conduct COVID-19 Business and Resident Community Surveys, as requested by the City Council.
- Other activities, as requested.

## Introduction

In accordance with the City Auditor’s 2020-21 Audit Plan, we have completed the *Assessments of Revenues and Expenditures Associated with the City’s COVID-19 Response – Report No. 1*. This report is the first in a series that will be released as the Office of the City Auditor fulfills the objectives identified in the Objective, Scope, and Methodology section of this report. We believe this report meets our objectives in accordance with Generally Accepted Government Auditing Standards Section 8.128.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The City Auditor’s Office would like to thank the City Manager’s Office and the City Attorney’s Office for their cooperation during the audit process.

## Objective, Scope, and Methodology

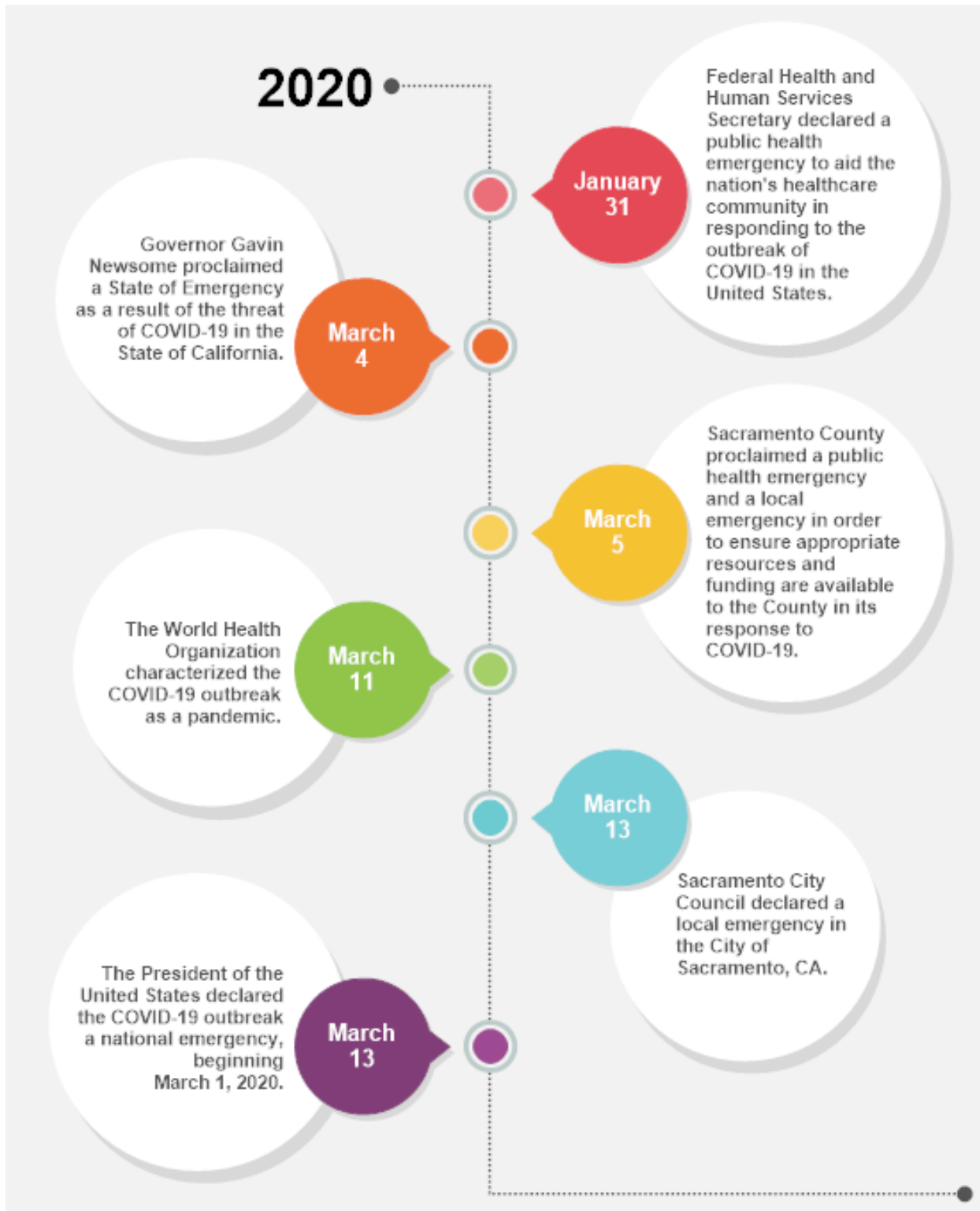
The City of Sacramento will be subject to future audits of State and Federal funds received by the City; sources of major funding are described in the Background section of this report. These audits would likely be conducted by an Inspector General’s Office or the Government Accountability Office.

The objective of these assessments is to help the City prepare for State and Federal audits of the City’s use of emergency funding. The key to successfully withstanding any future audit will be the City’s ability to provide sufficient documentation regarding the appropriate use of State and Federal funds. The scope and methodology of these assessments includes proactive and real-time assistance in complying with regulatory requirements, securing reimbursements, tracking disaster recovery costs, and evaluating whether funds are being used efficiently and effectively.

## Background

According to the Centers for Disease Control and Prevention (CDC), the Coronavirus Disease 2019 (COVID-19) is an illness caused by a virus that can spread from person to person causing a range of symptoms from mild to severe illness. The most common symptoms of COVID-19 include fever, cough, fatigue, and shortness of breath. Figure 1 below provides a timeline of COVID-19 being declared a national emergency.

Figure 1: Timeline of COVID-19 Being Declared a National Emergency



Source: Auditor generated.

## Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. As part of the CARES Act, \$150 billion was made available to States, Tribal governments, and units of local government with populations exceeding 500,000. With a population of approximately 508,000, the City of Sacramento became eligible for nearly \$90 million from the Coronavirus Relief Fund. The City received these funds on April 21, 2020.

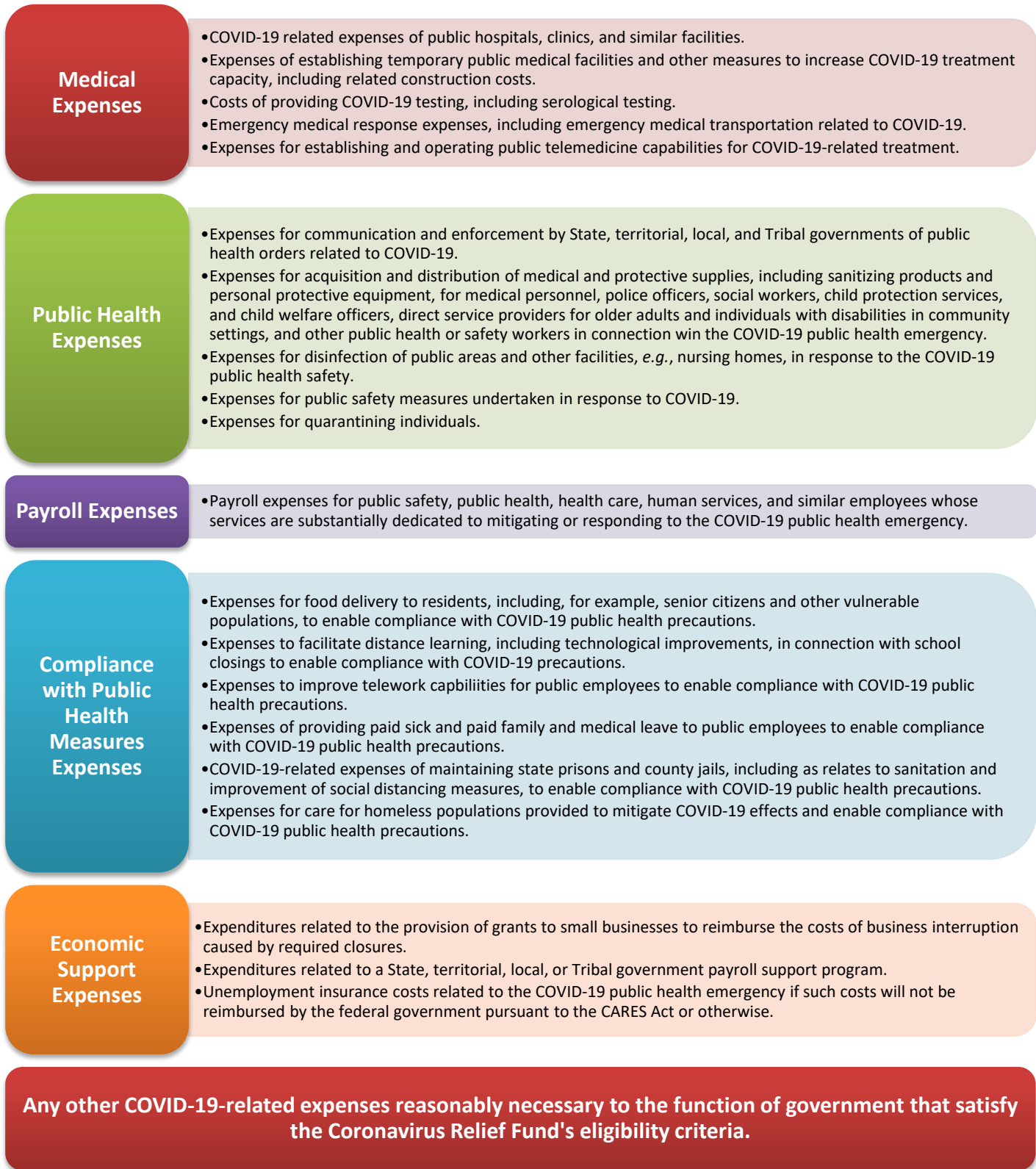
Payments from the Coronavirus Relief Fund may only be used for costs that: “(1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); (2) were not accounted for in the budget most recently approved as of the date of enactment of this section for the State or government; and (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.”<sup>1</sup> Guidance on the use of payment from the Coronavirus Relief Fund was provided by the Federal Treasury on April 22, 2020 and updated on June 30, 2020. The Treasury released additional guidance in a set of Frequently Asked Questions, most recently updated on August 10, 2020.<sup>2</sup> Figure 2 below illustrates *examples* of eligible expenses under the Coronavirus Relief Fund.

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<sup>1</sup> Section 601 (d) of the Social Security Act as added by Section 5001 of the CARES Act, which was enacted on March 27, 2020.

<sup>2</sup> See Appendix A for copies of the most recent Treasury guidance as of the release of this report. For the most up-to-date guidance please visit: <https://home.treasury.gov/policy-issues/cares/state-and-local-governments>

**Figure 2: Examples of Eligible Expenses Under the Coronavirus Relief Fund**



Source: Auditor generated based on Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments Updated June 30, 2020.



In addition to the Coronavirus Relief Fund, the CARES Act provided funding to numerous federal agencies. While some of this funding will be used to support the federal agencies' response to COVID-19, some funding will pass through the agencies and be offered as grants and other funding that could be utilized by the City. For example, the Department of Commerce's Economic Development Administration received \$1.5 billion for "Economic Development Assistance Programs" to remain available until September 30, 2022, to prevent, prepare for, and respond to coronavirus, domestically or internationally, including for necessary expenses for responding to economic injury as a result of coronavirus.

To ensure states and units of local government use the money dispersed from the Coronavirus Relief Fund appropriately, the CARES Act designated the Inspector General of the Department of the Treasury as the oversight authority. If the Inspector General of the Department of the Treasury determines that a state or unit of local government failed to comply with the use of funds requirements, the amount equal to the amount of funds used in violation would need to be paid back to the Federal Government; this is known as claw-back.

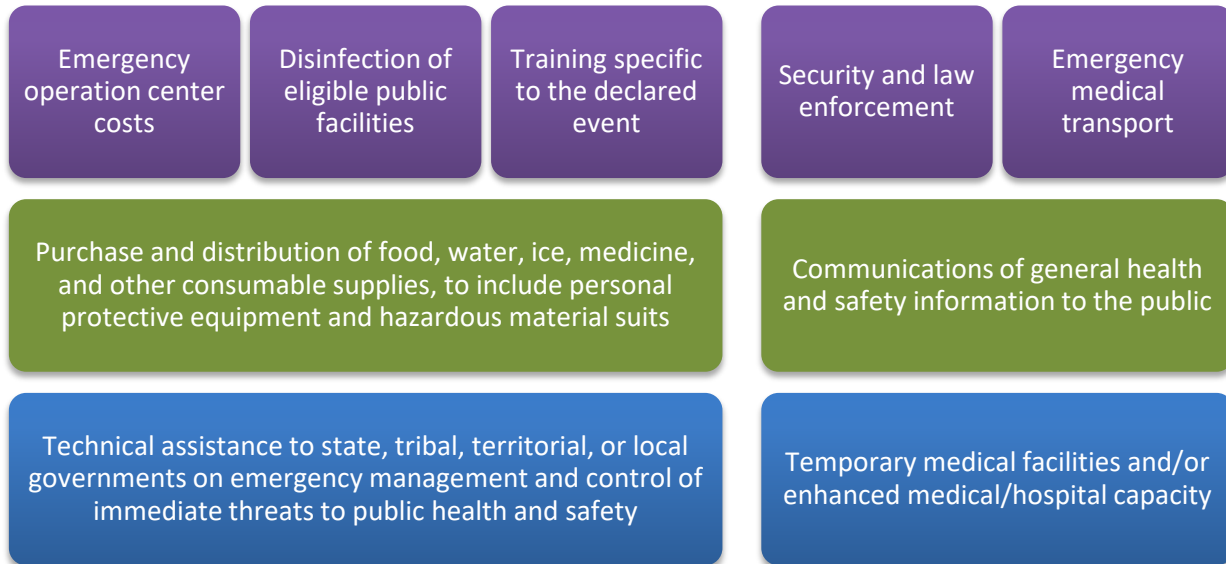
### **Federal Emergency Management Agency (FEMA)**

The Federal Emergency Management Agency (FEMA) provides financial assistance to states, territories, tribes, local governments, nonprofits, institutions of higher education, and other non-Federal entities. Specifically, FEMA's Public Assistance Program is a reimbursement program that provides federal funding to help communities respond to and recover from disasters.

California's Office of Emergency Services (Cal OES) is responsible for the coordination of State agency response to disasters, assuring the State's readiness to respond to and recover from all hazards, and serves as the pass-through entity for FEMA funding. Additionally, Cal OES assists local governments in their emergency preparedness, response, recovery, and mitigation. Generally, Cal OES acts as the point of contact for local governments seeking FEMA public assistance.

In accordance with section 502 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (Stafford Act), eligible emergency protective measures taken to respond to the COVID-19 emergency at the direction or guidance of public health officials may be reimbursed under Category B of FEMA's Public Assistance program. Figure 3 below illustrates *examples* of costs eligible for reimbursement under Category B of FEMA's Public Assistance Program.

**Figure 3: Examples of Costs Eligible for Reimbursement Under Category B of FEMA’s Public Assistance Program**



Source: Auditor generated based on FEMA guidance.

The Department of Homeland Security’s Office of the Inspector General provides oversight of FEMA and conducts audits of recipients of FEMA funding. The Inspector General has the authority to question appropriate use of funds and make recommendations to recover funds used for expenses deemed ineligible for FEMA public assistance.

## COVID-19 Regulatory and Internal Control Framework

In April 2020, our office released the *City of Sacramento Regulatory and Internal Control Framework for the City’s COVID-19 Response*; our office co-authored this document with the City Attorney’s Office. A regulatory framework is the structure of regulations designed to facilitate policy development, regulatory program development and implementation, and regulatory effectiveness and program evaluation. Internal controls are processes adopted by an entity’s oversight body, management, and other personnel that provide reasonable assurance that the objectives of an entity will be achieved.

The purpose of the *City of Sacramento Regulatory and Internal Control Framework for the City’s COVID-19 Response* is to describe the general regulatory and internal control framework the City of Sacramento will operate under for the City’s COVID-19 response and all COVID-19 related activities. This document is an essential resource for the City as it identifies key COVID-19 regulatory and internal control information that can aid in maximizing the City’s eligibility for State and Federal resources and prevent fraud, waste, or abuse. The *City of Sacramento Regulatory and Internal Control Framework for the City’s COVID-19 Response* is a general guide for the City to use. We continue to update this guidance as funding priorities are memorialized by the City Council.

## Compliance with Regulatory Requirements

As discussed in the Background, multiple funding sources were made available to local governments to address the impacts of COVID-19. Each source of funding is subject to its own regulatory requirements and restrictions. Maximizing the use of COVID-19 funds received by the City requires thoughtful and strategic decision-making to comply with the various regulatory requirements. While the Office of the City Manager is responsible for these decision-points, they have requested our office review and provide audit perspective on potential COVID-19 funding and reimbursement strategies. For example, we provided perspective on what payroll costs could potentially be eligible under FEMA and Coronavirus Relief Fund regulatory requirements and potential percentage splits between these two funding sources.

In conjunction with the City Attorney's Office, we also assisted the Office of the City Manager with developing documentation resources to guide City employees in documenting COVID-19 expenses in preparation for potential future audits. Appropriate and sufficient documentation will be critical to demonstrate the City's compliance with regulatory requirements and prevent potential claw-back of COVID-19 funding.

## Identify Risks to Minimize Potential Claw-Back of COVID-19 Funds

As stated previously, the City of Sacramento received nearly \$90 million from the Federal government in Coronavirus Relief Funds. The City has received over 235 proposals identifying potential uses of these funds. The City's Office of Innovation and Economic Development has taken the lead on collecting, managing, and reviewing proposals for Coronavirus Relief Fund eligibility. Our office participates in the City's review team by providing audit perspective on Coronavirus Relief Fund eligibility and identifying risks that could mitigate the impacts of future audits.

Additionally, once proposals have been green-lighted by the City Council for Coronavirus Relief Funding, we participate in the procurement process by reviewing and providing feedback on various procurement documents such as Request for Proposals and Grant Agreements. Specifically, we identify potential risks and provide recommendations for mitigating those risks. Our goal is to minimize the risk of funds being clawed-back in the event of future audit.

## Review of Citywide Policies and Procedures

The City of Sacramento has developed numerous policies and procedures to guide staff in performing their work. Citywide policies ensure consistent practices, while departmental, division, and lower level procedures supplement Citywide policies and guide staff in more granular operations. Examples of key internal controls in the City's COVID-19 response that are established in City Policies and Procedures can be found in the following policies: (1) AP 4001, concerning the procurement of supplies; (2) AP 4002, concerning the contracting process for constructing public projects; (3) AP 4101, concerning the procurement of non-professional services; (4) AP 4102, concerning the procurement of professional services; (5) AP 2002, concerning P-Card purchases; (6) AP 4003, the City's Sustainable Purchasing Policy; (7) the Signing Authority Policy; (8) the Records Management Policy; (9) Council Rules of Procedure; (10)

the Development Stabilization Contingency Reserve and Development Services Fund Management Policy; (11) the Budget Control Policy; and (12) the Public Records Request Policy.

We reviewed Citywide policies and procedures to determine relevancy to the City’s COVID-19 response and whether amendments may be necessary to ensure compliance with funding-specific requirements, such as strengthening information system controls, ensuring the segregation of duties, and building in appropriate levels of management review. Our review found 25 policies or procedures that could potentially benefit from amendments in light of COVID-19, as seen in figure 4 below. We presented these findings to the Office of the City Manager for consideration.

**Figure 4: Results of Citywide Policies and Procedures Review for COVID-19 Relevancy and Potential Amendments**

| Relevancy to COVID-19  |   |  |  |   |
|--|---|--|--|---|
| High   | High/Medium   | Medium   | Medium/Low   | Low   |
| <b>Policies and Procedures Potentially Benefiting from Amendments</b>  |   |  |  |   |
| <ul style="list-style-type: none"> <li>•Advanced Life Support (ALS) Revenue Recovery</li> <li>•Budget Control Policy</li> <li>•Non-Professional Services</li> <li>•Procurement of Supplies</li> <li>•Professional Services</li> <li>•Public Project</li> </ul> | <ul style="list-style-type: none"> <li>•Council Rules of Procedure</li> <li>•Illness and Injury Prevention Program Procedures</li> <li>•Leave Administration</li> <li>•Purchase Card Program (Debit Card)</li> <li>•Records Management</li> <li>•Sick Leave</li> <li>•Signing Authority</li> <li>•Whistleblower Protection</li> </ul> | <ul style="list-style-type: none"> <li>•General Fund Economic Uncertainty Reserve Policy</li> <li>•Measure U Financial Management</li> <li>•Risk Management Funding and Reserve</li> <li>•Telecommuting</li> </ul> | <ul style="list-style-type: none"> <li>•Other Post-Employment Benefits (OPEB) Funding</li> <li>•Sick Leave Upon Exhaustion of IOD</li> <li>•Sustainable Purchasing Policy</li> <li>•Volunteer Coordination Policy</li> </ul> | <ul style="list-style-type: none"> <li>•Information Technology Resource Policy</li> <li>•Places of Public Access</li> <li>•Reasonable Accommodation Policy</li> </ul> |

Source: Auditor generated.

### On-Going Monitoring of COVID-19 Revenues and Expenses

On-going monitoring enables an organization to continually review processes for adherence to and deviations from their intended levels of performance and effectiveness, assess the effectiveness of controls and detect associated risks, and execute timely quantitative and qualitative risk-related decisions. To complete our objectives, we will perform on-going monitoring of the City’s COVID-19 revenues and expenses, as described in the sections below.

## Monitor Potential COVID-19 Funding Opportunities

To help the City track the numerous potential COVID-19 funding opportunities, we developed a funding matrix with key information such as funding source, amount, application deadlines, and eligibility requirements. We shared the matrix with City leadership and continued to coordinate with staff to track COVID-19 funds the City applied for or determined the City was not eligible to apply for<sup>3</sup> as well as COVID-19 funds received. As part of this effort, we also surveyed department fiscal contacts to get a sense of each department's COVID-19 expenses and potential funding sources those expenses could be eligible for.

## Pro-Active and Real-Time Auditing of COVID-19 Expenses

As stated previously, the City may be subject to future audits of COVID-19 funds received. To ensure the City is well prepared for future audits, we have developed pro-active auditing procedures for COVID-19 expenses. These procedures include reviews and analysis of general expense tracking, labor reporting, procurement practices, sub-grantee documentation, federal reporting requirements, and internal controls. Any issues identified as part of this pro-active auditing will be reported to management timely and we will work with management to identify appropriate solutions.

