

COVID-19 Considerations for Reopening Schools

December 3, 2020



Coronavirus Relief Funds

Pursuant to KRS 48.630(7), Kentucky’s Office of State Budget Director (OSBD) has approved an appropriation increase to the Kentucky Department of Education (KDE) in the amount of \$130 million in federal funds from the federal Coronavirus Relief Fund (CRF). This initiative helps support the decision not to require a budget reduction plan execution at this time, which would have adversely affected local school districts. It also aims to further reduce any anticipated revenue shortfall for FY 2021. **PLEASE NOTE: These are not additional funds. They are part of a onetime replacement of funds where districts will receive CRF funds and a reduced amount of SEEK funds equal to the district’s December SEEK monthly payment.**

Additional information about the CRF:

- The CRF is part of the CARES Act, administered by the U.S. Department of the Treasury. In Kentucky, the CRF is administered and disbursed to recipients by the OSBD. There is no application required from KDE or local school districts for the funds to be awarded to KDE on behalf of the districts. The entire \$130 million is identified to be disbursed directly to local school districts that receive SEEK funding, and KDE will act as a flow through to allocate and disburse funds.
- These Funds may be expended in the same manner as Support Education Excellence in Kentucky (SEEK) General Funds, including on local school district salaries and other expenses.
- CRF funds may be expended for expenses incurred while reopening and operating public schools from March 1, 2020 through Dec. 30, 2020. However, the Office of Finance and Operations (OFO) recommends that districts only consider expenditures from July 1, 2020, forward because of audit considerations.
- Funds must be expended by the districts on or before Dec. 30, 2020.
- The CRF is not subject to federal “supplement not supplant” provisions for this specific purpose.
- As part of the distribution of CRF money to districts, there will be a corresponding adjustment withheld from the SEEK payments through the end of FY 2021.
- The usual federal Cash Management Improvement Act (CMIA) restrictions on holding federal cash do not apply to the CRF, allowing these funds to be paid to districts upfront versus on a reimbursement basis.

The CRF is provided to states under guidelines issued by the U.S. Department of the Treasury. The latest U.S. Treasury guidelines are available at: [Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments](#). The latest accompanying U.S. Treasury FAQs on the CRF are available at: [Coronavirus Relief Fund Frequently Asked Questions](#).



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Please note Question 53 from the U.S. Treasury FAQ document, which states in part:

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

This provision provides flexibility and discretion to school districts in the use of CRF money and on documentation requirements. Districts may use CRF money broadly for any costs related to reopening and operating schools during the 2020-2021 school year through Dec. 30, 2020, or for qualifying costs retroactive to March 1, 2020.

There is no private school equitable services requirement associated with school districts' use of CRF money, and no funds supplanting prohibition in spending for CRF. Since there is no supplanting restriction, school districts may want to consider using CRF money for qualifying expenses in place of other funding sources initially used for those expenses, and that money can then be redirected for other purposes that have longer spend-down periods, such as CARES Act Elementary and Secondary School Emergency Relief (ESSER) funds and the Governor's Emergency Education Relief (GEER) funds.

Permissible Use of Funds

The OSBD advises that CRF funds may be used for any expenditures that a district would use SEEK General Funds for. Due to the short timeline to pay out these funds, districts should consider expending the funds on large expenses such as staff salaries, except special education salaries. Districts are reminded that they must continue to meet any Maintenance of Effort (MOE) or Maintenance of State Fiscal Support (MFS) requirements. This approach is similar to the use of funds from the State Fiscal Stabilization Fund (SFSF) under the American Recovery and Reinvestment Act of 2009 (ARRA).

Should a district choose not to expend CRF funds on salaries, the CARES Act provides for additional permissible uses including: personal protective equipment (PPE); facility cleaning and sanitation; technology to support distance learning; capital costs which are reasonable and necessary and tied directly to COVID-19 preparation; response, mitigation; increases in pupil transportation costs related to additional routes and the requirements for social distancing; and for increases in transportation costs for delivery of meals associated with food services.

MUNIS Coding

CRF funds should be coded as described below. This coding is similar to awards under the SFSF (2009):

- Record all transactions in Fund 2



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- Use this Project number: 17GG Coronavirus Relief Fund – SEEK Replacement CFDA # 21.019.
- Revenue object 3111 SEEK Program
- Expenditure objects: All expenditure objects are permissible, but for ease of tracking, districts are encouraged to utilize payroll (non-special education).
- Revenue ORGs
 - 220-3111-17GG
- Expenditure ORGs:
 - Use appropriate expenditure object code and project code 17GG.
 - All expenditure ORGs are available for use in reporting the expenditure object codes **except for any ORGs that use program codes 200 – 239.**

Reporting to KDE

Verification of Expenditures:

The Comprehensive District Improvement Plan (CDIP) report is sent quarterly to the OFO via email and attachments that provide current fiscal year expenditures. Districts are required to submit their second quarter CDIP report with evidence of expenditures of CRF money by Jan. 25, 2021.

The CDIP report is submitted as a PDF and can be verified to assure the codes used are appropriate for each project reported by staff. OFO staff will review and may contact districts to resolve miscoding.

Districts may additionally utilize an Excel report that districts can produce within MUNIS called the Monthly Account Detail History. This report will produce the necessary transactions for the month of December that can be reviewed and compared to the revenues that were disbursed to each district to verify all expenditures for these funds were spent, along with the details for ORGs and objects.

After the report is generated, the district will need to insert a column (Column A) and in that column (Column A) insert the district name, then save the file using the district name as a prefix so KDE can easily identify the district before opening the Excel document.

If you are not familiar with the report, please use the contact information below and OFO will assist you with it.

Districts should contact Finance.reports@education.ky.gov for assistance relating to CRF money.