

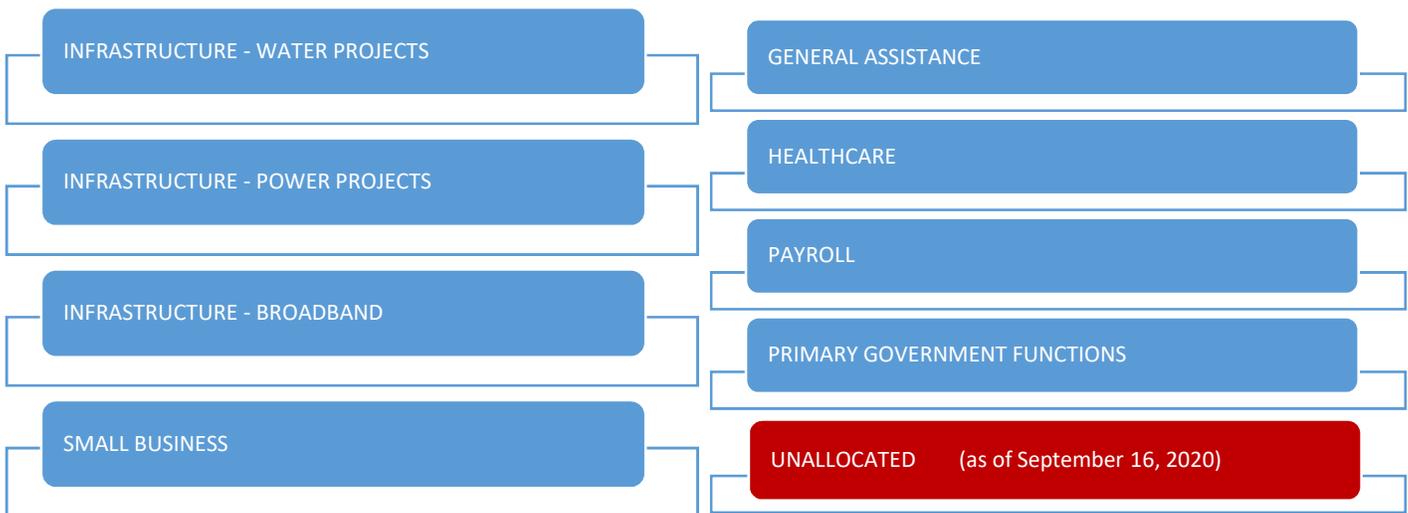
CARES Act (Coronavirus Aid, Relief, and Economic Security Act)

Navajo Nation Office of the Controller

OVERVIEW

The Coronavirus Relief Fund (CRF) provides payments to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak. A total of \$8 billion of CRF was allocated to Tribes. The total CRF funding allocated to the Navajo Nation is approximately \$714 million and was based on a combination of population, employment, and expenditures.

CRF FUNDING BREAKDOWN



GUIDANCE

The CARES Act requires that the payments from the CRF are only to be used to cover expenses that –

1. Are necessary expenditures incurred due to the public health emergency with respect to COVID-19;
2. Were not accounted for in the budget most recently approved as of March 27, 2020 for the government; and
3. Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

Categories of Eligible Expenditures

1. Medical expenses
2. Public health expenses
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.
5. Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency.
6. Any other COVID-19 related expenses reasonably necessary to the function of government that satisfy the fund's eligibility criteria.

FAQ – Coronavirus Relief Fund (CRF)

Navajo Nation Office of the Controller

General

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[Question 15: If my business is not registered with the Navajo Tax Commission, can I still register my business and receive Navajo Business Economic Relief?](#)

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Small Businesses (cont.)

Question 19: 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)?

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Question 20: Will my chapter be subject to a single audit if my chapter accepts this funding?

Question 21: If my Chapter receives CRF funding, is my Chapter subject to federal reporting requirements?

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Question 24: Do I need to provide the Navajo Nation with receipts of what I have spent money received on?

Question 25: After my application is submitted, how long do I have to wait before I receive a check?

Question 26: 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?

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Question 27: Is the purchase of a vehicle an eligible expense under the Coronavirus Relief Fund?

Question 28: Are the costs of any electronic or print media production and distribution intended to communicate and educate the public on the COVID-19 public health emergency eligible for reimbursement?

Question 29: Can the funds be used to pay the cemetery and for the funeral services of a Navajo Nation citizen who died due to COVID-19?

Question 30: Are increases in waste tipping fees reimbursable?

Question 31: the Navajo Nation's internet service is currently unstable, making remote court proceedings and similar tasks extremely difficult. Would upgrades related to internet access be an allowable expense?

Question 32: Can CRF funding be used for nursing homes to support healthcare and medical expenses to address COVID initiatives that have not been covered by other COVID funding streams?