For example, we reviewed employee timesheets to determine whether employees were complying with guidance provided by the City in tracking COVID-19 hours and activities. Our review found that up to 14,500 hours of time entries did not have sufficient detail describing COVID-19 activities performed. We shared this information with the Office of the City Manager and the City's COVID-19 timekeeping group and worked together to identify and resolve potential obstacles in these employees adding sufficient detail to their time entries describing the COVID-19 activities performed. Having sufficient detail describing employees' COVID-19 activities is important when claiming reimbursement through FEMA, Coronavirus Relief Fund, or other COVID-19 funding sources.

We anticipate that pro-active and real-time monitoring of the various COVID-19 related expenses and activities will continue to require increasing amounts of staff time. We plan to assign at least one additional staff member from our office to assist with pro-active monitoring within the next month.

## COVID-19 and the City's Whistleblower Hotline

In addition to conducting continuous monitoring, our office will investigate reports of fraud, waste, and abuse related to the COVID-19 pandemic received through the City's Whistleblower Hotline. As of August 15, 2020, the City's Whistleblower Hotline has received 24 complaints related to COVID-19. For complaints that are related to employee health and safety, we refer the information to the City's Risk Management Division. For complaints that are related to the public's health and safety, we refer the information to Sacramento County. Any information referred to another department or agency is referred in compliance with California whistleblower regulations, which require our office protect the identity of the whistleblower.

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<sup>3</sup> It is important to note that, in some instances, the Office of the City Auditor relied on other City staff to determine whether the City was eligible to apply for specific COVID-19 funding.

## **COVID-19 Business and Resident Community Surveys**

On May 12, 2020, the City Council requested the Office of the City Auditor conduct business and resident community surveys to determine the impact of the COVID-19 pandemic on the community. The Office of the City Auditor contracted with FM3 to conduct these surveys; the City plans to use the Coronavirus Relief Fund to fund the cost of these surveys.

In addition to the surveys conducted by FM3, the Office of the City Auditor entered into an agreement with the National Research Center to conduct additional online surveys to ensure continued input and to expand the number of residents engaged. These surveys were open between July 27, 2020 and August 12, 2020. We anticipate presenting the results of these surveys to City Council on September 8, 2020.

## **COVID-19 Business Community Survey Results**

Interviews were conducted with 399 Sacramento businesses between June 2, 2020 and June 10, 2020. Interviews were conducted via telephone (landline and wireless) as well as online. Most businesses that participated in the survey were small businesses and locally-based; half were woman-owned and one-third were minority-owned. Figure 5 illustrates key findings from the business community survey. See Appendix B for full survey results.

**Figure 5: Key Findings From the COVID-19 Business Community Survey**



Source: Auditor generated based on COVID-19 Business Community Survey results.

### COVID-19 Resident Community Survey Results

Interviews were conducted with 433 Sacramento residents at addresses selected at random from the Postal Service Delivery Sequence File. These interviews were conducted between June 2, 2020 and June 4, 2020 in both English and Spanish. Interviews were conducted via telephone (landline and wireless) as well as online. The margin of sampling error is 4.7 percent at the 95 percent confidence level. Figure 6 illustrates key findings from the resident community survey. See Appendix B for full survey results.

**Figure 6: Key Findings From the COVID-19 Resident Community Survey**



Source: Auditor generated based on COVID-19 Resident Community Survey results.



# Appendix A: Treasury Coronavirus Relief Fund Guidance and Frequently Asked Questions

## Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments Updated June 30, 2020

### Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments Updated June 30, 2020<sup>1</sup>

The purpose of this document is to provide guidance to recipients of the funding available under section 601(a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The CARES Act established the Coronavirus Relief Fund (the “Fund”) and appropriated \$150 billion to the Fund. Under the CARES Act, the Fund is to be used to make payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories (consisting of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands); and Tribal governments.

The CARES Act provides that payments from the Fund may only be used to cover costs that—

1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (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; and
3. were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.<sup>2</sup>

The guidance that follows sets forth the Department of the Treasury’s interpretation of these limitations on the permissible use of Fund payments.

#### *Necessary expenditures incurred due to the public health emergency*

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 allow the State, territorial, local, or Tribal government 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.

Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.

The statute also specifies that expenditures using Fund payments must be “necessary.” The Department of the Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.

#### *Costs not accounted for in the budget most recently approved as of March 27, 2020*

The CARES Act also requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. A cost meets this requirement if either (a) the

<sup>1</sup> This version updates the guidance provided under “Costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020”.

<sup>2</sup> See Section 601(d) of the Social Security Act, as added by section 5001 of the CARES Act.

cost cannot lawfully be funded using a line item, allotment, or allocation within that budget *or* (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

The “most recently approved” budget refers to the enacted budget for the relevant fiscal period for the particular government, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency. A cost is not considered to have been accounted for in a budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account.

***Costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020***

Finally, the CARES Act provides that payments from the Fund may only be used to cover costs that were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020 (the “covered period”). Putting this requirement together with the other provisions discussed above, section 601(d) may be summarized as providing that a State, local, or tribal government may use payments from the Fund only to cover previously unbudgeted costs of necessary expenditures incurred due to the COVID-19 public health emergency during the covered period.

Initial guidance released on April 22, 2020, provided that the cost of an expenditure is incurred when the recipient has expended funds to cover the cost. Upon further consideration and informed by an understanding of State, local, and tribal government practices, Treasury is clarifying that 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). For instance, in the case of a lease of equipment or other property, irrespective of when payment occurs, the cost of a lease payment shall be considered to have been incurred for the period of the lease that is within the covered period, but not otherwise.

Furthermore, in all cases it must be necessary that performance or delivery take place during the covered period. Thus the cost of a good or service received during the covered period will not be considered eligible under section 601(d) if there is no need for receipt until after the covered period has expired.

Goods delivered in the covered period need not be used during the covered period in all cases. For example, the cost of a good that must be delivered in December in order to be available for use in January could be covered using payments from the Fund. Additionally, the cost of goods purchased in bulk and delivered during the covered period may be covered using payments from the Fund if a portion of the goods is ordered for use in the covered period, the bulk purchase is consistent with the recipient’s usual procurement policies and practices, and it is impractical to track and record when the items were used. A recipient may use payments from the Fund to purchase a durable good that is to be used during the current period and in subsequent periods if the acquisition in the covered period was necessary due to the public health emergency.

Given that it is not always possible to estimate with precision when a good or service will be needed, the touchstone in assessing the determination of need for a good or service during the covered period will be reasonableness at the time delivery or performance was sought, *e.g.*, the time of entry into a procurement contract specifying a time for delivery. Similarly, in recognition of the likelihood of supply chain disruptions and increased demand for certain goods and services during the COVID-19 public health emergency, if a recipient enters into a contract requiring the delivery of goods or performance of services by December 30, 2020, the failure of a vendor to complete delivery or services by December 30, 2020, will not affect the ability of the recipient to use payments from the Fund to cover the cost of such goods or services if the delay is due to circumstances beyond the recipient’s control.

This guidance applies in a like manner to costs of subrecipients. Thus, a grant or loan, for example, provided by a recipient using payments from the Fund must be used by the subrecipient only to purchase (or reimburse a purchase of) goods or services for which receipt both is needed within the covered period and occurs within the covered period. The direct recipient of payments from the Fund is ultimately responsible for compliance with this limitation on use of payments from the Fund.

***Nonexclusive examples of eligible expenditures***

Eligible expenditures include, but are not limited to, payment for:

1. Medical expenses such as:
  - COVID-19-related expenses of public hospitals, clinics, and similar facilities.
  - Expenses of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs.
  - Costs of providing COVID-19 testing, including serological testing.
  - Emergency medical response expenses, including emergency medical transportation, related to COVID-19.
  - Expenses for establishing and operating public telemedicine capabilities for COVID-19-related treatment.
2. Public health expenses such as:
  - Expenses for communication and enforcement by State, territorial, local, and Tribal governments of public health orders related to COVID-19.
  - Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment, for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers in connection with the COVID-19 public health emergency.
  - Expenses for disinfection of public areas and other facilities, e.g., nursing homes, in response to the COVID-19 public health emergency.
  - Expenses for technical assistance to local authorities or other entities on mitigation of COVID-19-related threats to public health and safety.
  - Expenses for public safety measures undertaken in response to COVID-19.
  - Expenses for quarantining individuals.
3. 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.
4. Expenses of actions to facilitate compliance with COVID-19-related public health measures, such as:
  - Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
  - Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.
  - Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.

- Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.
  - COVID-19-related expenses of maintaining state prisons and county jails, including as relates to sanitation and improvement of social distancing measures, to enable compliance with COVID-19 public health precautions.
  - Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.
5. Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, such as:
    - Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
    - Expenditures related to a State, territorial, local, or Tribal government payroll support program.
    - 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.
  6. Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria.

***Nonexclusive examples of ineligible expenditures<sup>3</sup>***

The following is a list of examples of costs that would *not* be eligible expenditures of payments from the Fund.

1. Expenses for the State share of Medicaid.<sup>4</sup>
2. Damages covered by insurance.
3. Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
4. Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds.
5. Reimbursement to donors for donated items or services.
6. Workforce bonuses other than hazard pay or overtime.
7. Severance pay.
8. Legal settlements.

<sup>3</sup> In addition, pursuant to section 5001(b) of the CARES Act, payments from the Fund may not be expended for an elective abortion or on research in which a human embryo is destroyed, discarded, or knowingly subjected to risk of injury or death. The prohibition on payment for abortions does not apply to an abortion if the pregnancy is the result of an act of rape or incest; or in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed. Furthermore, no government which receives payments from the Fund may discriminate against a health care entity on the basis that the entity does not provide, pay for, provide coverage of, or refer for abortions.

<sup>4</sup> See 42 C.F.R. § 433.51 and 45 C.F.R. § 75.306.

# Coronavirus Relief Fund Frequently Asked Questions Updated as of August 10, 2020

## Coronavirus Relief Fund Frequently Asked Questions Updated as of August 10, 2020<sup>1</sup>

The following answers to frequently asked questions supplement Treasury’s Coronavirus Relief Fund (“Fund”) Guidance for State, Territorial, Local, and Tribal Governments, dated April 22, 2020, (“Guidance”).<sup>2</sup> Amounts paid from the Fund are subject to the restrictions outlined in the Guidance and set forth in section 601(d) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”).

### A. Eligible Expenditures

#### 1. *Are governments required to submit proposed expenditures to Treasury for approval?*

No. Governments are responsible for making determinations as to what expenditures are necessary due to the public health emergency with respect to COVID-19 and do not need to submit any proposed expenditures to Treasury.

#### 2. *The Guidance says that funding can be used to meet 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. How does a government determine whether payroll expenses for a given employee satisfy the “substantially dedicated” condition?*

The Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. For this reason, and as a matter of administrative convenience in light of the emergency nature of this program, a State, territorial, local, or Tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.

#### 3. *The Guidance says that a cost was not accounted for in the most recently approved budget if the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation. What would qualify as a “substantially different use” for purposes of the Fund eligibility?*

Costs incurred for a “substantially different use” include, but are not necessarily limited to, costs of personnel and services that were budgeted for in the most recently approved budget but which, due entirely to the COVID-19 public health emergency, have been diverted to substantially different functions. This would include, for example, the costs of redeploying corrections facility staff to enable compliance with COVID-19 public health precautions through work such as enhanced sanitation or enforcing social distancing measures; the costs of redeploying police to support management and enforcement of stay-at-home orders; or the costs of diverting educational support staff or faculty to develop online learning capabilities, such as through providing information technology support that is not part of the staff or faculty’s ordinary responsibilities.

<sup>1</sup> On August 10, 2020, these Frequently Asked Questions were revised to add Questions 49–52. The previous revision was made on July 8.

<sup>2</sup> The Guidance is available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

Note that a public function does not become a “substantially different use” merely because it is provided from a different location or through a different manner. For example, although developing online instruction capabilities may be a substantially different use of funds, online instruction itself is not a substantially different use of public funds than classroom instruction.

**4. *May a State receiving a payment transfer funds to a local government?***

Yes, provided that the transfer qualifies as a necessary expenditure incurred due to the public health emergency and meets the other criteria of section 601(d) of the Social Security Act. Such funds would be subject to recoupment by the Treasury Department if they have not been used in a manner consistent with section 601(d) of the Social Security Act.

**5. *May a unit of local government receiving a Fund payment transfer funds to another unit of government?***

Yes. For example, a county may transfer funds to a city, town, or school district within the county and a county or city may transfer funds to its State, provided that the transfer qualifies as a necessary expenditure incurred due to the public health emergency and meets the other criteria of section 601(d) of the Social Security Act outlined in the Guidance. For example, a transfer from a county to a constituent city would not be permissible if the funds were intended to be used simply to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify as an eligible expenditure.

**6. *Is a Fund payment recipient required to transfer funds to a smaller, constituent unit of government within its borders?***

No. For example, a county recipient is not required to transfer funds to smaller cities within the county’s borders.

**7. *Are recipients required to use other federal funds or seek reimbursement under other federal programs before using Fund payments to satisfy eligible expenses?***

No. Recipients may use Fund payments for any expenses eligible under section 601(d) of the Social Security Act outlined in the Guidance. Fund payments are not required to be used as the source of funding of last resort. However, as noted below, recipients may not use payments from the Fund to cover expenditures for which they will receive reimbursement.

**8. *Are there prohibitions on combining a transaction supported with Fund payments with other CARES Act funding or COVID-19 relief Federal funding?***

Recipients will need to consider the applicable restrictions and limitations of such other sources of funding. In addition, expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds, are not eligible uses of Fund payments.

**9. *Are States permitted to use Fund payments to support state unemployment insurance funds generally?***

To the extent that the costs incurred by a state unemployment insurance fund are incurred due to the COVID-19 public health emergency, a State may use Fund payments to make payments to its respective state unemployment insurance fund, separate and apart from such State's obligation to the unemployment insurance fund as an employer. This will permit States to use Fund payments to prevent expenses related to the public health emergency from causing their state unemployment insurance funds to become insolvent.

**10. *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.

**11. *The Guidance states that the Fund may support a "broad range of uses" including payroll expenses for several classes of employees whose services are "substantially dedicated to mitigating or responding to the COVID-19 public health emergency." What are some examples of types of covered employees?***

The Guidance provides examples of broad classes of employees whose payroll expenses would be eligible expenses under the Fund. These classes of employees include 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. Payroll and benefit costs associated with public employees who could have been furloughed or otherwise laid off but who were instead repurposed to perform previously unbudgeted functions substantially dedicated to mitigating or responding to the COVID-19 public health emergency are also covered. Other eligible expenditures include payroll and benefit costs of educational support staff or faculty responsible for developing online learning capabilities necessary to continue educational instruction in response to COVID-19-related school closures. Please see the Guidance for a discussion of what is meant by an expense that was not accounted for in the budget most recently approved as of March 27, 2020.

**12. *In some cases, first responders and critical health care workers that contract COVID-19 are eligible for workers' compensation coverage. Is the cost of this expanded workers compensation coverage eligible?***

Increased workers compensation cost to the government due to the COVID-19 public health emergency incurred during the period beginning March 1, 2020, and ending December 30, 2020, is an eligible expense.

**13. *If a recipient would have decommissioned equipment or not renewed a lease on particular office space or equipment but decides to continue to use the equipment or to renew the lease in order to respond to the public health emergency, are the costs associated with continuing to operate the equipment or the ongoing lease payments eligible expenses?***

Yes. To the extent the expenses were previously unbudgeted and are otherwise consistent with section 601(d) of the Social Security Act outlined in the Guidance, such expenses would be eligible.

**14. *May recipients provide stipends to employees for eligible expenses (for example, a stipend to employees to improve telework capabilities) rather than require employees to incur the eligible cost and submit for reimbursement?***

Expenditures paid for with payments from the Fund must be limited to those that are necessary due to the public health emergency. As such, unless the government were to determine that providing assistance in the form of a stipend is an administrative necessity, the government should provide such assistance on a reimbursement basis to ensure as much as possible that funds are used to cover only eligible expenses.

**15. *May Fund payments be used for COVID-19 public health emergency recovery planning?***

Yes. Expenses associated with conducting a recovery planning project or operating a recovery coordination office would be eligible, if the expenses otherwise meet the criteria set forth in section 601(d) of the Social Security Act outlined in the Guidance.

**16. *Are expenses associated with contact tracing eligible?***

Yes, expenses associated with contact tracing are eligible.

**17. *To what extent may a government use Fund payments to support the operations of private hospitals?***

Governments may use Fund payments to support public or private hospitals to the extent that the costs are necessary expenditures incurred due to the COVID-19 public health emergency, but the form such assistance would take may differ. In particular, financial assistance to private hospitals could take the form of a grant or a short-term loan.

**18. *May payments from the Fund be used to assist individuals with enrolling in a government benefit program for those who have been laid off due to COVID-19 and thereby lost health insurance?***

Yes. To the extent that the relevant government official determines that these expenses are necessary and they meet the other requirements set forth in section 601(d) of the Social Security Act outlined in the Guidance, these expenses are eligible.

**19. *May recipients use Fund payments to facilitate livestock depopulation incurred by producers due to supply chain disruptions?***

Yes, to the extent these efforts are deemed necessary for public health reasons or as a form of economic support as a result of the COVID-19 health emergency.

**20. *Would providing a consumer grant program to prevent eviction and assist in preventing homelessness be considered an eligible expense?***

Yes, assuming that the recipient considers the grants to be a necessary expense incurred due to the COVID-19 public health emergency and the grants meet the other requirements for the use of Fund payments under section 601(d) of the Social Security Act outlined in the Guidance. As a general matter, providing assistance to recipients to enable them to meet property tax requirements would not be an eligible use of funds, but exceptions may be made in the case of assistance designed to prevent foreclosures.



**21. May recipients create a “payroll support program” for public employees?**

Use of payments from the Fund to cover payroll or benefits expenses of public employees are limited to those employees whose work duties are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

**22. May recipients use Fund payments to cover employment and training programs for employees that have been furloughed due to the public health emergency?**

Yes, this would be an eligible expense if the government determined that the costs of such employment and training programs would be necessary due to the public health emergency.

**23. May recipients use Fund payments to provide emergency financial assistance to individuals and families directly impacted by a loss of income due to the COVID-19 public health emergency?**

Yes, if a government determines such assistance to be a necessary expenditure. Such assistance could include, for example, a program to assist individuals with payment of overdue rent or mortgage payments to avoid eviction or foreclosure or unforeseen financial costs for funerals and other emergency individual needs. Such assistance should be structured in a manner to ensure as much as possible, within the realm of what is administratively feasible, that such assistance is necessary.

**24. 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.

**25. The Guidance provides that expenses associated with the provision of economic support in connection with the public health emergency, such as expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures, would constitute eligible expenditures of Fund payments. Would such expenditures be eligible in the absence of a stay-at-home order?**

Fund payments may be used for economic support in the absence of a stay-at-home order if such expenditures are determined by the government to be necessary. This may include, for example, a grant program 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.

**26. May Fund payments be used to assist impacted property owners with the payment of their property taxes?**

Fund payments may not be used for government revenue replacement, including the provision of assistance to meet tax obligations.

**27. *May Fund payments be used to replace foregone utility fees? If not, can Fund payments be used as a direct subsidy payment to all utility account holders?***

Fund payments may not be used for government revenue replacement, including the replacement of unpaid utility fees. Fund payments may be used for subsidy payments to electricity account holders to the extent that the subsidy payments are deemed by the recipient to be necessary expenditures incurred due to the COVID-19 public health emergency and meet the other criteria of section 601(d) of the Social Security Act outlined in the Guidance. For example, if determined to be a necessary expenditure, a government could provide grants to individuals facing economic hardship to allow them to pay their utility fees and thereby continue to receive essential services.

**28. *Could Fund payments be used for capital improvement projects that broadly provide potential economic development in a community?***

In general, no. If capital improvement projects are not necessary expenditures incurred due to the COVID-19 public health emergency, then Fund payments may not be used for such projects.

However, Fund payments may be used for the expenses of, for example, establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity or improve mitigation measures, including related construction costs.

**29. *The Guidance includes workforce bonuses as an example of ineligible expenses but provides that hazard pay would be eligible if otherwise determined to be a necessary expense. Is there a specific definition of “hazard pay”?***

Hazard pay means additional pay for performing hazardous duty or work involving physical hardship, in each case that is related to COVID-19.

**30. *The Guidance provides that ineligible expenditures include “[p]ayroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.” Is this intended to relate only to public employees?***

Yes. This particular nonexclusive example of an ineligible expenditure relates to public employees. A recipient would not be permitted to pay for payroll or benefit expenses of private employees and any financial assistance (such as grants or short-term loans) to private employers are not subject to the restriction that the private employers’ employees must be substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

**31. *May counties pre-pay with CARES Act funds for expenses such as a one or two-year facility lease, such as to house staff hired in response to COVID-19?***

A government should not make prepayments on contracts using payments from the Fund to the extent that doing so would not be consistent with its ordinary course policies and procedures.

**32. *Must a stay-at-home order or other public health mandate be in effect in order for a government to provide assistance to small businesses using payments from the Fund?***

No. The Guidance provides, as an example of an eligible use of payments from the Fund, expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures. Such assistance may be provided using amounts received from the Fund in the absence of a requirement to close businesses if the relevant government determines that such expenditures are necessary in response to the public health emergency.

**33. *Should States receiving a payment transfer funds to local governments that did not receive payments directly from Treasury?***

Yes, provided that the transferred funds are used by the local government for eligible expenditures under the statute. To facilitate prompt distribution of Title V funds, the CARES Act authorized Treasury to make direct payments to local governments with populations in excess of 500,000, in amounts equal to 45% of the local government's per capita share of the statewide allocation. This statutory structure was based on a recognition that it is more administratively feasible to rely on States, rather than the federal government, to manage the transfer of funds to smaller local governments. Consistent with the needs of all local governments for funding to address the public health emergency, States should transfer funds to local governments with populations of 500,000 or less, using as a benchmark the per capita allocation formula that governs payments to larger local governments. This approach will ensure equitable treatment among local governments of all sizes.

For example, a State received the minimum \$1.25 billion allocation and had one county with a population over 500,000 that received \$250 million directly. The State should distribute 45 percent of the \$1 billion it received, or \$450 million, to local governments within the State with a population of 500,000 or less.

