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DEPARTMENT OF EDUCATION
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MICHAEL F. RICE, Ph.D.
STATE SUPERINTENDENT

MEMORANDUM

DATE: November 20, 2020

TO: Local and Intermediate School District Superintendents
Public School Academy Directors

FROM: Kyle L. Guerrant, Deputy Superintendent KG
Finance and Operations

SUBJECT: Coronavirus Relief Fund (CRF) Allowable Uses and Documentation
Requirements – MEMO #COVID-19-139

The Michigan Department of Education (MDE) has received several questions regarding the allowable uses and expenditure documentation requirements of the federal coronavirus relief fund (CRF) payments that districts received in their July and August 2020 state school aid payments. The purpose of this memorandum is to clarify the current federal guidance associated with these funds.

The U.S. Department of Treasury (USDT) has published a [guidance document](#) and recently updated the [Frequently Asked Questions](#) (FAQ) related to these funds that outline criteria and provide specific examples of allowable and unallowable expenditures. MDE has worked closely with U.S. Senator Debbie Stabenow, Michigan School Business Officials (MSBO), and Plante Moran auditors to push USDT for greater clarity and flexibility of CRF dollars.

According to the USDT guidance, CRF funds may only be used to cover costs that:

- *are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);*
- *were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or government;*
and
- *were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.*

Specific to school districts, USDT recently updated FAQ #53, which clarifies that:

... payments from the fund may be used to cover costs associated with providing distance learning (e.g., the cost of laptops to provide to students) or for in-person learning (e.g., the cost of acquiring personal protective equipment for students attending schools in-person or other costs associated with meeting Centers for Disease Control guidelines).

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The federal guidance also includes the following nonexclusive examples of allowable costs, assuming the purpose is related to addressing COVID-19:

- expanding broadband capacity
- hiring new teachers
- developing an online curriculum
- acquiring computers and similar digital devices
- acquiring and installing additional ventilation or other air filtering equipment
- incurring additional transportation costs
- incurring additional costs of providing meals

As of the date of this memorandum, these publications serve as the only source of information to assess allowable uses of CRF payments. MDE is not issuing formal approvals or denials for specific uses of these funds. Districts are encouraged to apply the USDT criteria and guidance to determine independently the allowability of charging CRF for past or proposed expenditures.

USDT FAQ #53 also addresses the topic of expenditure documentation:

Treasury recognizes that schools are generally incurring an array of COVID-19-related expenses to either provide distance learning or to re-open. To this end, as an administrative convenience, Treasury will presume that expenses of up to \$500 per elementary and secondary school student are eligible expenditures, such that schools do not need to document the specific use of funds up to that amount.

MDE interprets this guidance to indicate that districts are not required to maintain documentation related to their use of CRF up to \$500 per pupil, although doing so is encouraged as a best practice and part of sound internal controls. Districts receiving CRF funds through other sources, including flowthrough from city and county governments, should be mindful of this threshold. CRF payments in excess of \$500 per pupil are not subject to this presumption, and documentation may be required.

Absent a federal requirement to document specific uses of CRF, districts are still subject to the state-level requirement to account for expenditures of these restricted funds using the appropriate grant codes. As part of MDE's monitoring process, expenditure data submitted in the Fiscal Year 2020-21 financial information database (FID) will be checked for consistency with records of CRF payments processed by MDE. Additional information regarding accounting for these funds can be found in [Financial Accounting Guidance During the COVID-19 Pandemic](#) and the [Michigan Public School Accounting Manual](#).

Questions regarding this memorandum may be directed to Christopher May at 517-335-1263 or MayC@michigan.gov.

cc: Michigan Education Alliance
Confederation of Michigan Tribal Education Directors