Question 33: Would expenses for changes or modification to Navajo government facilities to help reduce the spread of COVID-19 such as replacing facility doors for automated doors to avoid touch them or purchase of protective barriers be eligible costs?

Departments

Departments (cont.)

[Question 34: May fund payments be used to replace lost utility fees due to customer's inability pay because of COVID-19 related economic disruptions?](#)

Answers

Question 1: Where can recipients of funds find information and resources?

Information and resources are available at the following website:

<https://home.treasury.gov/policy-issues/cares/state-and-local-governments>

Question 2: When is the due date for use of these funds?

All funds received must be incurred by December 30, 2020.

Question 3: What is the definition of incurred cost?

The Treasury Department recently provided updated guidance that clarified the requirement that costs be incurred between March 1, 2020 and December 30, 2020 (the "covered period.") 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.

Question 4: Is registration on SAM.gov required for small businesses and Chapters?

Yes, if your business or Chapter has received more than \$50,000. The Terms and Conditions require all jurisdictions to comply with requirements regarding registration with the System for Award Management (SAM.gov). These requirements include maintaining an active registration and ensuring all associated information is up to date. Navajo Nation will not issue payment until it can verify the registration is current.

Question 5: May Fund recipients upgrade critical public health infrastructure, such as providing access to running water for individuals and families in rural and tribal areas to allow them to maintain proper hygiene and defend themselves against the virus?

May Fund recipients upgrade critical public health infrastructure, such as providing access to running water for individuals and families in rural and tribal areas to allow them to maintain proper hygiene and defend themselves against the virus?

Question 6: May Fund recipients incur expenses associated with the safe reopening of schools?

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

To this end, as an administrative convenience, Treasury will presume that expenses of up to \$500 per elementary and secondary school student to be eligible expenditures, such that schools do not need to document the specific use of funds up to that amount.

Answers (cont.)

Question 7: What is the Navajo Nation Business Economic Relief Program?

This program is designed to support Navajo businesses and artisans who have been impacted by the COVID-19 health crisis through the Navajo Nation Division of Economic Development.

Question 8: How long is the application period?

Business owners will have until September 15, 2020 to submit their application.

Question 9: If I own more than one business, can I apply for each business I own?

Yes, as long as each business is registered under the Navajo Nation Business Regulatory Department.

Question 10: What are the eligibility requirements for my business to apply for Navajo Business Economic Relief?

The following general eligibility requirements apply to all businesses applying for financial assistance under this Navajo Business Economic Relief Fund:

- Business is organized for profit and operates primarily within the borders of the Navajo Nation
- Business is located and designated as a place of business within the borders of the Navajo Nation (the business address identified on legal documents is used to determine the location of the business)
- Business has less than 300 employees as of March 1, 2020 (for the purpose of this requirement, each individual employee, regardless of typical number of hours worked, and each owner, is considered one employee)
- Business is registered under the Navajo Nation Business Source List as published by the Navajo Business Regulatory Department (the most current version of this list can be found at http://navajobusiness.com/pdf/SourceList/Source_List.pdf)
- Business is registered or to be registered with the Navajo Nation Tax Commission

Question 11: What is considered business interruption?

Business Interruption refers to the reduction in net income that results from suspension of operations — whether wholly or partially — due to compliance with COVID-19 measures imposed by local governments. Generally, amounts eligible for reimbursement include:

- Normal operating expenses incurred, including payroll, rent, etc. that continue despite the suspension of operations.

Question 12: How much relief can I expect my business to receive?

Each business will receive funding based on its application. Amounts distributed are to be determined based upon eligible business interruption expenses and business characteristics, up to \$60,000 per business.

Question 13: Can my business request reimbursement for expenditures that were already being reimbursed for under the Payroll Protection Program?

The amount requested cannot have been previously reimbursed by another Federal program, programs under the CARES Act (such as the Paycheck Protection Program) or any other Navajo assistance program. Any expenses found to have been reimbursed under another Federal or Navajo assistance program will have to be repaid to the Navajo Nation.

Answers (cont.)

Question 14: 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 “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.

Question 15: If my business is not registered with the Navajo Tax Commission, can I still register my business and receive Navajo Business Economic Relief?

Yes, if you are not yet registered please visit the below website and register ASAP:
<http://navajobusiness.com/doingBusiness/Registration/CertReg.htm>

Question 16: 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.

Question 17: What are some examples of eligible expenditures?

The below represents a non-exhaustive list of eligible expenditures under this program:

- Payroll costs including salary, wages, and benefits
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Mortgage or loan interest payments (but not mortgage prepayments or principal payments) for debt incurred prior to March 1, 2020 for business properties or other business purposes
- Rent or lease payments for business properties for agreements entered into prior to March 1, 2020
- Utility payments for business properties including electric, water, gas, phone, internet and similar utilities
- New or expanded technology applications and Wifi services to facilitate work-from-home efforts
- Personal protective equipment, sanitation supplies and equipment, testing for employees

- Measures to protect, prevent and mitigate the spread of COVID-19

Answers (cont.)