**34. *May a State impose restrictions on transfers of funds to local governments?***

Yes, to the extent that the restrictions facilitate the State's compliance with the requirements set forth in section 601(d) of the Social Security Act outlined in the Guidance and other applicable requirements such as the Single Audit Act, discussed below. Other restrictions are not permissible.

**35. *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.

**36. *May recipients use Fund payments to expand rural broadband capacity to assist with distance learning and telework?***

Such expenditures would only be permissible if they are necessary for the public health emergency. The cost of projects that would not be expected to increase capacity to a significant extent until the need for distance learning and telework have passed due to this public health emergency would not be necessary due to the public health emergency and thus would not be eligible uses of Fund payments.

**37. *Are costs associated with increased solid waste capacity an eligible use of payments from the Fund?***

Yes, costs to address increase in solid waste as a result of the public health emergency, such as relates to the disposal of used personal protective equipment, would be an eligible expenditure.

**38. *May payments from the Fund be used to cover across-the-board hazard pay for employees working during a state of emergency?***

No. The Guidance says that funding may be used to meet 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. Hazard pay is a form of payroll expense and is subject to this limitation, so Fund payments may only be used to cover hazard pay for such individuals.

**39. *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.

**40. *May recipients use Fund payments to provide loans?***

Yes, if the loans otherwise qualify as eligible expenditures under section 601(d) of the Social Security Act as implemented by the Guidance. Any amounts repaid by the borrower before December 30, 2020, must be either returned to Treasury upon receipt by the unit of government providing the loan or used for another expense that qualifies as an eligible expenditure under section 601(d) of the Social Security Act. Any amounts not repaid by the borrower until after December 30, 2020, must be returned to Treasury upon receipt by the unit of government lending the funds.

**41. *May Fund payments be used for expenditures necessary to prepare for a future COVID-19 outbreak?***

Fund payments may be used only for expenditures necessary to address the current COVID-19 public health emergency. For example, a State may spend Fund payments 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.

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

Yes, payments from the 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.

**43. *Must a State, local, or tribal government require applications to be submitted by businesses or individuals before providing assistance using payments from the Fund?***

Governments have discretion to determine how to tailor assistance programs they establish in response to the COVID-19 public health emergency. However, such a program should be structured in such a manner as will ensure that such assistance is determined to be necessary in response to the COVID-19 public health emergency and otherwise satisfies the requirements of the CARES Act and other applicable law. For example, a per capita payment to residents of a particular jurisdiction without an assessment of individual need would not be an appropriate use of payments from the Fund.

**44. *May Fund payments be provided to non-profits for distribution to individuals in need of financial assistance, such as rent relief?***

Yes, non-profits may be used to distribute assistance. Regardless of how the assistance is structured, the financial assistance provided would have to be related to COVID-19.

**45. *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.

**46. *May a State provide assistance to farmers and meat processors to expand capacity, such to cover overtime for USDA meat inspectors?***

If a State determines that expanding meat processing capacity, including by paying overtime to USDA meat inspectors, is a necessary expense incurred due to the public health emergency, such as if increased capacity is necessary to allow farmers and processors to donate meat to food banks, then such expenses are eligible expenses, provided that the expenses satisfy the other requirements set forth in section 601(d) of the Social Security Act outlined in the Guidance.

**47. *The guidance provides that funding may be used to meet 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. May Fund payments be used to cover such an employee's entire payroll cost or just the portion of time spent on mitigating or responding to the COVID-19 public health emergency?***

As a matter of administrative convenience, the entire payroll cost of an employee whose time is substantially dedicated to mitigating or responding to the COVID-19 public health emergency is eligible, provided that such payroll costs are incurred by December 30, 2020. An employer may also track time spent by employees related to COVID-19 and apply Fund payments on that basis but would need to do so consistently within the relevant agency or department.

**48. *May Fund payments be used to cover increased administrative leave costs of public employees who could not telework in the event of a stay at home order or a case of COVID-19 in the workplace?***

The statute requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. As stated in the Guidance, a cost meets this requirement if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget or (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation. If the cost of an employee was allocated to administrative leave to a greater extent than was expected, the cost of such administrative leave may be covered using payments from the Fund.

**49. Are States permitted to use Coronavirus Relief Fund payments to satisfy non-federal matching requirements under the Stafford Act, including “lost wages assistance” authorized by the Presidential Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019 (August 8, 2020)?**

Yes. As previous guidance has stated, payments from the 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. States are fully permitted to use payments from the Fund to satisfy 100% of their cost share for lost wages assistance recently made available under the Stafford Act.

**50. At what point would costs be considered to be incurred in the case of a grant made by a State, local, or tribal government to cover interest and principal amounts of a loan, such as might be provided as part of a small business assistance program in which the loan is made by a private institution?**

A grant made to cover interest and principal costs of a loan, including interest and principal due after the period that begins on March 1, 2020, and ends on December 30, 2020 (the “covered period”), will be considered to be incurred during the covered period if (i) the full amount of the loan is advanced to the borrower within the covered period and (ii) the proceeds of the loan are used by the borrower to cover expenses incurred during the covered period. In addition, if these conditions are met, the amount of the grant will be considered to have been used during the covered period for purposes of the requirement that expenses be incurred within the covered period. Such a grant would be analogous to a loan provided by the Fund recipient itself that incorporates similar loan forgiveness provisions. As with any other assistance provided by a Fund recipient, such a grant would need to be determined by the recipient to be necessary due to the public health emergency.

**51. If governments use Fund payments as described in the Guidance to establish a grant program to support businesses, would those funds be considered gross income taxable to a business receiving the grant under the Internal Revenue Code (Code)?**

Please see the answer provided by the Internal Revenue Service (IRS) available at <https://www.irs.gov/newsroom/cares-act-coronavirus-relief-fund-frequently-asked-questions>.

**52. If governments use Fund payments as described in the Guidance to establish a loan program to support businesses, would those funds be considered gross income taxable to a business receiving the loan under the Code?**

Please see the answer provided by the IRS available at <https://www.irs.gov/newsroom/cares-act-coronavirus-relief-fund-frequently-asked-questions>.

**B. Questions Related to Administration of Fund Payments**

**1. Do governments have to return unspent funds to Treasury?**

Yes. Section 601(f)(2) of the Social Security Act, as added by section 5001(a) of the CARES Act, provides for recoupment by the Department of the Treasury of amounts received from the Fund that have not been used in a manner consistent with section 601(d) of the Social Security Act. If a government has not used funds it has received to cover costs that were incurred by December 30, 2020, as required by the statute, those funds must be returned to the Department of the Treasury.

**2. *What records must be kept by governments receiving payment?***

A government should keep records sufficient to demonstrate that the amount of Fund payments to the government has been used in accordance with section 601(d) of the Social Security Act.

**3. *May recipients deposit Fund payments into interest bearing accounts?***

Yes, provided that if recipients separately invest amounts received from the Fund, they must use the interest earned or other proceeds of these investments only to cover expenditures incurred in accordance with section 601(d) of the Social Security Act and the Guidance on eligible expenses. If a government deposits Fund payments in a government's general account, it may use those funds to meet immediate cash management needs provided that the full amount of the payment is used to cover necessary expenditures. Fund payments are not subject to the Cash Management Improvement Act of 1990, as amended.

**4. *May governments retain assets purchased with payments from the Fund?***

Yes, if the purchase of the asset was consistent with the limitations on the eligible use of funds provided by section 601(d) of the Social Security Act.

**5. *What rules apply to the proceeds of disposition or sale of assets acquired using payments from the Fund?***

If such assets are disposed of prior to December 30, 2020, the proceeds would be subject to the restrictions on the eligible use of payments from the Fund provided by section 601(d) of the Social Security Act.

**6. *Are Fund payments to State, territorial, local, and tribal governments considered grants?***

No. Fund payments made by Treasury to State, territorial, local, and Tribal governments are not considered to be grants but are "other financial assistance" under 2 C.F.R. § 200.40.

**7. *Are Fund payments considered federal financial assistance for purposes of the Single Audit Act?***

Yes, Fund payments are considered to be federal financial assistance subject to the Single Audit Act (31 U.S.C. §§ 7501-7507) and the related provisions of the Uniform Guidance, 2 C.F.R. § 200.303 regarding internal controls, §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements.

**8. *Are Fund payments subject to other requirements of the Uniform Guidance?***

Fund payments are subject to the following requirements in the Uniform Guidance (2 C.F.R. Part 200): 2 C.F.R. § 200.303 regarding internal controls, 2 C.F.R. §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements.

**9. *Is there a Catalog of Federal Domestic Assistance (CFDA) number assigned to the Fund?***

Yes. The CFDA number assigned to the Fund is 21.019.

**10. *If a State transfers Fund payments to its political subdivisions, would the transferred funds count toward the subrecipients' total funding received from the federal government for purposes of the Single Audit Act?***

Yes. The Fund payments to subrecipients would count toward the threshold of the Single Audit Act and 2 C.F.R. part 200, subpart F re: audit requirements. Subrecipients are subject to a single audit or program-specific audit pursuant to 2 C.F.R. § 200.501(a) when the subrecipients spend \$750,000 or more in federal awards during their fiscal year.

**11. *Are recipients permitted to use payments from the Fund to cover the expenses of an audit conducted under the Single Audit Act?***

Yes, such expenses would be eligible expenditures, subject to the limitations set forth in 2 C.F.R. § 200.425.

**12. *If a government has transferred funds to another entity, from which entity would the Treasury Department seek to recoup the funds if they have not been used in a manner consistent with section 601(d) of the Social Security Act?***

The Treasury Department would seek to recoup the funds from the government that received the payment directly from the Treasury Department. State, territorial, local, and Tribal governments receiving funds from Treasury should ensure that funds transferred to other entities, whether pursuant to a grant program or otherwise, are used in accordance with section 601(d) of the Social Security Act as implemented in the Guidance.



Appendix B: COVID-19 Business and Resident Community Survey Results

COVID-19 Business Community Survey Results



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# Impacts of the COVID-19 Pandemic on Sacramento Businesses

*Key Findings from a Citywide Survey of Businesses  
Conducted June 2-10, 2020*



320-900B

## Survey Methodology

- 399 interviews with Sacramento businesses
- Interviews conducted June 2-10, 2020
- Interviews in English and Spanish
- Interviews conducted via telephone (landline and wireless) and online
- Some percentages may not sum to 100% due to rounding

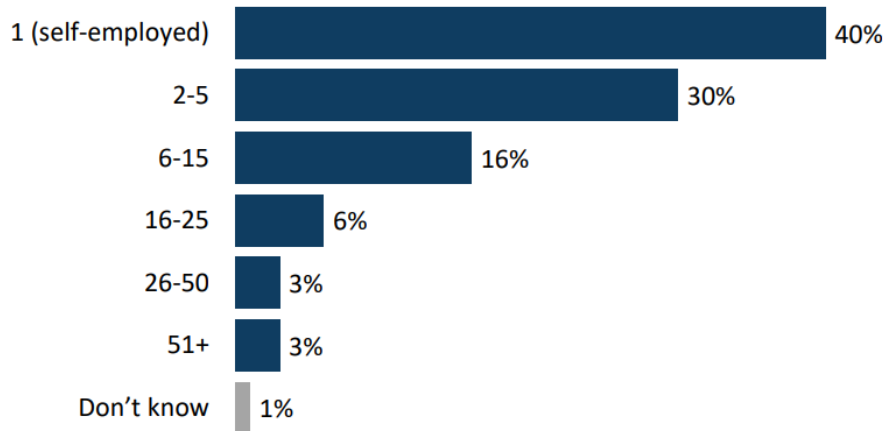


*City of*  
SACRAMENTO

## Profile of Respondents

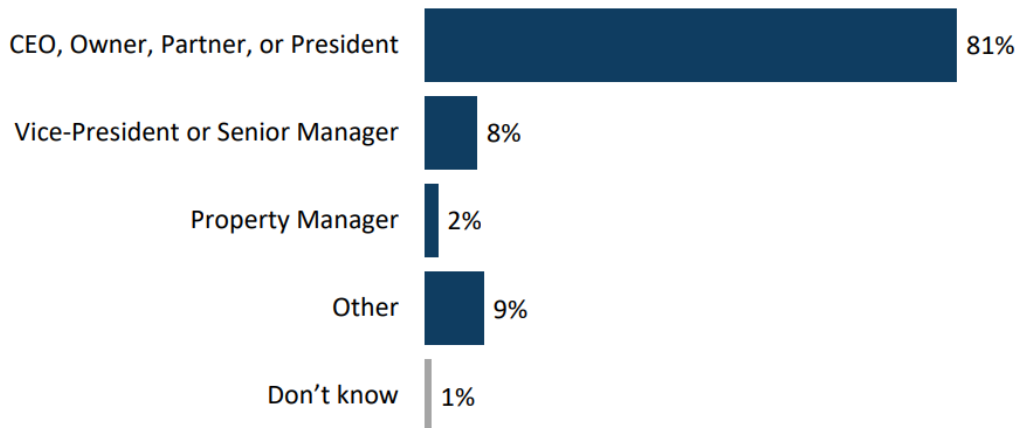
## Respondents tended to be small businesses.

*Including you, about how many employees worked at your worksite(s) before COVID-19? Please only include employment for worksites in the City of Sacramento.*



## Nearly all respondents contacted were in leadership positions.

*Which of the following best describes your role at your company?*



## A wide range of sectors were represented in the survey.

*Which one of the following industries best describes the nature of your business?*



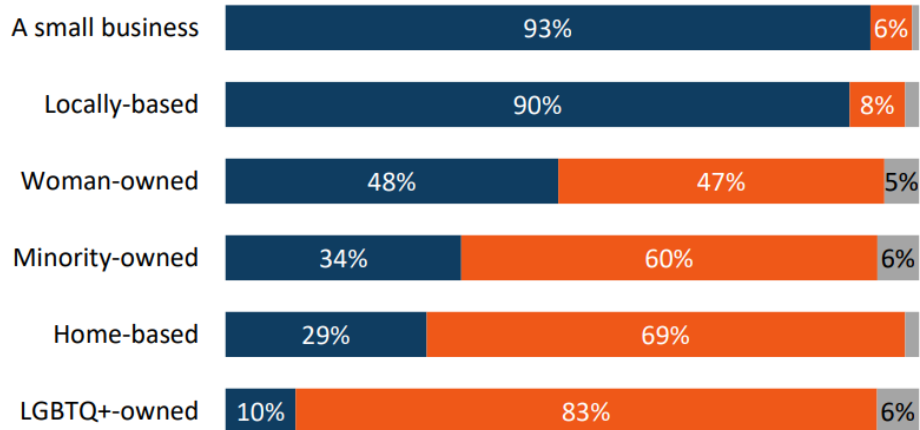
## Respondents reflect a variety of geographies and ethnicities.

| Subgroup           | % of Respondents |
|--------------------|------------------|
| Asian              | 7%               |
| White              | 60%              |
| African American   | 10%              |
| Latino             | 11%              |
| Multiracial        | 5%               |
| Other              | 5%               |
| Council District 1 | 8%               |
| Council District 2 | 8%               |
| Council District 3 | 17%              |
| Council District 4 | 25%              |
| Council District 5 | 13%              |
| Council District 6 | 16%              |
| Council District 7 | 6%               |
| Council District 8 | 2%               |

**Most businesses were a small business and locally-based; half were woman-owned and one-third were minority-owned.**

Is your business \_\_\_\_\_?

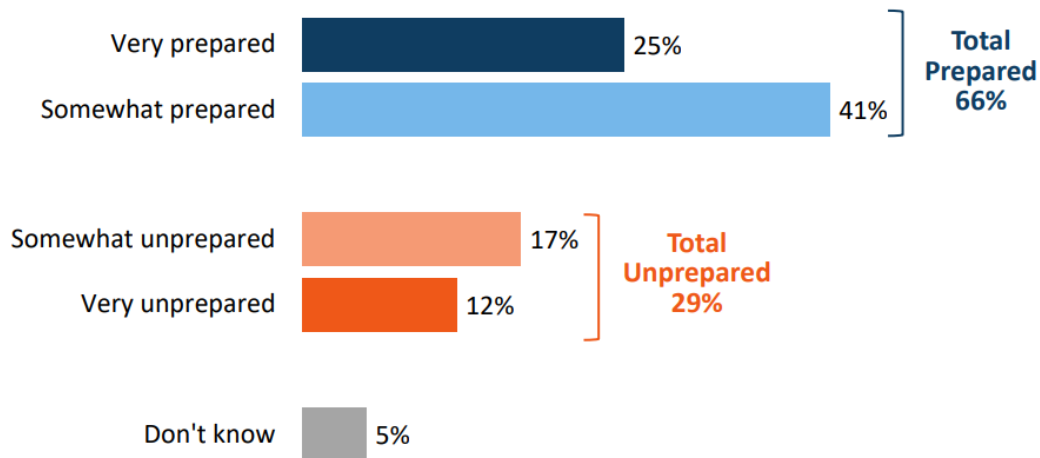
■ Yes ■ No ■ Don't know



**Perceptions of the Pandemic**

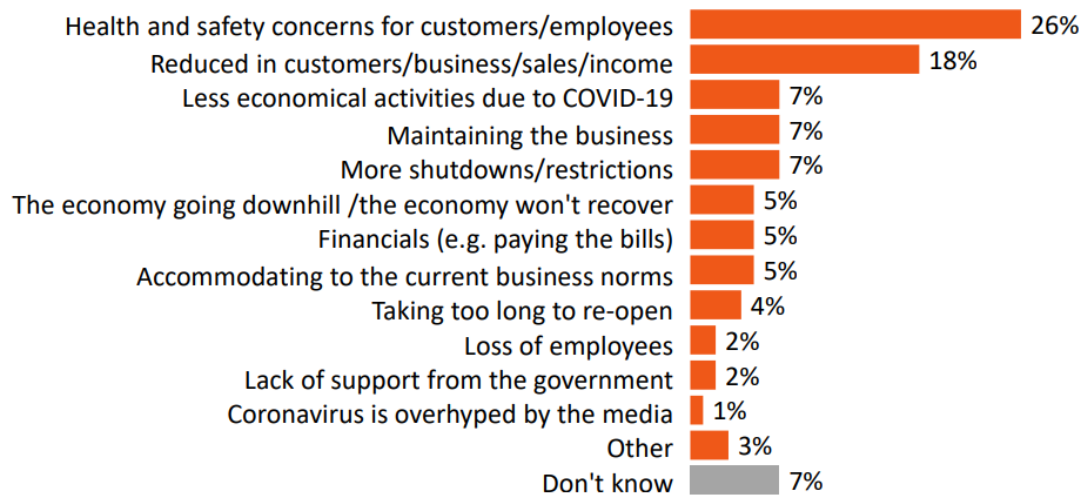
## Two-thirds say their business is prepared to deal with the changing economy, but few feel strongly.

*How prepared do you think your business is to meet the needs of the changing economy as a result of COVID-19?*

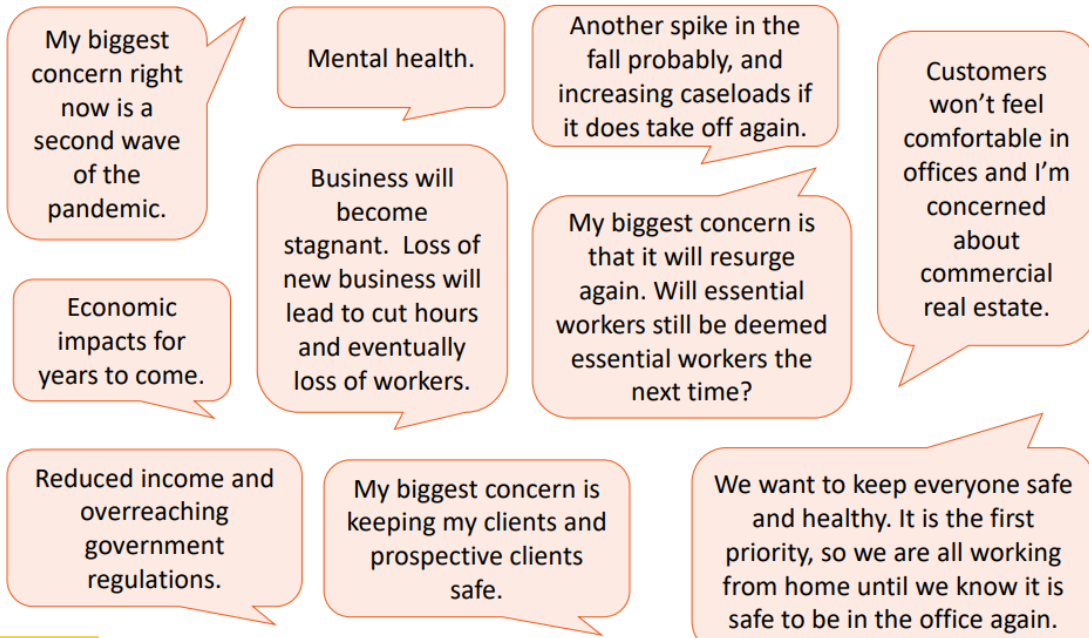


## Health and safety concerns of employees and a reduction in business were respondents' top concerns.

*What are your biggest concerns regarding COVID-19 for your business and employees?  
(Open-ended)*



## Verbatim Comments Describing Businesses' Biggest Concerns



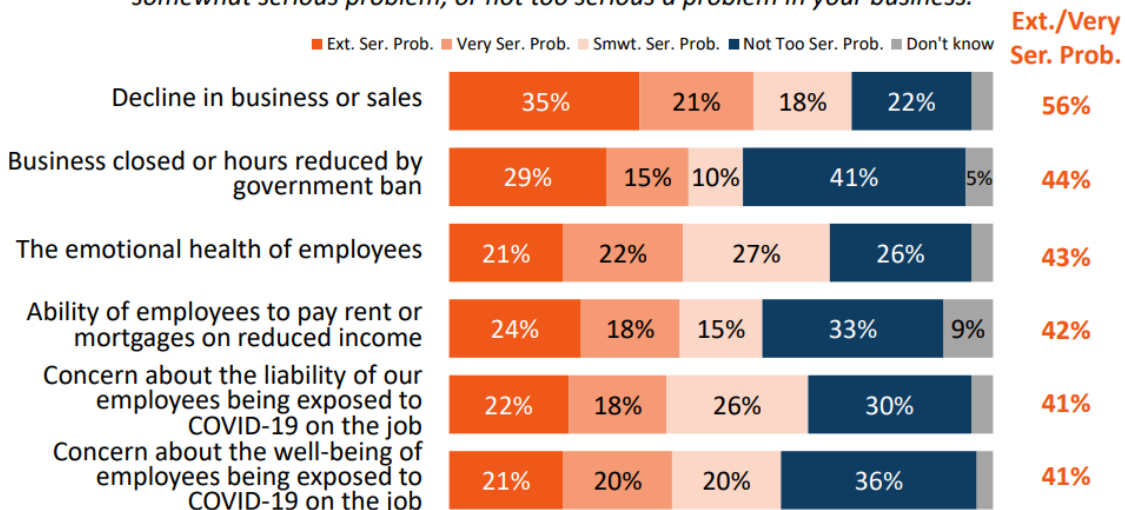
**FM3**  
RESEARCH

Q6. What are your biggest concerns regarding COVID-19 for your business and employees?

11

## Local businesses rate declines in business, closures and reduced hours, and the well-being of employees are the most serious problems facing them.

Please rate how much of a problem, if at all, the following are for your business as a result of the COVID-19 pandemic: an extremely serious problem, a very serious problem, somewhat serious problem, or not too serious a problem in your business.

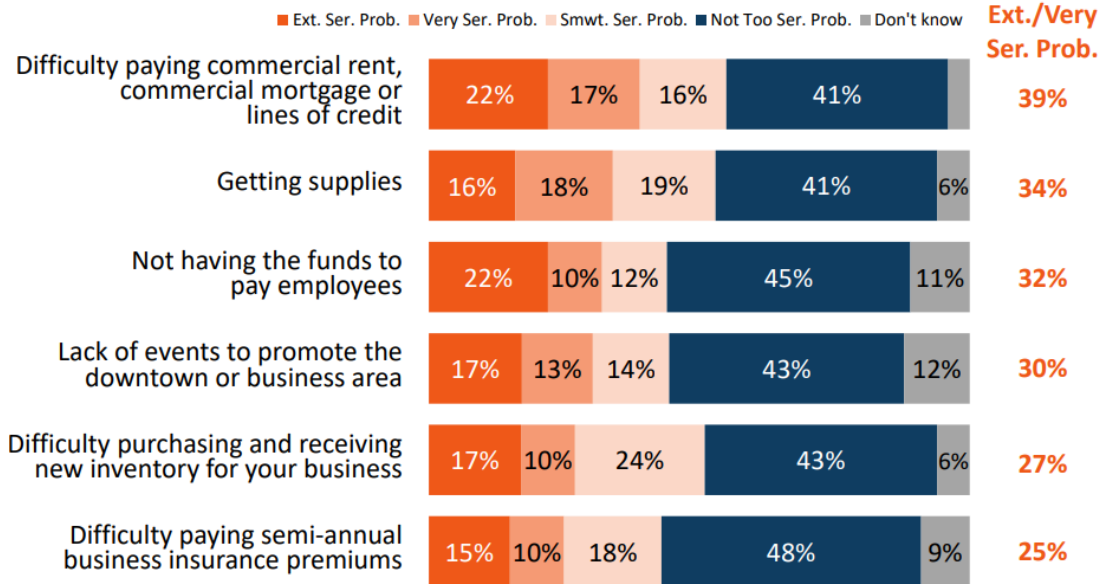


**FM3**  
RESEARCH

Q7. Split Sample

12

## Difficulty paying rent, getting supplies, and paying employees are rated serious problems for one-third of businesses.

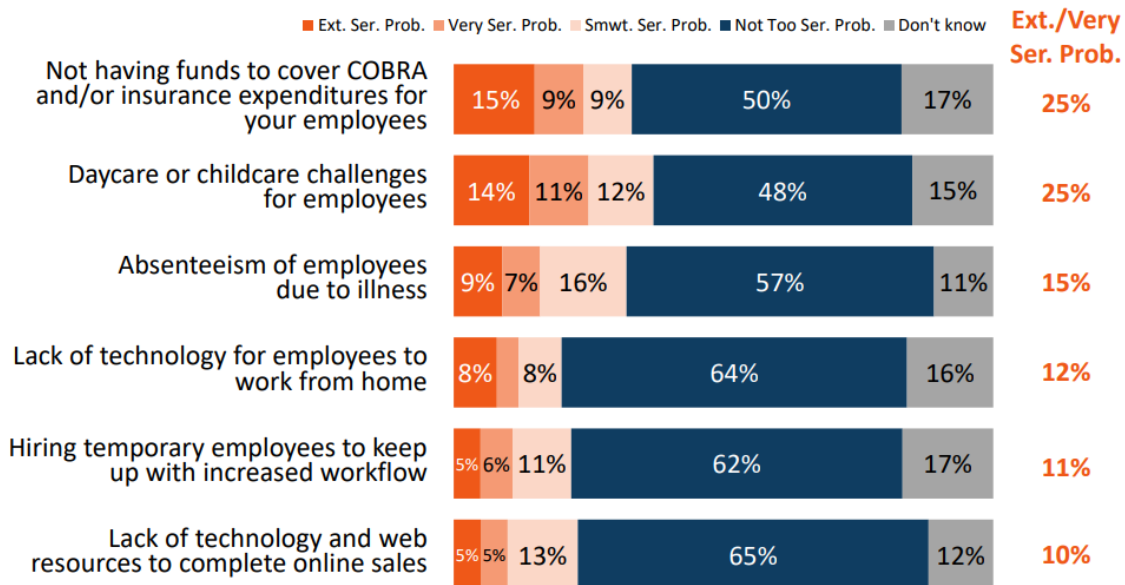


**FM3** Q7. Please rate how much of a problem, if at all, the following are for your business as a result of the COVID-19 pandemic: an extremely serious problem, a very serious problem, somewhat serious problem, or not too serious a problem in your business. Split Sample

RESEARCH

13

## Relatively few businesses expressed concern about lack of technology or hiring temporary employees.



**FM3** Q7. Please rate how much of a problem, if at all, the following are for your business as a result of the COVID-19 pandemic: an extremely serious problem, a very serious problem, somewhat serious problem, or not too serious a problem in your business. Split Sample

RESEARCH

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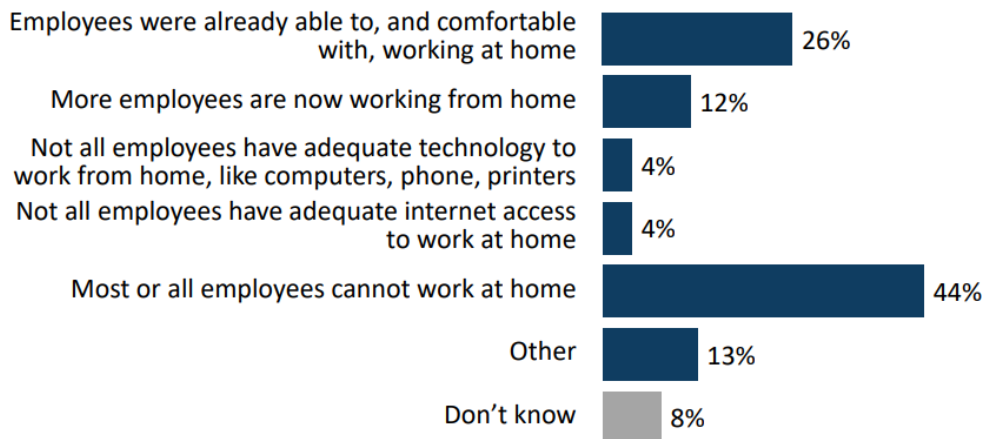


# Impacts to Business and Revenue

15

## More than half say that not all their employees can work from home.

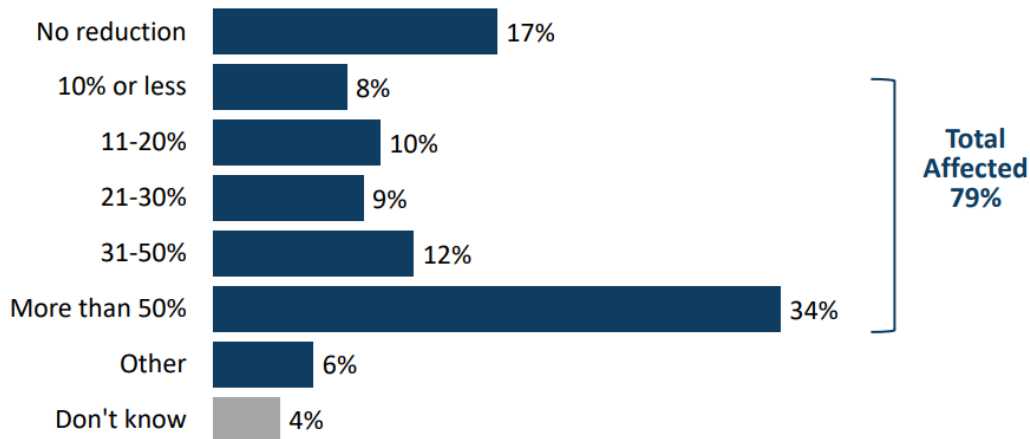
*Thinking about where your employees currently work, which of the following apply?  
(Multiple Responses Accepted)*



16

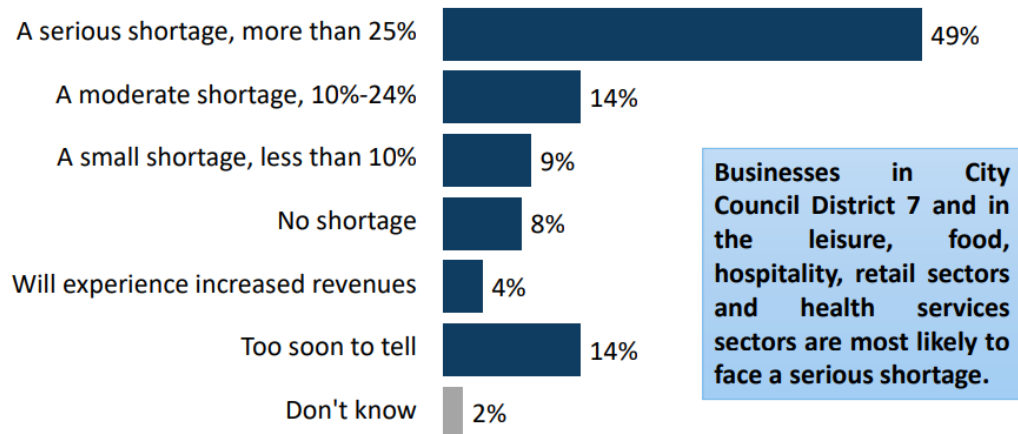
## Nearly four in five have seen a reduction in sales due to COVID-19.

*Excluding the seasonal changes in sales that you may typically experience, to what extent, if at all, have you experienced reductions in sales due to the emergence of COVID-19?*



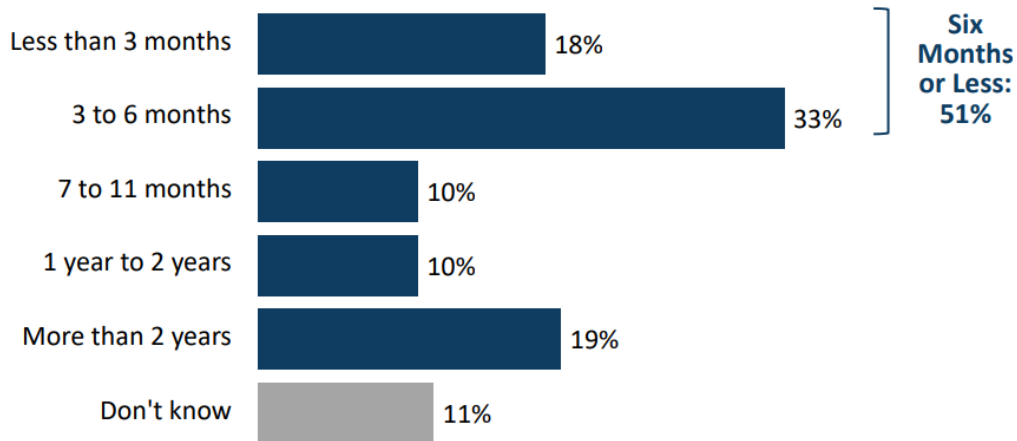
## Half say they are facing a serious revenue shortage.

*Because of COVID-19, most businesses are expecting lower revenues than they projected at the outset of the year. How do you think your actual 2020 revenue will compare to your original budget projections?*



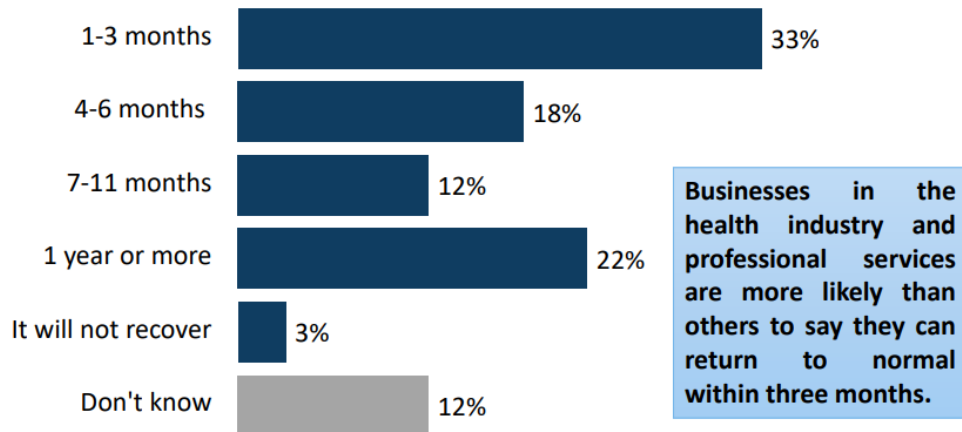
## Approximately half say that they could sustain business for less than six months in the partial shutdown.

How long do you estimate you could sustain your business in the partial shutdown?



## However, a similar proportion are hopeful they can return to pre-COVID levels within six months of looser requirements.

Following a reduction in COVID-19 cases and loosening of social distancing requirements, how quickly do you think it will take for your business to return to pre-COVID levels?

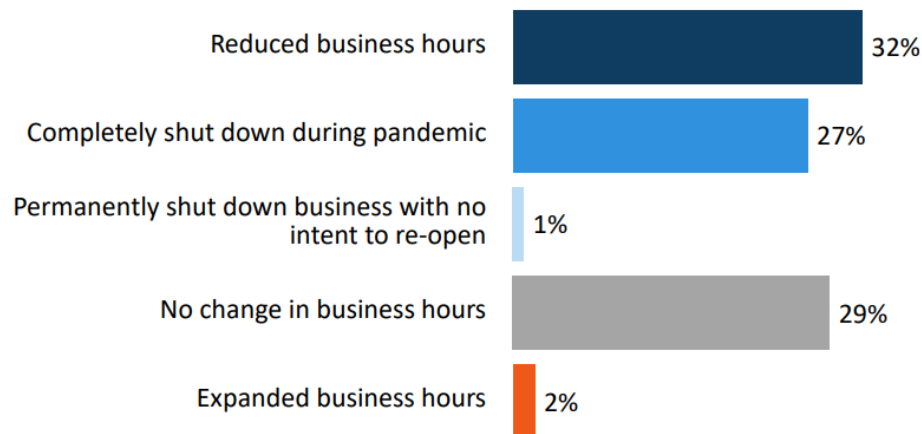


# Taking Action

21

## One-third have reduced their business hours, and more than one-quarter have shut down during the pandemic.

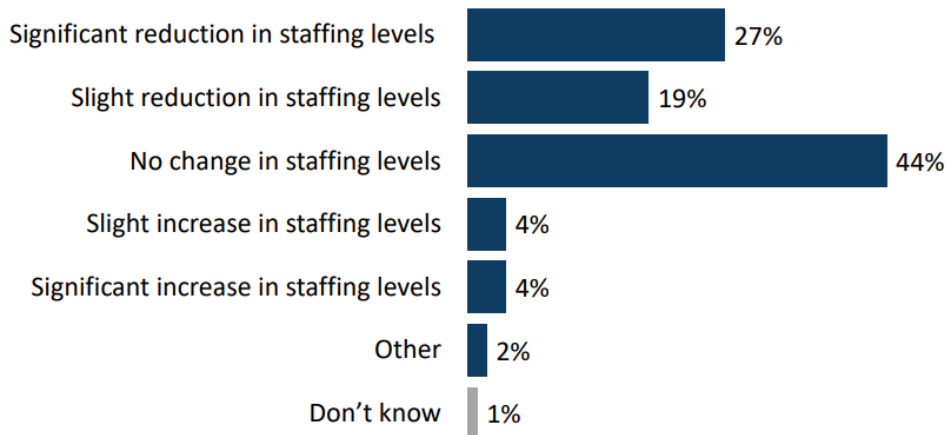
*How has the COVID-19 public health emergency impacted your regular business operations?*



22

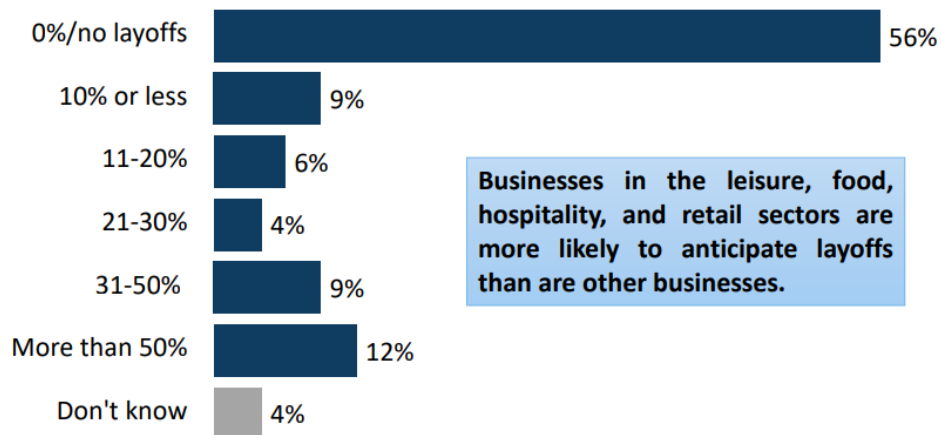
## Nearly half are facing a reduction in staffing levels.

How has, or how do you anticipate, COVID-19 will impact your current staffing levels?  
Will it lead to a reduction in staffing, an increase in staffing or no change in staffing?  
(Among Businesses with More Than One Employee)



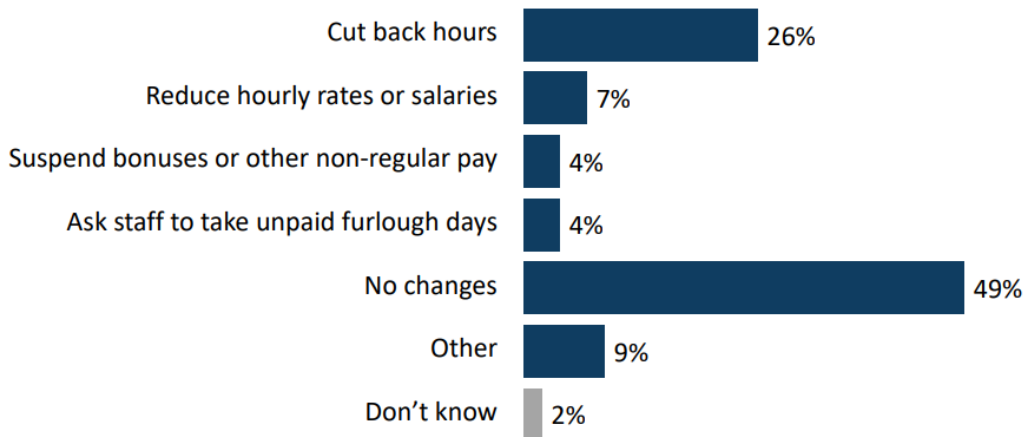
## Two in five businesses anticipate laying off at least some part of their workforce in the next six months.

In response to COVID-19, what percentage of your workforce, if any, do you anticipate you will have laid off by the end of the next 6 months?  
(Among Businesses with at Least Two Employees)



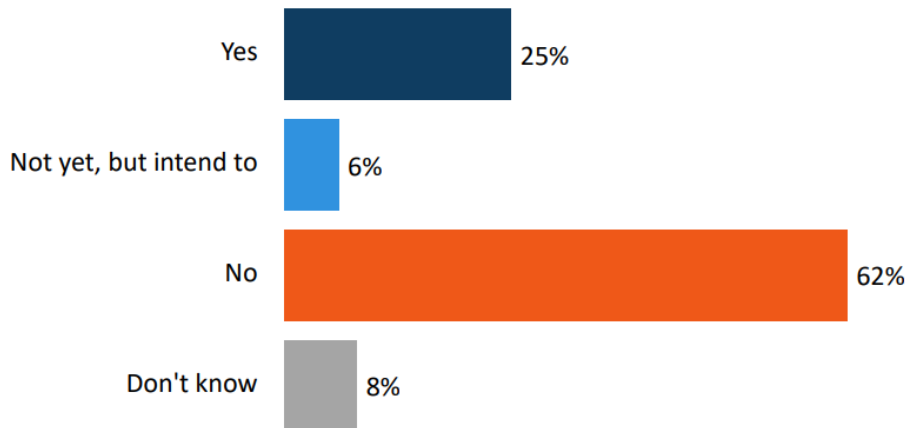
## One-quarter have cut back or plan to cut back employees' hours in response to COVID-19.

*Beyond layoffs, have you done, or do you anticipate doing, the following as a result of COVID-19?*



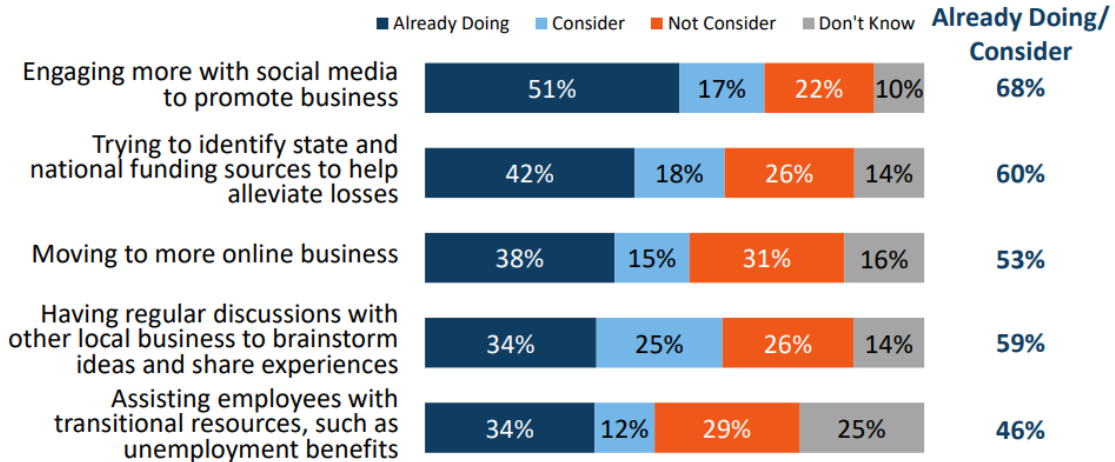
## Most do not plan to change their sick or leave policies in response to COVID-19.