Question 18: What are some example of ineligible expenditures?

The below represents a non-exhaustive list of ineligible expenditures under this program:

- Lobbying for any purpose
- Repayment of principal of loans or debt (only the interest portions of regular debt payments are eligible)
- Payment of partial mortgage/utility costs based on IRS rules for home-based businesses
- Certain taxes and fees including those that are considered revenue for federal, state, or local governments

Question 19: 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)?

Yes. The receipt of a government grant by a business generally is not excluded from the business's gross income under the Code and therefore is taxable.

Question 20: Will my chapter be subject to a single audit if my chapter accepts this funding?

Only Chapters that receive over \$750,000 in a given fiscal year are subject to a single audit. For example, if your Chapter normally receives \$600,000 in federal funds each year, and it receives a \$200,000 distribution from CARES funds, then yes, it will be subject to a Single Audit.

Question 21: If my Chapter receives CRF funding, is my Chapter subject to federal OIG reporting requirements?

No, the Department of U.S. Treasury OIG "Memorandum for Coronavirus Relief Fund Recipients" dated July 2, 2020 states that only **Prime** recipients of Coronavirus Relief Fund payments shall report Quarterly. Chapters would be considered subrecipients of the Navajo Nation. However, all Chapters will need to meet expected reporting requirements imposed by the Navajo Nation per the Terms and Conditions.

Question 22: 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, the Navajo Nation has determined 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.

Answers (cont.)

Question 23: May fund payments be used to assist impacted property owners with the payment of their property taxes?

No, fund payments may not be used for property taxes, this would be considered government revenue replacement.

Question 24: Do I need to provide the Navajo Nation with receipts of what I have spent money received on?

No, the Navajo Nation is responsible for ensuring that all funds distributed to individuals are eligible expenditures. Applicants are only required to provide what is asked during the application process.

Question 25: After my application is submitted, how long do I have to wait before I receive a check?

Once an application is approved it will take apx 2 weeks for the applicant to receive their check.

Question 26: 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.

Question 27: Is the purchase of a vehicle an eligible expense under the Coronavirus Relief Fund?

The purchase of the vehicles may be an eligible expense under the CRF; however, the cost may be considered unreasonable if there are cost effective alternative solutions. Additionally, expenditures reimbursed through the CRF must be limited to those that are necessary due to COVID-19.

Prior to making a large capital expenditure such as the purchase of a vehicle, departments should document that they have analyzed any lease versus purchase alternatives and perform any other appropriate analyses to determine the most economical approach.

Question 38: Are the costs of any electronic or print media production and distribution intended to communicate and educate the public on the COVID-19 public health emergency eligible for reimbursement?

Yes, these costs would be considered eligible public health expenses.

Question 39: Can the funds be used to pay the cemetery and for the funeral services of a Navajo Nation citizen who died due to COVID-19?

Yes, unforeseen financial costs for funerals could be paid with CRF funding if the department determines such assistance to be a necessary expenditure. The funding 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.

Answers (cont.)

Question 30: Are increases in waste tipping fees reimbursable?

Costs due to an increase in solid waste as a result of the public health emergency are eligible, provided the connection to COVID-19 can be adequately documented.

Question 31: the Navajo Nation's internet service is currently unstable, making remote court proceedings and similar tasks extremely difficult. Would upgrades related to internet access be an allowable expense?

Yes, these expenses would be eligible as long as they are limited to those necessary to stabilize the internet connection to facilitate remote court proceedings and other necessary telework capabilities as a result of COVID-19 and are not part of any larger comprehensive upgrade to the Nation's communication network.

Question 32: Can CRF funding be used for nursing homes to support healthcare and medical expenses to address COVID initiatives that have not been covered by other COVID funding streams?

Yes, this would fall under eligible public health expenses, unless other funding sources are used for that purpose.

Question 33: Would expenses for changes or modification to Navajo government facilities to help reduce the spread of COVID-19 such as replacing facility doors for automated doors to avoid touch them or purchase of protective barriers be eligible costs?

These would be eligible expenses.

Question 34: May fund payments be used to replace lost utility fees due to customer's inability pay because of COVID-19 related economic disruptions?

The replacement lost or foregone utility fees would be an ineligible use, as funds may not be used to fill shortfalls in government revenue. However, as determined to be a necessary expenditure, the Navajo Nation will provide grants to individuals facing economic hardship to allow them to pay their utility fees and thereby continue to receive essential services.

Sources

US Treasury CARES CRF

<https://home.treasury.gov/policy-issues/cares/state-and-local-governments>

CRF Frequently Asked Questions

<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>

CRF Tribal Allocation Methodology

<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Tribal-Allocation-Methodology.pdf>