*Have you changed any sick or leave policies to help employees at risk of COVID-19 self-isolate or quarantine?*

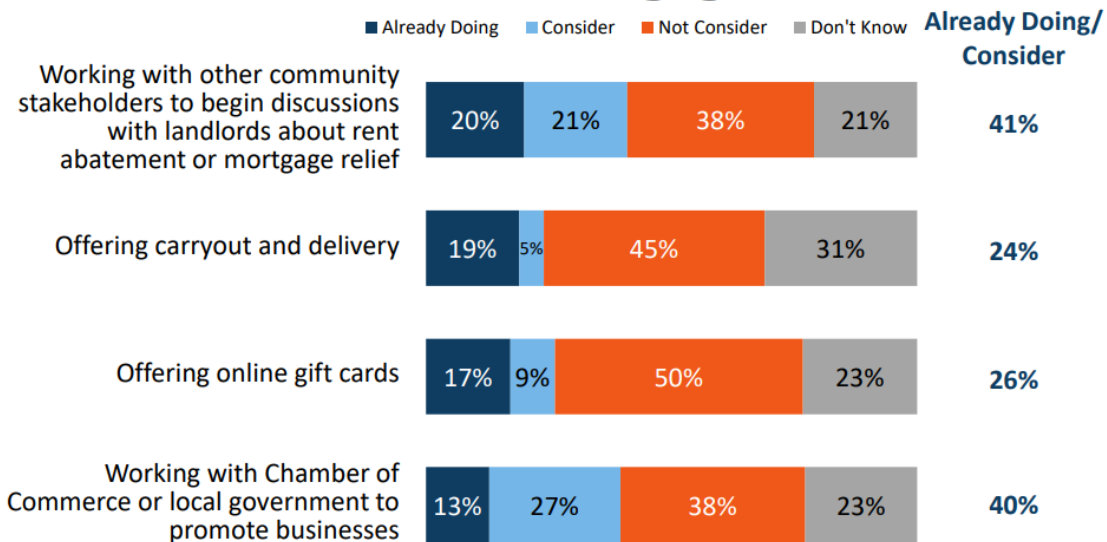


## A majority is already or considering using social media to promote business, identifying state and national funding, and moving more business to online.

A number of businesses are trying new methods to minimize the impact of COVID-19 on their income and employees. Please tell me if your business is already doing it, considering doing it, or not considering it?



## One in five say they are already working with other community stakeholders to obtain rent or mortgage relief.

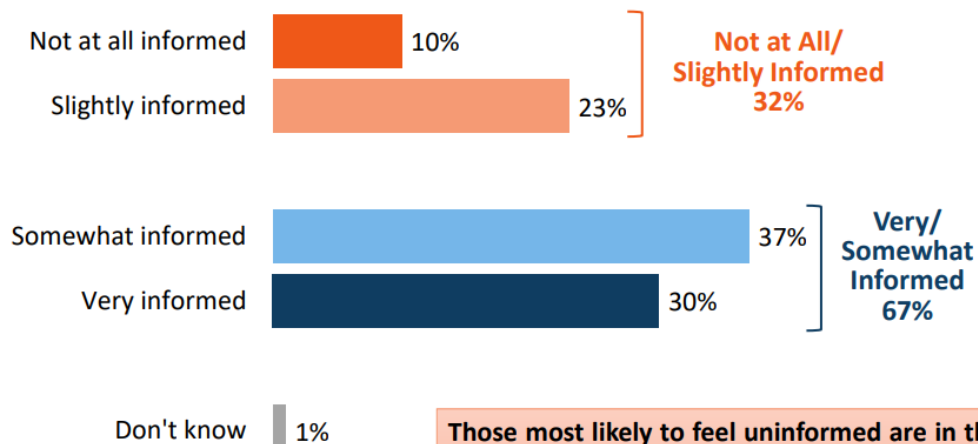


# Supporting Sacramento Businesses

29

## Only three in ten feel “very informed” about resources to help mitigate the impact of COVID-19.

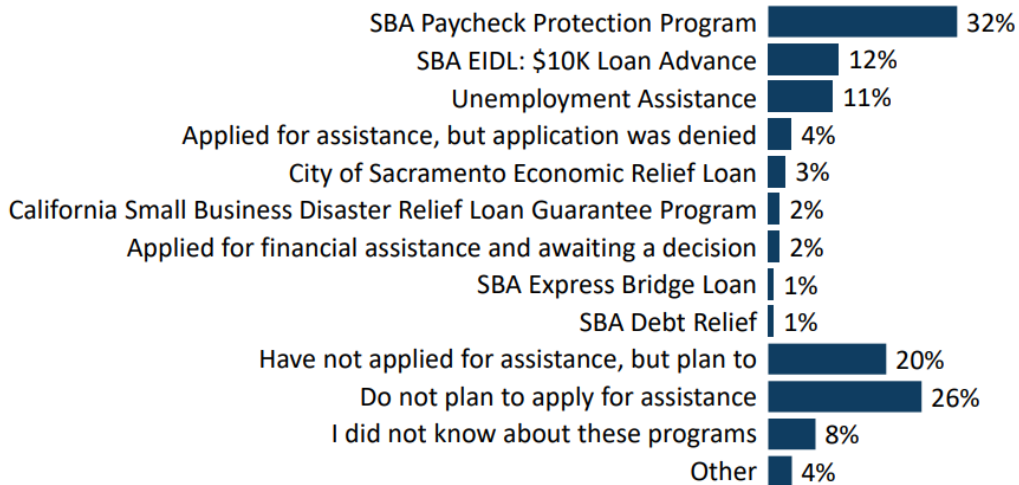
*How informed are you about federal, state, and local government resources that could help your business mitigate the impact of COVID-19?*





## Most respondents have applied for relief, with the SBA Paycheck Protection Program being the most common.

*Have you applied for any COVID-19 relief funding programs? Which of the following have you applied for? Do you plan to apply for any COVID-19 funding relief programs? (Multiple Responses Accepted)*

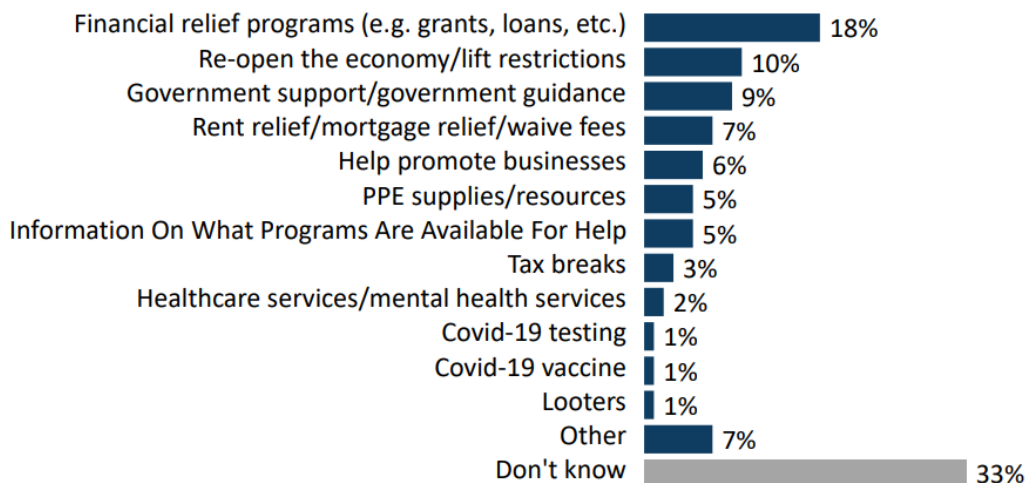


**FM3** Q16.  
RESEARCH

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## Respondents say financial relief programs, re-opening the economy, and government support would be most helpful.

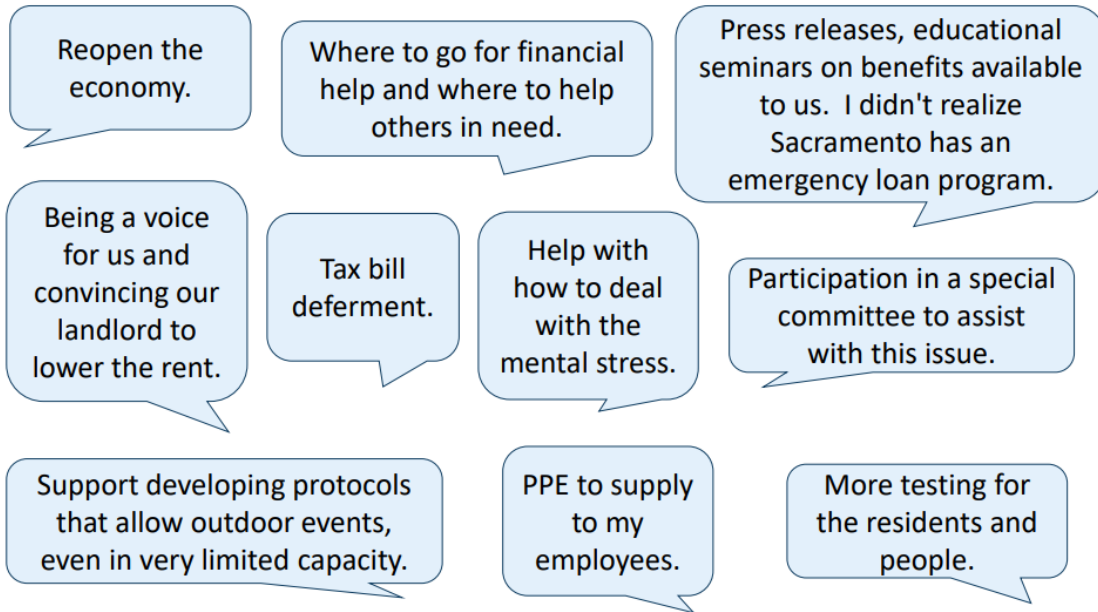
*What resources and support would be most helpful for your organization at this time that could be offered by local government or the Chamber of Commerce? (Open-ended)*



**FM3** Q17.  
RESEARCH

32

## Verbatim Comments on Desired Support from Local Government and the Chamber



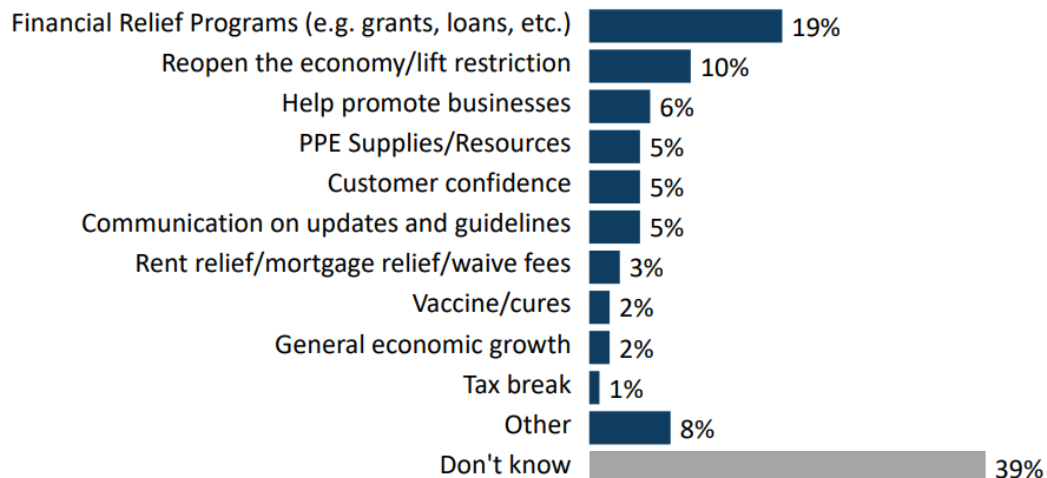
**FM3**  
RESEARCH

Q17. What resources and support would be most helpful for your organization at this time that could be offered by local government or the Chamber of Commerce?

33

## Similarly, businesses point to financial relief, re-opening the economy and business promotion support as being most helpful for returning to full operating capacity.

*What resources or help will you need to restart your business to full operating capacity after the COVID-19 pandemic?  
(Open-ended)*

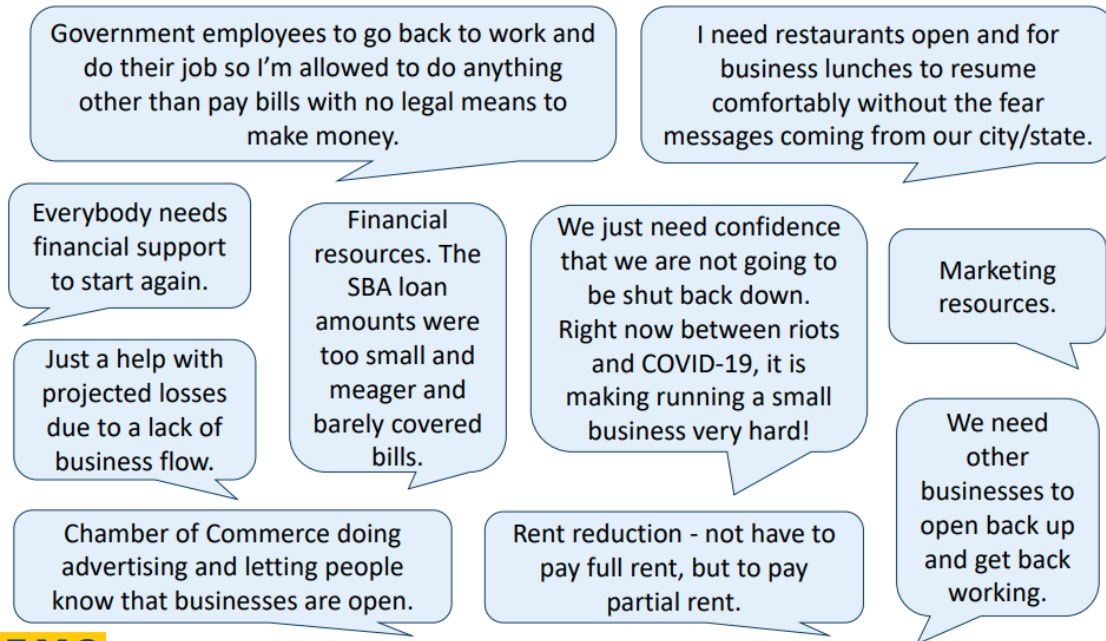


**FM3**  
RESEARCH

Q18.

34

## Verbatim Comments on Support for Full Operating Capacity



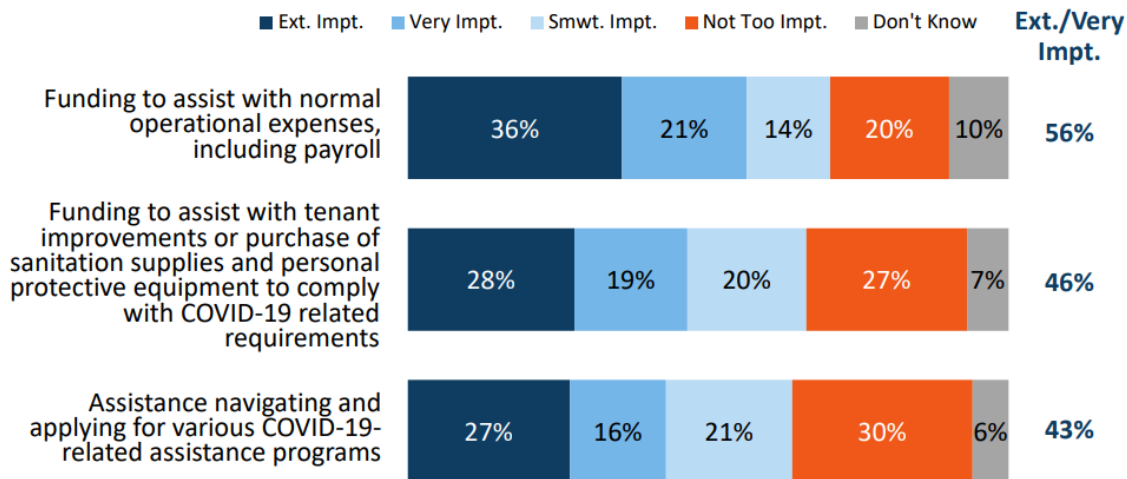
**FM3**  
RESEARCH

Q18. What resources or help will you need to restart your business to full operating capacity after the COVID-19 pandemic?

35

## Support with operational expenses, tenant improvements, and navigating assistance programs are most important to businesses.

Here are some different types of assistance that might help your business cope with the impacts of the COVID-19 public health emergency. Please tell me if it would be extremely important, very important, somewhat important, or not too important to your business.

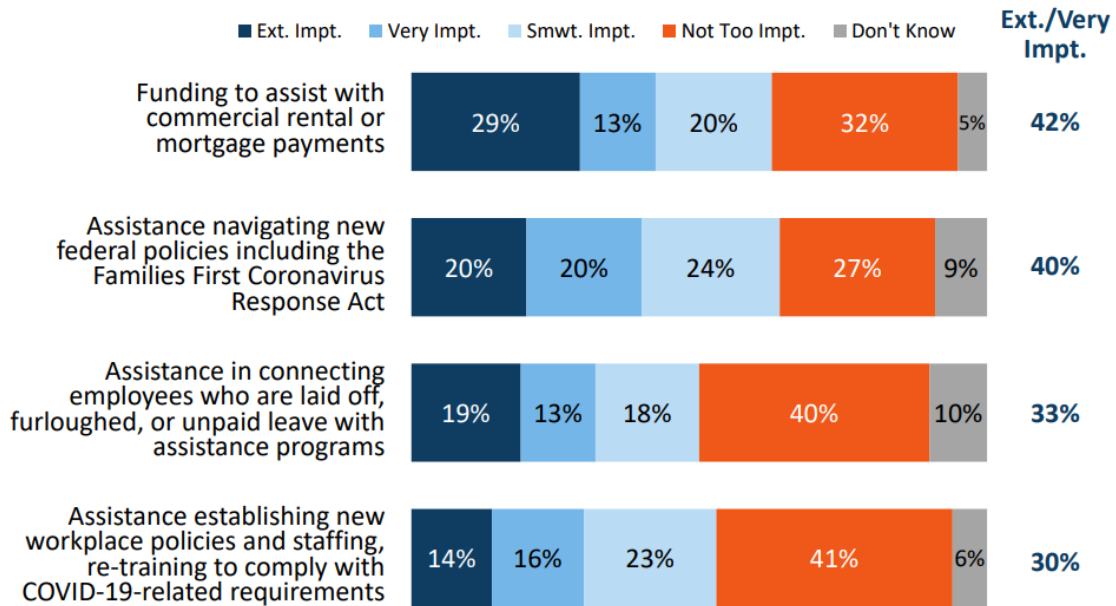


**FM3**  
RESEARCH

Q19. Split Sample

36

## Two in five say help with commercial rent and navigating federal policies is “very important.”

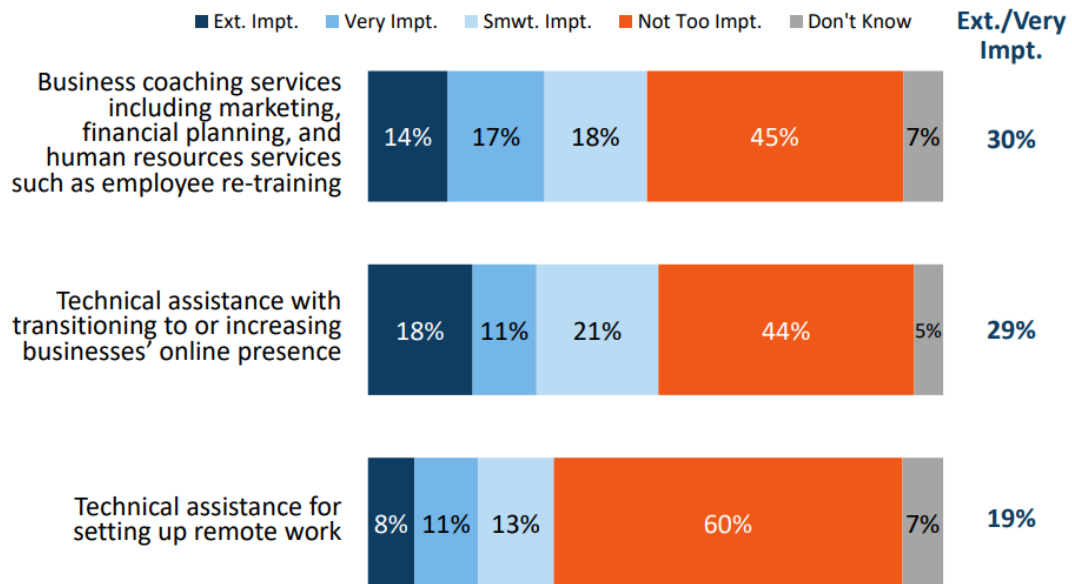


**FM3**  
RESEARCH

Q19. Here are some different types of assistance that might help your business cope with the impacts of the COVID-19 public health emergency. Please tell me if it would be extremely important, very important, somewhat important, or not too important to your business. Split Sample

37

## Technical assistance for remote work rated as important by a smaller subset.



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Q19. Here are some different types of assistance that might help your business cope with the impacts of the COVID-19 public health emergency. Please tell me if it would be extremely important, very important, somewhat important, or not too important to your business. Split Sample

38

## Conclusions

39

### Conclusions

- ✓ Sacramento businesses have been greatly affected by the COVID-19 pandemic.
  - One quarter have shut down, and an additional one-third have cut hours.
  - Four in five have seen a reduction in sales.
  - Half say they are facing a serious revenue shortage.
  - One-third anticipate laying off a portion of their staff in the next six months.
  - Those in the hospitality, retail, and health services industries are particularly affected by the economic crisis.
- ✓ Most businesses say they cannot withstand current conditions for more than six months.
- ✓ However, most businesses say they could return to normal pre-pandemic levels within a year if restrictions are lifted.
- ✓ Only three in ten consider themselves “very informed” about resources available to help businesses.
- ✓ Support with operational expenses, expenses to adapt workplaces to be safer and cleaner, and help navigating assistance programs are most highly-prioritized.

## For more information, contact:



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Fax (510) 451-0384

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**Lucia Del Puppo**

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# Impacts of the COVID-19 Pandemic on Sacramento Residents

*Key Findings from a Citywide Survey  
Conducted June 2-4, 2020*



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320-900A

# Survey Methodology

- 433 interviews with Sacramento residents at addresses selected at random from the Postal Service Delivery Sequence File
- Interviews conducted June 2-4, 2020 in English and Spanish
- Interviews conducted via telephone (landline and wireless) and online
- Margin of sampling error of +/-4.7% at the 95% confidence level; margins of error for subgroups within the sample will be larger
- Some percentages may not sum to 100% due to rounding



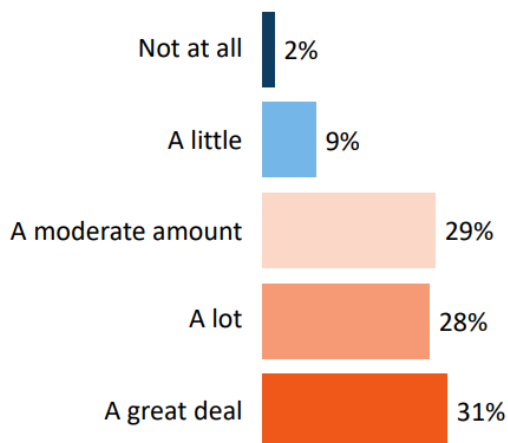
*City of*  
SACRAMENTO

## Experiences with COVID-19 and Stay-at-Home Requirements



## Roughly nine in ten residents report at least a “moderate amount” of disruption from the outbreak.

How much, if at all, has your life been disrupted by the COVID-19 outbreak?



Those most likely to say their lives have been disrupted “a great deal” are:

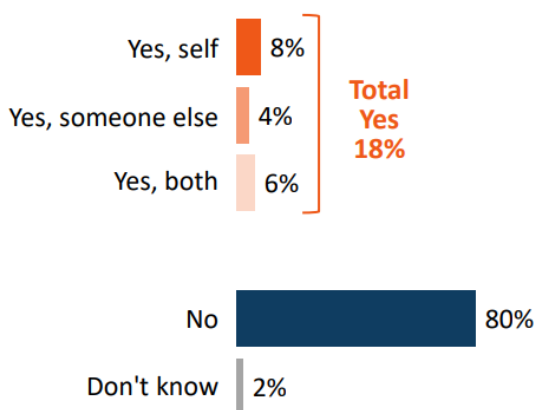
- Residents of Districts 1 and 3
- Households with incomes between \$50,000 and \$75,000
- College-educated residents
- Ages 40-59

**FM3** Q12.  
RESEARCH

3

## One in five say they or someone in their household experienced COVID-like symptoms.

The symptoms that generally define COVID are fever, dry cough, and shortness of breath. Since January 2020 have you or someone in your household experienced fever, dry cough, and/or shortness of breath?



Those most likely to have experienced COVID-like symptoms are:

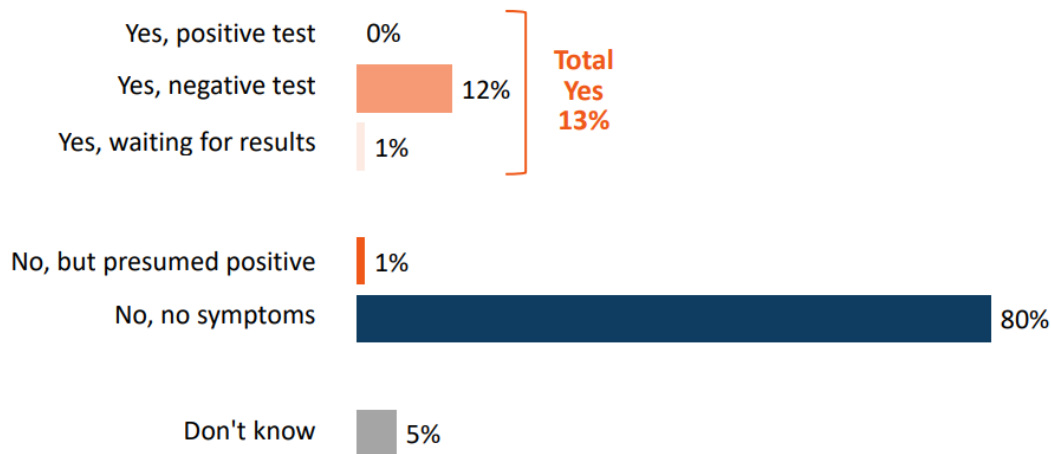
- Residents with household incomes between \$30,000 and \$50,000
- Have served in the military
- City Council Districts 2, 4, and 5
- Between the ages of 40 and 59

**FM3** Q8.  
RESEARCH

4

## Slightly more than one in ten households report having been tested for COVID-19.

*Have you or someone in your household been tested for COVID-19?*



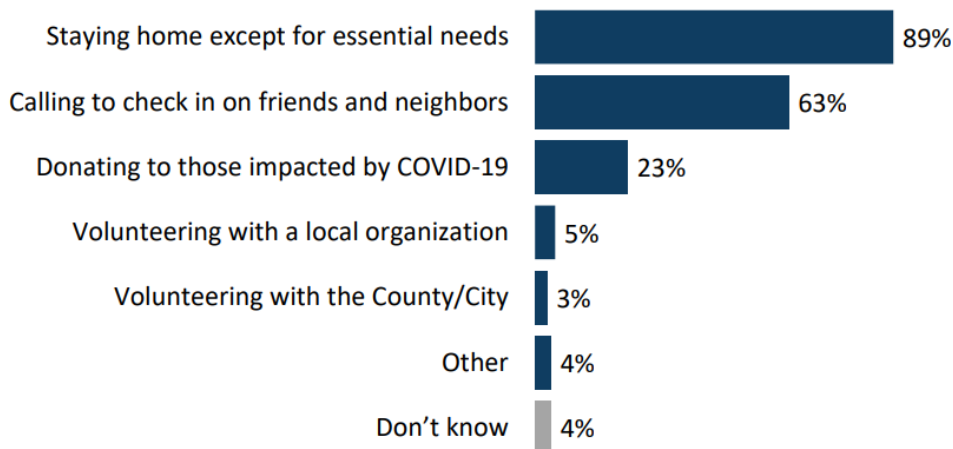
**FM3**  
RESEARCH

Q9.

5

## Most Sacramentans say they have been staying home and checking in on others.

*Which of the following actions, if any, have you taken to assist your community with potential impacts and/or risk of COVID-19?  
(Multiple Responses Accepted)*



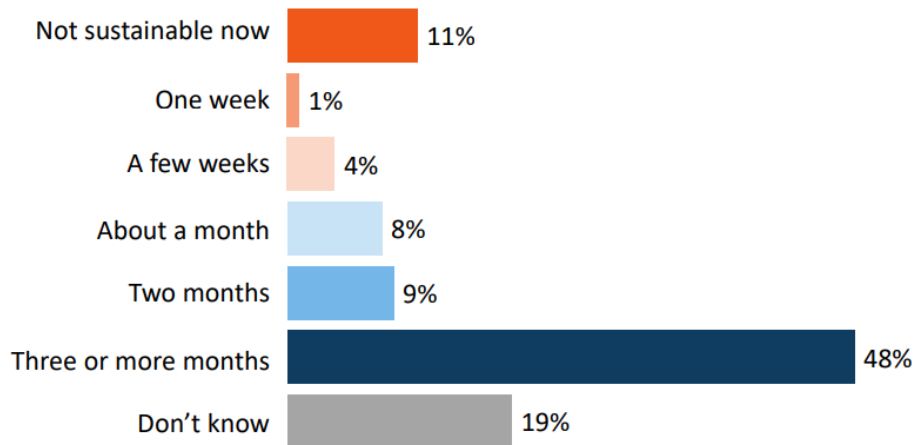
**FM3**  
RESEARCH

Q21.

6

**Approximately half of respondents say they can sustain current arrangements for three or more months; one in ten say it is currently unsustainable.**

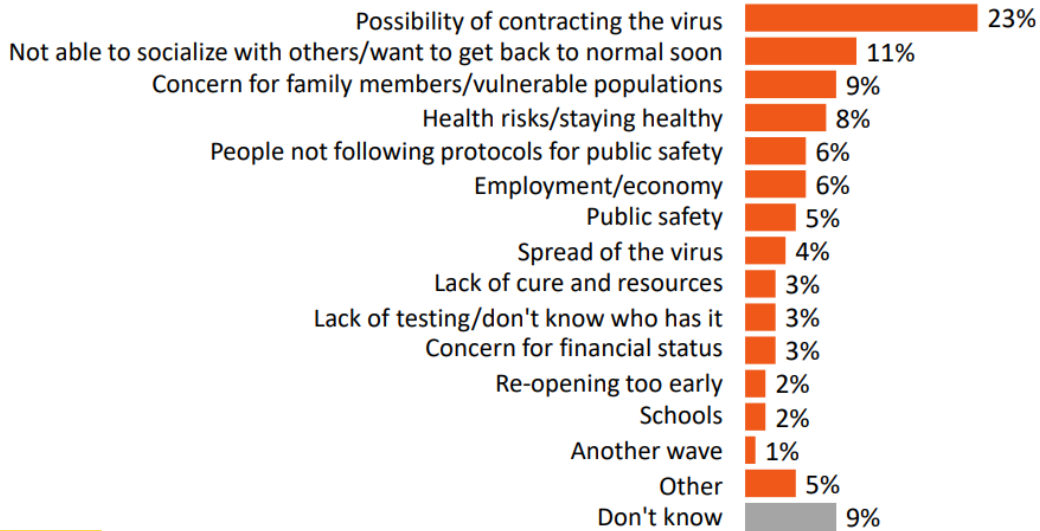
*Thinking about your current arrangements for dealing with the stay-at-home order, how long is this something you can currently maintain?*



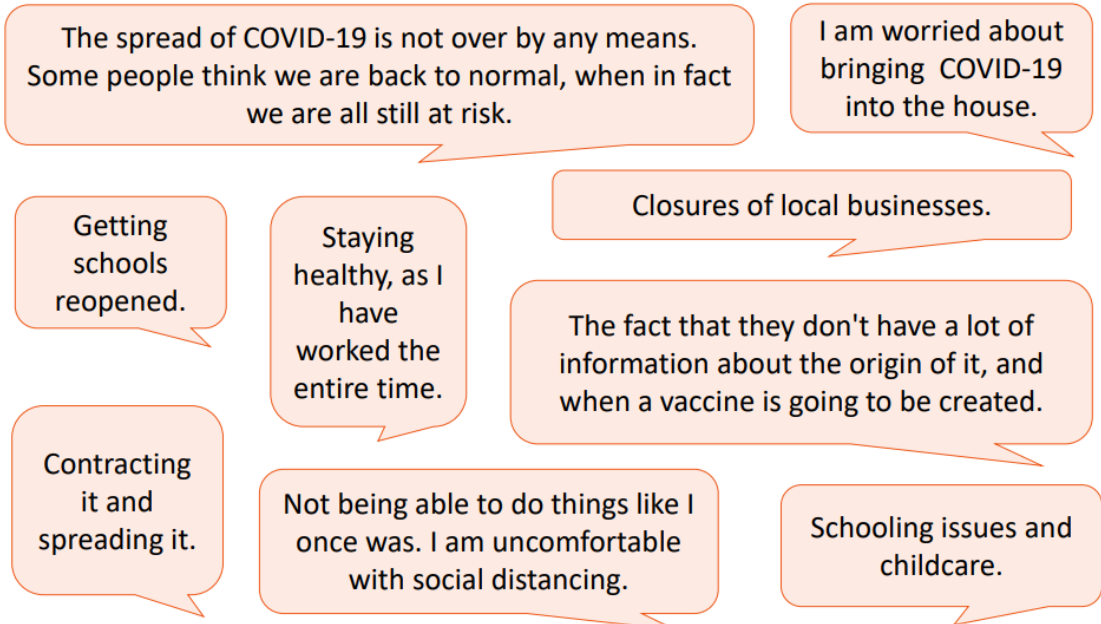
**Concerns About  
COVID-19**

# Fear of infection is still residents' leading concern about the virus.

What are your household's biggest concerns right now regarding COVID-19?  
(Open-ended)

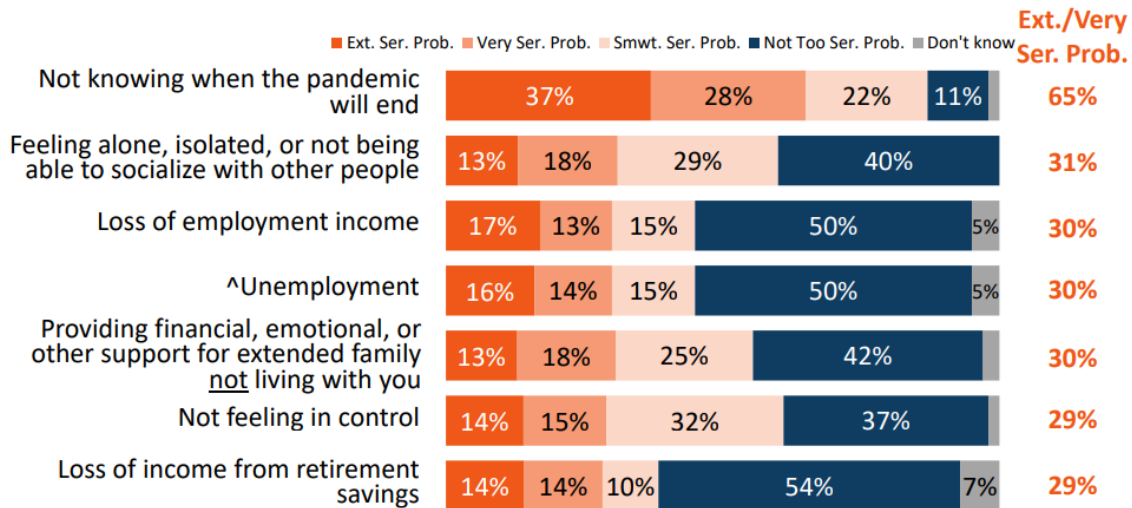


## Verbatim Comments Describing Respondents' Concerns



## Not knowing when the pandemic will end is by far the biggest source of concern.

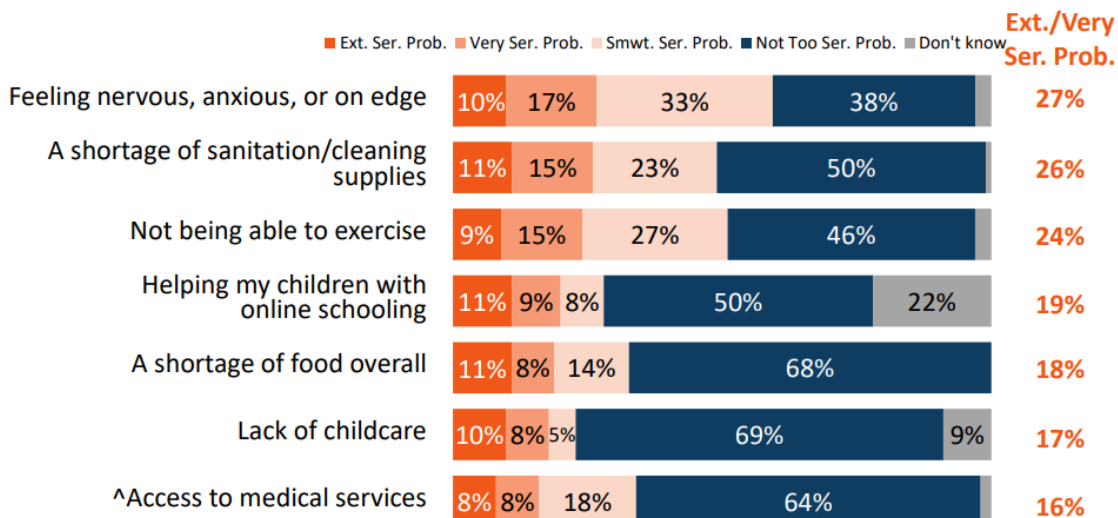
The COVID-19 pandemic is challenging in many ways. Please rate how much of a problem the following are for your household: an extremely serious problem, a very serious problem, somewhat serious problem, or not too serious a problem in your household.



**FM3** Q7. ^Not Part of Split Sample  
RESEARCH

11

## Feelings of anxiety, a shortage of cleaning supplies and not being able to exercise are viewed as "very serious" problems by only one-quarter of respondents.

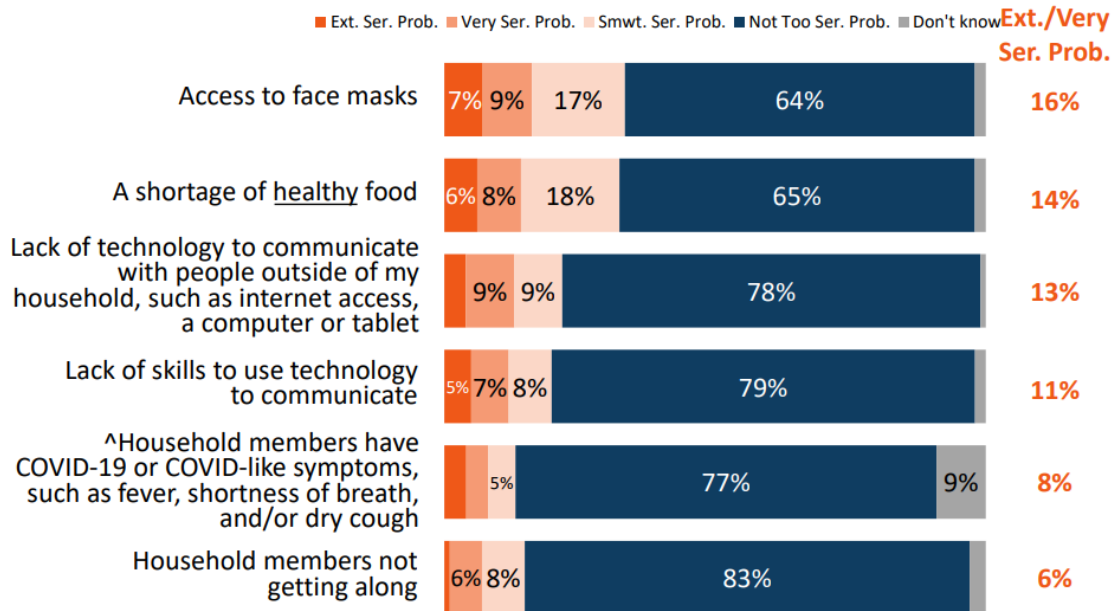


43% of parents say helping with online schooling is a "very serious" problem, and 28% say the same about a lack of childcare.

**FM3** Q7. The COVID-19 pandemic is challenging in many ways. Please rate how much of a problem the following are for your household: an extremely serious problem, a very serious problem, somewhat serious problem, or not too serious a problem in your household. ^Not Part of Split Sample  
RESEARCH

12

## A number of other issues were rated “very serious” problems by less than one in five residents.



**FM3** Q7. The COVID-19 pandemic is challenging in many ways. Please rate how much of a problem the following are for your household: an extremely serious problem, a very serious problem, somewhat serious problem, or not too serious a problem in your household. ^Not Part of Split Sample

RESEARCH

13

## White respondents are less worried than others about when the pandemic will end; Latinos and African Americans are more worried about social isolation than others are.

(Extremely/Very Serious Problem)

| Problem   | All Resp. | Race/Ethnicity |         |                   |                          | All Resp. of Color |
|---|-----------|----------------|---------|-------------------|--------------------------|--------------------|
|   |           | Whites         | Latinos | African Americans | Asians/Pacific Islanders |                    |
| Not knowing when the pandemic will end  | 65%       | 56%            | 75%     | 69%               | 72%                      | 72%                |
| Feeling alone, isolated, or not being able to socialize with other people                       | 31%       | 25%            | 43%     | 42%               | 16%                      | 37%                |
| Loss of employment income   | 30%       | 25%            | 37%     | 26%               | 41%                      | 35%                |
| ^Unemployment   | 30%       | 26%            | 41%     | 26%               | 30%                      | 33%                |
| Providing financial, emotional, or other support for extended family <u>not</u> living with you | 30%       | 20%            | 48%     | 40%               | 22%                      | 39%                |
| Not feeling in control  | 29%       | 27%            | 26%     | 44%               | 14%                      | 30%                |
| Loss of income from retirement savings  | 29%       | 21%            | 39%     | 29%               | 24%                      | 32%                |

**FM3** Q7. The COVID-19 pandemic is challenging in many ways. Please rate how much of a problem the following are for your household: an extremely serious problem, a very serious problem, somewhat serious problem, or not too serious a problem in your household. ^Not Part of Split Sample

RESEARCH

14

## Latinos are more likely to report concern about anxiety and African-Americans to be concerned about cleaning and sanitation supply shortages.

(Extremely/Very Serious Problem)

| Problem  | All Resp. | Race/Ethnicity |         |                   |                          | All Resp. of Color |
|--|-----------|----------------|---------|-------------------|--------------------------|--------------------|
|  |           | Whites         | Latinos | African Americans | Asians/Pacific Islanders |                    |
| Feeling nervous, anxious, or on edge   | 27%       | 23%            | 40%     | 33%               | 18%                      | 30%                |
| A shortage of sanitation and cleaning supplies, such as toilet paper and disinfectants           | 26%       | 20%            | 32%     | 42%               | 22%                      | 33%                |
| Not being able to exercise   | 24%       | 17%            | 34%     | 18%               | 26%                      | 30%                |
| Helping my children with online schooling  | 19%       | 10%            | 30%     | 28%               | 28%                      | 29%                |
| A shortage of food overall   | 18%       | 8%             | 40%     | 14%               | 12%                      | 27%                |
| Lack of childcare  | 17%       | 11%            | 28%     | 26%               | 5%                       | 22%                |
| ^Access to medical services, such as emergency care, basic medical care and needed prescriptions | 16%       | 13%            | 24%     | 8%                | 16%                      | 18%                |

**FM3**  
RESEARCH

Q7. The COVID-19 pandemic is challenging in many ways. Please rate how much of a problem the following are for your household: an extremely serious problem, a very serious problem, somewhat serious problem, or not too serious a problem in your household. ^Not Part of Split Sample

15

## Latinos are also more concerned than others about lack of access to technology.

(Extremely/Very Serious Problem)

| Problem  | All Resp. | Race/Ethnicity |         |                   |                          | All Resp. of Color |
|--|-----------|----------------|---------|-------------------|--------------------------|--------------------|
|  |           | Whites         | Latinos | African Americans | Asians/Pacific Islanders |                    |
| Access to face masks   | 16%       | 11%            | 20%     | 17%               | 12%                      | 20%                |
| A shortage of <u>healthy</u> food  | 14%       | 8%             | 23%     | 20%               | 15%                      | 21%                |
| Lack of technology to communicate with people outside of my household, such as internet access, a computer or tablet | 13%       | 2%             | 31%     | 5%                | 6%                       | 21%                |
| Lack of skills to use technology to communicate  | 11%       | 3%             | 25%     | 21%               | 16%                      | 20%                |
| ^Household members have COVID-19 or COVID-like symptoms, such as fever, shortness of breath, and/or dry cough        | 8%        | 4%             | 11%     | 4%                | 16%                      | 11%                |
| Household members not getting along  | 6%        | 2%             | 12%     | 5%                | 5%                       | 8%                 |

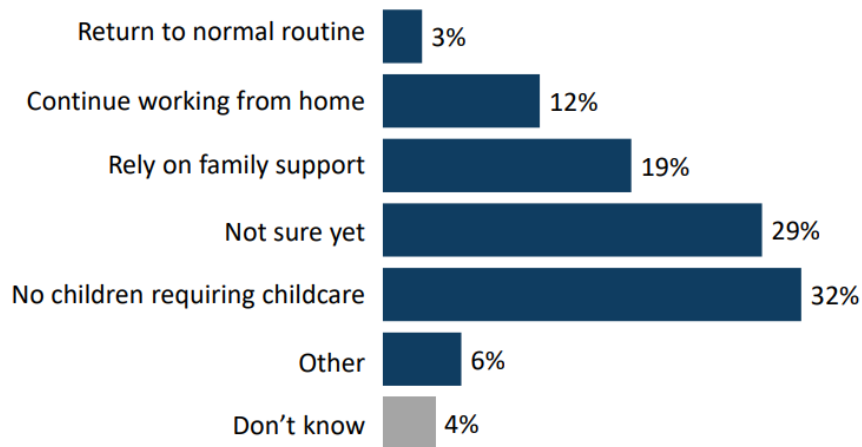
**FM3**  
RESEARCH

Q7. The COVID-19 pandemic is challenging in many ways. Please rate how much of a problem the following are for your household: an extremely serious problem, a very serious problem, somewhat serious problem, or not too serious a problem in your household. ^Not Part of Split Sample

16

## A plurality of parents who need childcare are not sure how they will address it this summer.

*If children requiring childcare live in your household, how will you address summer childcare?  
(Asked Only of Parents of Children Under 18)*



**FM3**  
RESEARCH

Q15. Asked if Have Children Under Age 18

17

City of  
SACRAMENTO

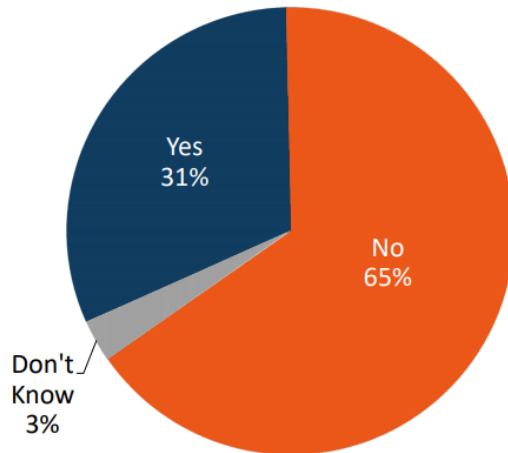
## Impacts to Income and Work

18



## Nearly one-third have lost their jobs or had their hours reduced.

*Have you lost your job or had your hours reduced because of the COVID-19 public health emergency?*



## Latinos and those earning less than \$50,000 have been more impacted than others.

| Demographic Group        | Lost Job/Hours Reduced | No Impact to Job |
|--------------------------|------------------------|------------------|
| <b>Gender</b>            |                        |                  |
| Men                      | 36%                    | 59%              |
| Women                    | 27%                    | 71%              |
| <b>Household Income</b>  |                        |                  |
| <\$30,000                | 42%                    | 51%              |
| \$30,000-\$50,000        | 59%                    | 34%              |
| \$50,000-\$75,000        | 26%                    | 69%              |
| \$75,000-\$100,000       | 26%                    | 74%              |
| \$100,000+               | 17%                    | 83%              |
| <b>Race/Ethnicity</b>    |                        |                  |
| Whites                   | 29%                    | 66%              |
| Latinos                  | 43%                    | 57%              |
| African Americans        | 28%                    | 69%              |
| Asians/Pacific Islanders | 22%                    | 74%              |
| All Respondents of Color | 34%                    | 64%              |

## Residents under age 30 have experienced more negative economic impacts.

| Demographic Group            | Lost Job/Hours Reduced | No Impact to Job |
|------------------------------|------------------------|------------------|
| <b>City Council District</b> |                        |                  |
| District 1 – Ashby           | 38%                    | 54%              |
| District 2 – Warren          | 32%                    | 68%              |
| District 3 – Harris          | 40%                    | 56%              |
| District 4 – Hansen          | 20%                    | 80%              |
| District 5 – Schenirer       | 46%                    | 53%              |
| District 6 – Guerra          | 29%                    | 65%              |
| District 7 – Jennings        | 24%                    | 68%              |
| District 8 – Carr            | 25%                    | 75%              |
| <b>Age</b>                   |                        |                  |
| 18-29                        | 46%                    | 48%              |
| 30-39                        | 34%                    | 61%              |
| 40-49                        | 37%                    | 61%              |
| 50-59                        | 27%                    | 68%              |
| 60-64                        | 16%                    | 82%              |
| 65+                          | 22%                    | 76%              |

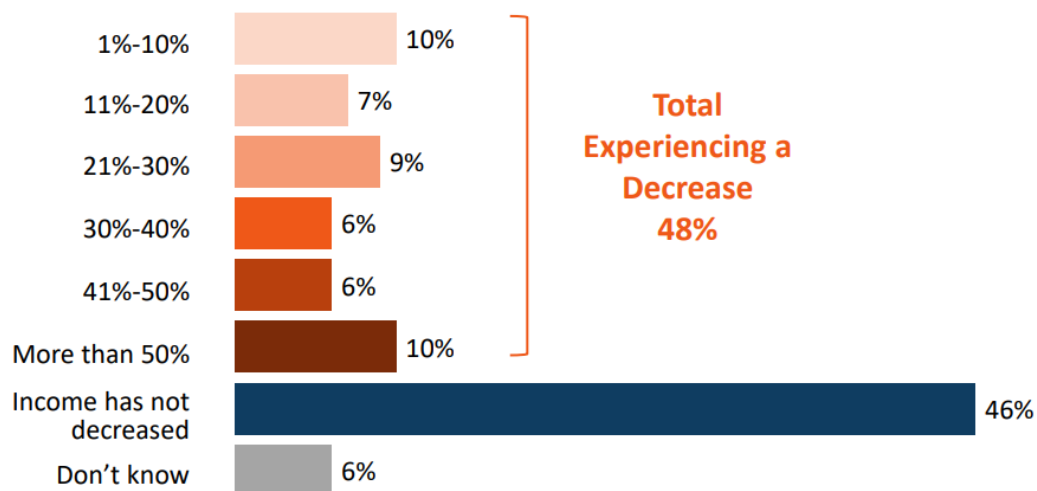
**FM3**  
RESEARCH

Q16. Have you lost your job or had your hours reduced because of the COVID-19 public health emergency?

21

## Nearly half say their household income has decreased during the stay-at-home order.

*During the stay at home order, has your household income decreased?*



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RESEARCH

Q13.

22

## Those with household incomes less than \$50,000 are most likely to have seen their income decrease.

| Amount                   | All Resp.  | Household Income |                   |                   |                    |             |
|--------------------------|------------|------------------|-------------------|-------------------|--------------------|-------------|
|                          |            | <\$30,000        | \$30,000-\$50,000 | \$50,000-\$75,000 | \$75,000-\$100,000 | \$100,000 + |
| Total Decreased          | <b>48%</b> | 61%              | 62%               | 39%               | 48%                | 40%         |
| Income Has Not Decreased | <b>46%</b> | 31%              | 37%               | 57%               | 47%                | 58%         |



Q13. During the stay at home order, has your household income decreased?

23

## Latino residents are most likely to have seen their income decrease during the pandemic.

| Amount                   | All Resp.  | Race/Ethnicity |         |                   |                          |                    |
|--------------------------|------------|----------------|---------|-------------------|--------------------------|--------------------|
|                          |            | Whites         | Latinos | African Americans | Asians/Pacific Islanders | All Resp. of Color |
| Total Income Decreased   | <b>48%</b> | 40%            | 66%     | 36%               | 48%                      | 56%                |
| Income Has Not Decreased | <b>46%</b> | 51%            | 34%     | 54%               | 50%                      | 41%                |

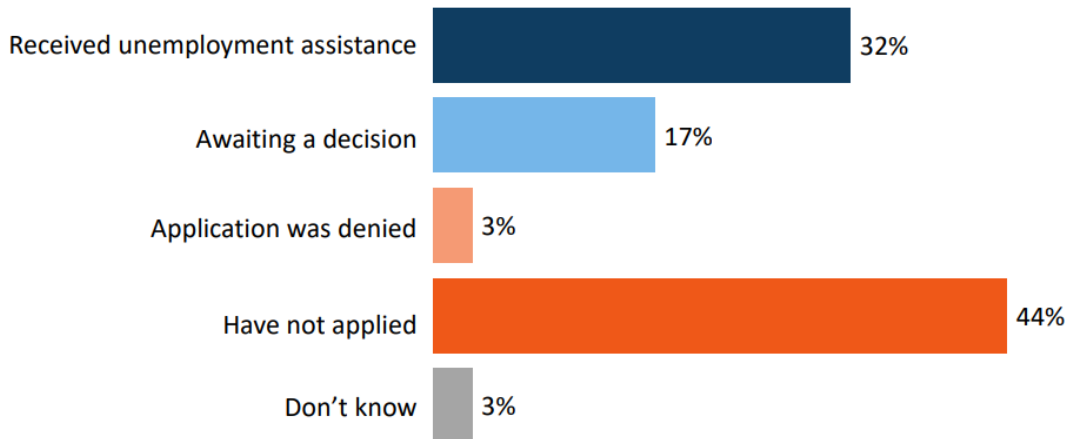


Q13. During the stay at home order, has your household income decreased?

24

## Of those who have lost their jobs or had hours cut, one third received unemployment assistance.

*Have you applied for unemployment assistance in response to the COVID-19 public health emergency as a result of your lost or reduced income?  
(Asked Only of Those Who Lost Their Job or Had Work Hours Reduced)*



## Those with household incomes under \$30,000 are most likely to have received unemployment assistance during this time.

| Unemployment Assistance Status   | All Resp.  | Household Income |                   |                   |                    |            |
|----------------------------------|------------|------------------|-------------------|-------------------|--------------------|------------|
|                                  |            | <\$30,000        | \$30,000-\$50,000 | \$50,000-\$75,000 | \$75,000-\$100,000 | \$100,000+ |
| Received unemployment assistance | <b>32%</b> | 42%              | 27%               | 25%               | 30%                | 28%        |
| Awaiting a decision              | <b>17%</b> | 13%              | 19%               | 11%               | 28%                | 25%        |
| Application was denied           | <b>3%</b>  | 0%               | 10%               | 0%                | 0%                 | 0%         |
| Have not applied                 | <b>44%</b> | 45%              | 43%               | 59%               | 42%                | 42%        |

## Asian/Pacific Islanders are least likely to have received unemployment assistance.

| Unemployment Assistance Status   | All Resp. | Race/Ethnicity |         |                   |                          |                    |
|----------------------------------|-----------|----------------|---------|-------------------|--------------------------|--------------------|
|                                  |           | Whites         | Latinos | African Americans | Asians/Pacific Islanders | All Resp. of Color |
| Received unemployment assistance | 32%       | 33%            | 41%     | 39%               | 27%                      | 34%                |
| Awaiting a decision              | 17%       | 22%            | 16%     | 10%               | 21%                      | 15%                |
| Application was denied           | 3%        | 0%             | 8%      | 0%                | 0%                       | 4%                 |
| Have not applied                 | 44%       | 41%            | 36%     | 51%               | 38%                      | 44%                |

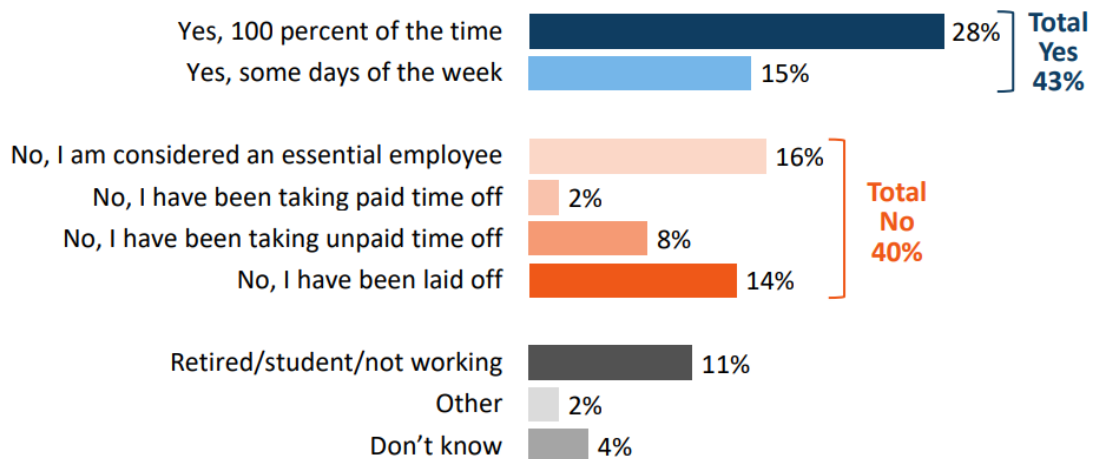
**FM3**  
RESEARCH

Q17. Have you applied for unemployment assistance in response to the COVID-19 public health emergency as a result of your lost or reduced income?  
Asked Only of Those Who Lost Their Job or Had Work Hours Reduced

27

## Two in five have not been able to work remotely during the stay-at-home order.

During the stay-at-home order, have you been able to work remotely?



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RESEARCH

Q14.

28

**Respondents in their 40's and 50's are most likely to be able to work from home; younger adults are more likely to be essential employees or have been laid off.**

| Demographic Group | Total Work From Home | Essential Employee | Taking Time Off | Laid Off |
|-------------------|----------------------|--------------------|-----------------|----------|
| <b>Age</b>        |                      |                    |                 |          |
| 18-29             | 26%                  | 33%                | 16%             | 21%      |
| 30-39             | 45%                  | 15%                | 14%             | 24%      |
| 40-49             | 63%                  | 17%                | 4%              | 12%      |
| 50-59             | 60%                  | 15%                | 3%              | 7%       |
| 60-64             | 47%                  | 14%                | 9%              | 11%      |
| 65+               | 21%                  | 6%                 | 17%             | 9%       |
| <b>Gender</b>     |                      |                    |                 |          |
| Men               | 46%                  | 16%                | 9%              | 16%      |
| Women             | 40%                  | 15%                | 12%             | 12%      |



Q14. During the stay-at-home order, have you been able to work remotely?

29

**Those with higher incomes are more likely to work from home.**

| Demographic Group        | Total Work From Home | Essential Employee | Taking Time Off | Laid Off |
|--------------------------|----------------------|--------------------|-----------------|----------|
| <b>Household Income</b>  |                      |                    |                 |          |
| <\$30,000                | 16%                  | 18%                | 24%             | 20%      |
| \$30,000-\$50,000        | 22%                  | 12%                | 20%             | 32%      |
| \$50,000-\$75,000        | 50%                  | 18%                | 11%             | 6%       |
| \$75,000-\$100,000       | 50%                  | 15%                | 5%              | 11%      |
| \$100,000+               | 71%                  | 9%                 | 2%              | 8%       |
| <b>Race/Ethnicity</b>    |                      |                    |                 |          |
| Whites                   | 51%                  | 5%                 | 12%             | 11%      |
| Latinos                  | 28%                  | 24%                | 10%             | 23%      |
| African Americans        | 44%                  | 17%                | 6%              | 23%      |
| Asians/Pacific Islanders | 31%                  | 32%                | 17%             | 9%       |
| All Respondents of Color | 35%                  | 24%                | 10%             | 17%      |



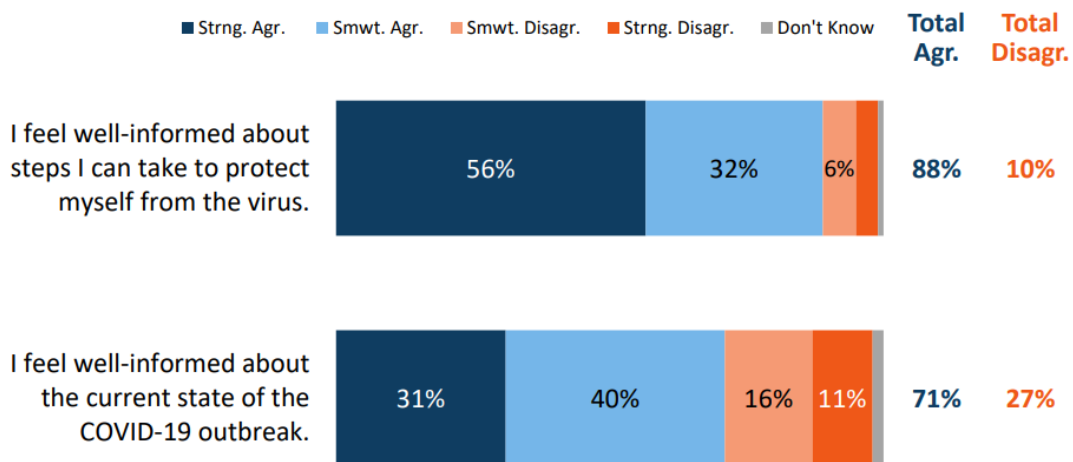
Q14. During the stay-at-home order, have you been able to work remotely?

30

# Getting Information About COVID-19

## Residents are confident they know how to protect themselves from the virus, but less certain they are well-informed about its current status.

Here are some statements about the coronavirus pandemic. Please tell me if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree.



## African-American respondents feel less well-informed about the state of the outbreak than do others.

(Total Agree)

| Statement   | All Resp.  | Race/Ethnicity |         |                   |                              |                    |
|---|------------|----------------|---------|-------------------|------------------------------|--------------------|
|   |            | Whites         | Latinos | African Americans | Asians/<br>Pacific Islanders | All Resp. of Color |
| I feel well-informed about steps I can take to protect myself from the virus. | <b>88%</b> | 90%            | 86%     | 86%               | 86%                          | 86%                |
| I feel well-informed about the current state of the COVID-19 outbreak.        | <b>71%</b> | 69%            | 77%     | 58%               | 79%                          | 73%                |



Q18. Here are some statements about the coronavirus pandemic. Please tell me if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree.

33

## The lowest-income respondents are least likely to feel well-informed about the state of the outbreak.

(Total Agree)

| Statement   | All Resp.  | Household Income |                       |                       |                        |            |
|---|------------|------------------|-----------------------|-----------------------|------------------------|------------|
|   |            | <\$30,000        | \$30,000-<br>\$50,000 | \$50,000-<br>\$75,000 | \$75,000-<br>\$100,000 | \$100,000+ |
| I feel well-informed about steps I can take to protect myself from the virus. | <b>88%</b> | 91%              | 91%                   | 87%                   | 82%                    | 93%        |
| I feel well-informed about the current state of the COVID-19 outbreak.        | <b>71%</b> | 52%              | 77%                   | 76%                   | 73%                    | 79%        |



Q18. Here are some statements about the coronavirus pandemic. Please tell me if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree.

34



**Respondents in Districts 1, 2, and 8 are least likely to feel well-informed about the outbreak, although a majority say they are.**

*(Total Agree)*

| Statement   | All Resp.  | City Council District |     |     |     |     |     |     |     |
|---|------------|-----------------------|-----|-----|-----|-----|-----|-----|-----|
|   |            | 1                     | 2   | 3   | 4   | 5   | 6   | 7   | 8   |
| I feel well-informed about steps I can take to protect myself from the virus. | <b>88%</b> | 79%                   | 92% | 83% | 93% | 92% | 90% | 94% | 83% |
| I feel well-informed about the current state of the COVID-19 outbreak.        | <b>71%</b> | 62%                   | 62% | 74% | 74% | 75% | 72% | 80% | 66% |



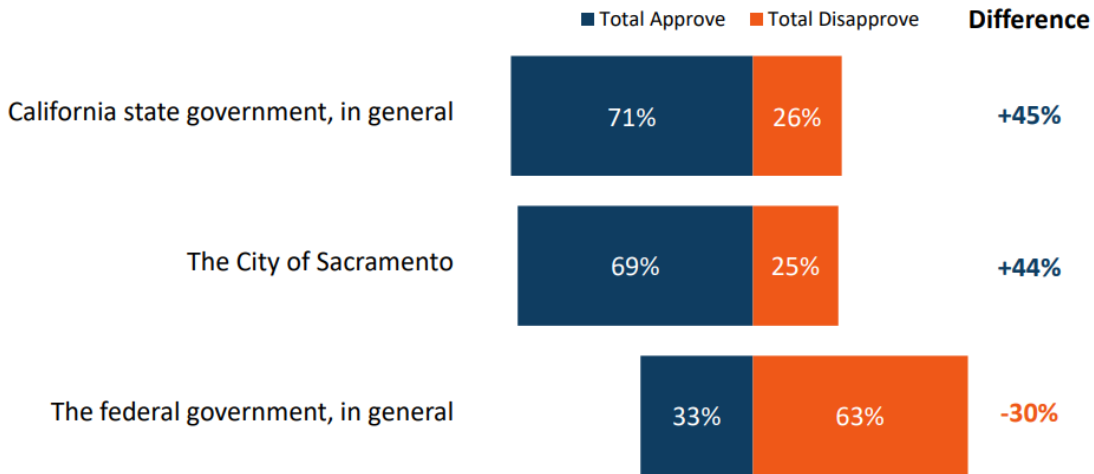
Q18. Here are some statements about the coronavirus pandemic. Please tell me if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree.



# Views on Government's Response to COVID-19

## Residents approve of state and local government's handling of the pandemic, but not the federal government's.

For each of the following, please tell me if you approve or disapprove of the job they are doing in handling the pandemic.



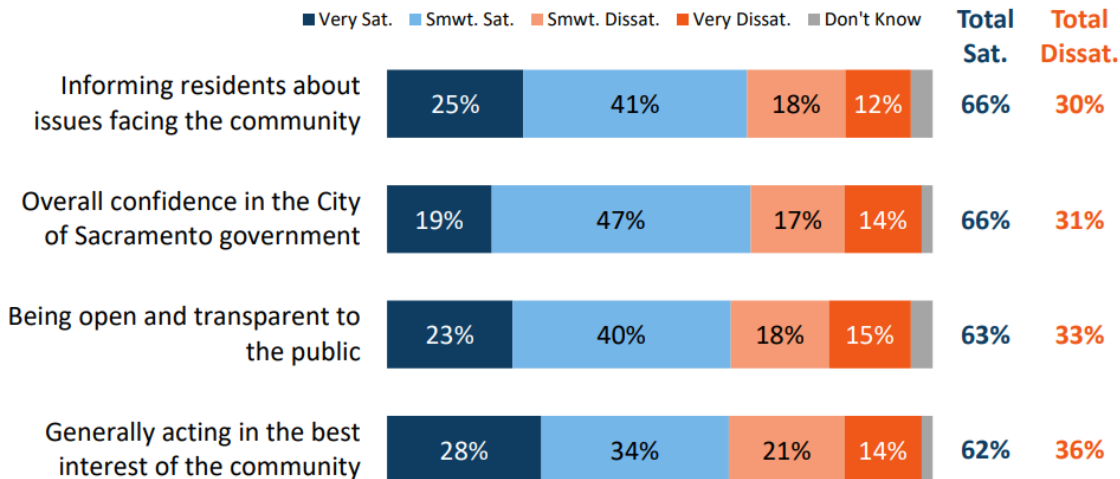
## Approval of the job the City is doing cuts across Council Districts.

The City of Sacramento

| Demographic Group            | Total Approve | Total Disapprove |
|------------------------------|---------------|------------------|
| <b>City Council District</b> |               |                  |
| District 1 – Ashby           | 62%           | 32%              |
| District 2 – Warren          | 71%           | 26%              |
| District 3 – Harris          | 64%           | 35%              |
| District 4 – Hansen          | 67%           | 27%              |
| District 5 – Schenirer       | 67%           | 25%              |
| District 6 – Guerra          | 62%           | 26%              |
| District 7 – Jennings        | 88%           | 9%               |
| District 8 – Carr            | 71%           | 21%              |

## Residents mostly satisfied with the City's performance serving residents in this time.

Please tell me if you are satisfied or dissatisfied with Sacramento City government's performance in each of the following areas.

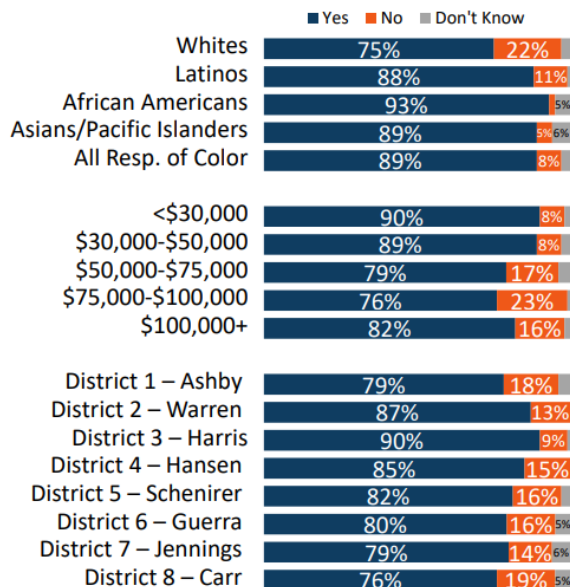
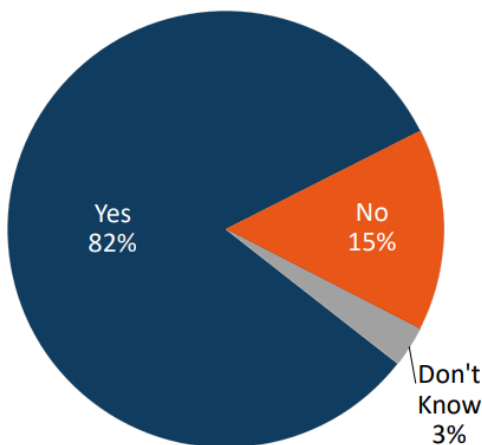


**FM3** Q11.  
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39

## Four in five are comfortable with mask requirements.

In general, are you comfortable with government requiring masks in public places?



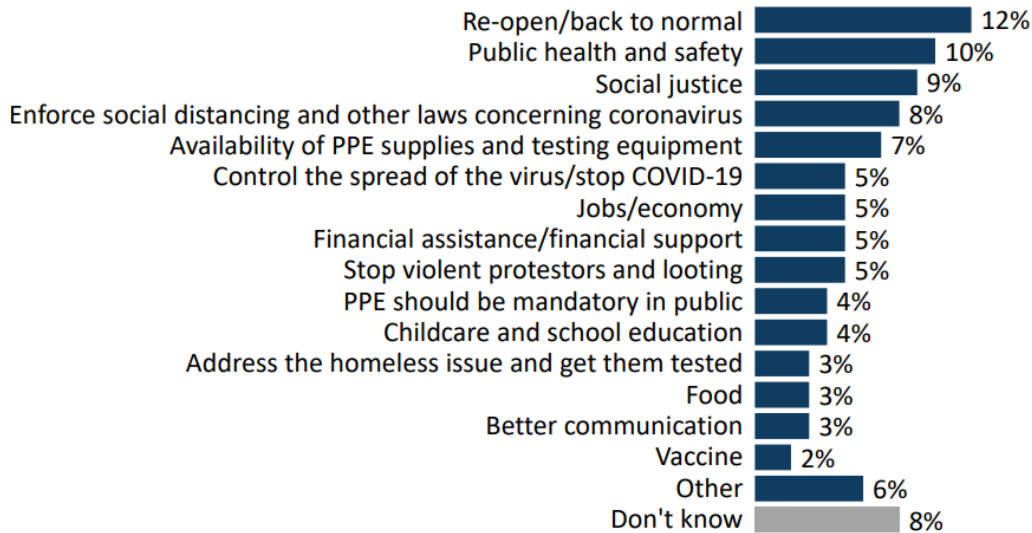
**FM3** Q19.  
RESEARCH

40

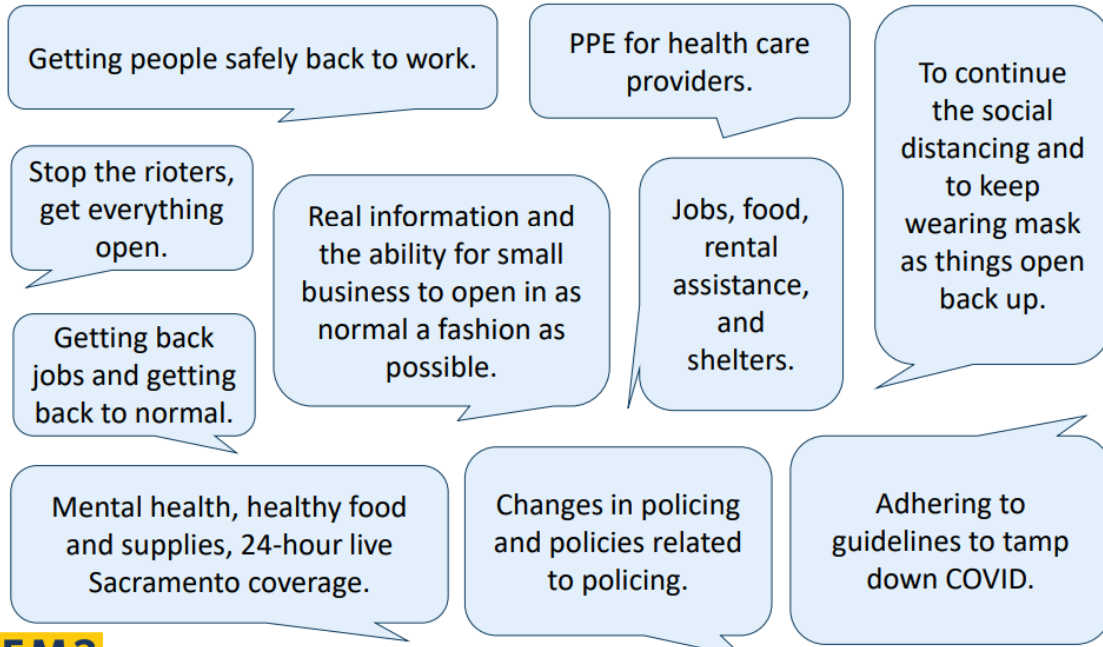
# Priorities for Future City Assistance

## Respondents' top priorities right now relate to reopening, public health, and social justice.

*What do you see as your community's highest priority need at this time?  
(Open-ended)*



## Verbatim Comments Describing Respondents' Top Priorities



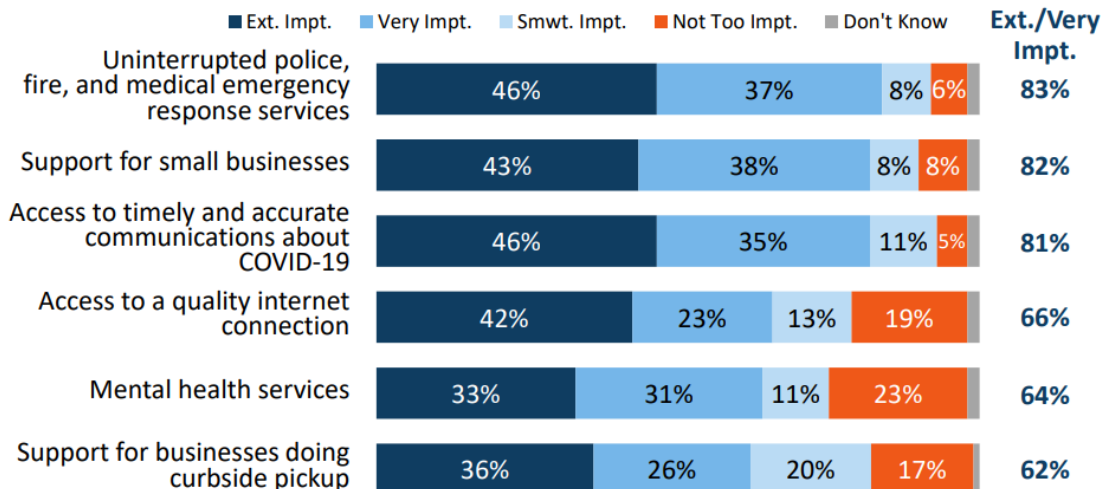
**FM3**  
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Q22. What do you see as your community's highest priority need at this time?

43

## Residents' top priorities for City support are uninterrupted emergency services, support for small businesses, and access to accurate information about COVID-19.

Here are some types of assistance the City of Sacramento may offer to help your household cope with the impacts of the COVID-19 public health emergency. Please tell me if it is extremely important, very important, somewhat important or not too important to you.

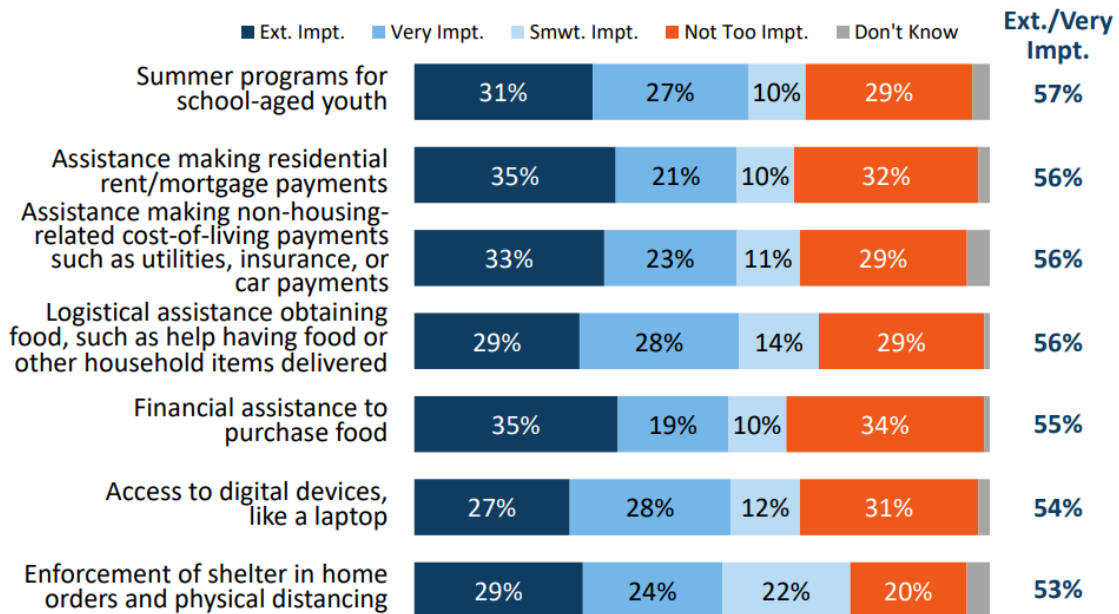


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Q23. Split Sample

44

## Summer programs and financial assistance are very important to majorities.

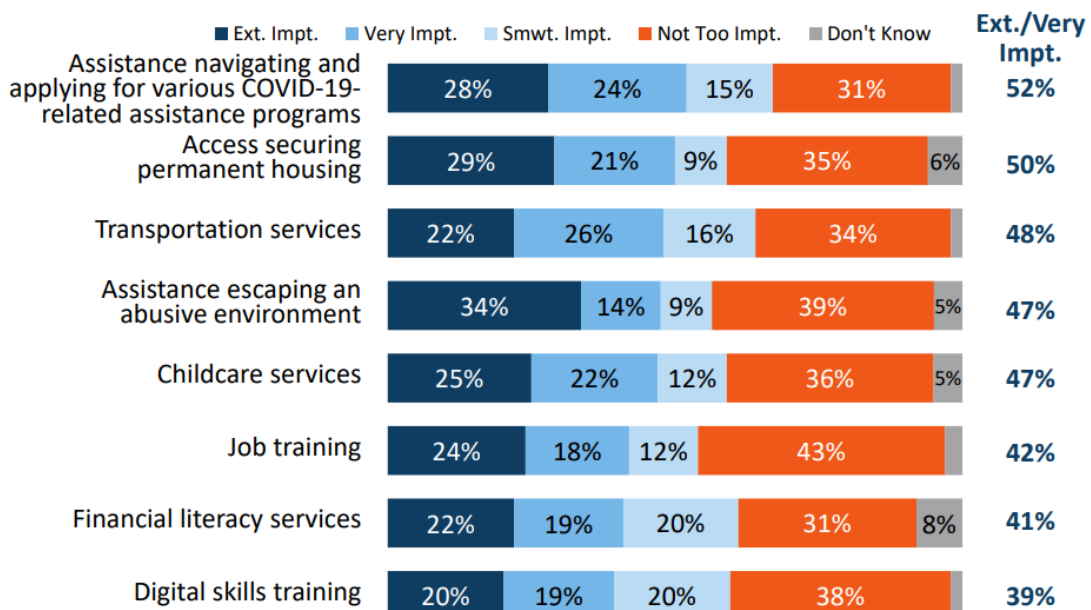


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RESEARCH

Q23. Here are some types of assistance the City of Sacramento may offer to help your household cope with the impacts of the COVID-19 public health emergency. Please tell me if it is extremely important, very important, somewhat important or not too important to you. Split Sample

45

## Job training, financial literacy, and digital skills training rank lower in importance.



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Q23. Here are some types of assistance the City of Sacramento may offer to help your household cope with the impacts of the COVID-19 public health emergency. Please tell me if it is extremely important, very important, somewhat important or not too important to you. Split Sample

46

**The top priorities cut across the City, although there are some differences in how District 4 and 5 residents rank priorities relative to other residents.**

*(Extremely/Very Important)*

| Type of Assistance  | All Resp.  | City Council District |     |     |            |            |     |     |     |
|---|------------|-----------------------|-----|-----|------------|------------|-----|-----|-----|
|   |            | 1                     | 2   | 3   | 4          | 5          | 6   | 7   | 8   |
| Uninterrupted police, fire, and medical emergency response services | <b>83%</b> | 76%                   | 98% | 91% | 74%        | 66%        | 87% | 99% | 79% |
| Support for small businesses  | <b>82%</b> | 83%                   | 85% | 97% | 71%        | 61%        | 89% | 85% | 85% |
| Access to timely and accurate communications about COVID-19         | <b>81%</b> | 83%                   | 91% | 92% | 79%        | <b>63%</b> | 86% | 75% | 83% |
| Access to a quality internet connection                             | <b>66%</b> | 74%                   | 51% | 61% | <b>81%</b> | 72%        | 52% | 66% | 63% |
| Mental health services  | <b>64%</b> | 74%                   | 78% | 83% | <b>31%</b> | <b>53%</b> | 60% | 68% | 79% |
| Support for businesses doing curbside pickup                        | <b>62%</b> | 58%                   | 76% | 65% | 62%        | <b>44%</b> | 62% | 60% | 69% |
| Summer programs for school-aged youth                               | <b>57%</b> | 51%                   | 65% | 56% | <b>38%</b> | 72%        | 63% | 62% | 59% |
| Assistance making residential rent/mortgage payments                | <b>56%</b> | 61%                   | 61% | 58% | 54%        | 55%        | 53% | 51% | 56% |

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Q23. Here are some types of assistance the City of Sacramento may offer to help your household cope with the impacts of the COVID-19 public health emergency. Please tell me if it is extremely important, very important, somewhat important or not too important to you. Split Sample

47

**Prioritization of City Actions by City Council District**  
*(Continued)*

*(Extremely/Very Important)*

| Type of Assistance  | All Resp.  | City Council District |     |     |     |     |     |     |     |
|---|------------|-----------------------|-----|-----|-----|-----|-----|-----|-----|
|   |            | 1                     | 2   | 3   | 4   | 5   | 6   | 7   | 8   |
| Assistance making non-housing-related cost-of-living payments such as utilities, insurance, or car payments | <b>56%</b> | 69%                   | 63% | 61% | 51% | 52% | 56% | 37% | 63% |
| Logistical assistance obtaining food, such as help having food or other household items delivered           | <b>56%</b> | 75%                   | 59% | 56% | 46% | 67% | 46% | 49% | 54% |
| Financial assistance to purchase food   | <b>55%</b> | 65%                   | 80% | 49% | 30% | 61% | 56% | 58% | 51% |
| Access to digital devices, like a laptop  | <b>54%</b> | 54%                   | 67% | 79% | 21% | 29% | 54% | 68% | 77% |
| Enforcement of shelter in home orders and physical distancing   | <b>53%</b> | 45%                   | 54% | 71% | 48% | 30% | 61% | 67% | 52% |
| Assistance navigating and applying for various COVID-19-related assistance programs                         | <b>52%</b> | 54%                   | 66% | 60% | 45% | 44% | 50% | 40% | 60% |

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Q23. Here are some types of assistance the City of Sacramento may offer to help your household cope with the impacts of the COVID-19 public health emergency. Please tell me if it is extremely important, very important, somewhat important or not too important to you. Split Sample

48

## Prioritization of City Actions by City Council District (Continued)

(Extremely/Very Important)

| Type of Assistance                         | All Resp.  | City Council District |     |     |     |     |     |     |     |
|--|------------|-----------------------|-----|-----|-----|-----|-----|-----|-----|
|  |            | 1                     | 2   | 3   | 4   | 5   | 6   | 7   | 8   |
| Access securing permanent housing          | <b>50%</b> | 60%                   | 75% | 53% | 18% | 46% | 65% | 42% | 58% |
| Transportation services                    | <b>48%</b> | 41%                   | 74% | 50% | 25% | 40% | 58% | 48% | 60% |
| Assistance escaping an abusive environment | <b>47%</b> | 53%                   | 62% | 51% | 35% | 53% | 44% | 38% | 49% |
| Childcare services                         | <b>47%</b> | 49%                   | 61% | 63% | 24% | 43% | 36% | 44% | 63% |
| Job training                               | <b>42%</b> | 58%                   | 67% | 44% | 16% | 54% | 31% | 37% | 42% |
| Financial literacy services                | <b>41%</b> | 36%                   | 79% | 45% | 14% | 38% | 52% | 20% | 62% |
| Digital skills training                    | <b>39%</b> | 46%                   | 60% | 52% | 16% | 45% | 45% | 30% | 32% |

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Q23. Here are some types of assistance the City of Sacramento may offer to help your household cope with the impacts of the COVID-19 public health emergency. Please tell me if it is extremely important, very important, somewhat important or not too important to you. Split Sample

49



## Conclusions

50



## Conclusions

- ✓ Sacramentans' primary concern with the pandemic relates to when it will end.
  - This is the only aspect of the crisis that a majority cite as an “extremely” or “very serious” problem.
  - Many express high levels of concern about getting sick, and about the mental and emotional impacts of the pandemic.
- ✓ Half have seen a reduction in income and nearly one-third have either lost their jobs or had their hours reduced.
  - These impacts have been most pronounced among residents of lower-income households, Latino residents, and younger residents.
- ✓ Respondents strongly approve of how the City has handled its response and communicated with residents.
- ✓ They view uninterrupted emergency services, support for small businesses, and accurate and timely information as the most important assistance the City can provide.

**For more information, contact:**



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