

Coronavirus Aid, Relief, and Economic Security (CARES) Act Frequently Asked Questions

Created by Caltrans Division of Rail and Mass Transportation (DRMT); Office of Transit Grants and Contracts in June 2020

On Friday, March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law. The CARES Act provides emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic and provide emergency appropriations to support Executive Branch agency operations during the COVID-19 pandemic.

Federal Transit Administration (FTA) is allocating \$25 billion to recipients of urbanized area and rural area formula funds, with \$22.7 billion to large and small urban areas and \$2.2 billion to rural areas. Funding will be provided at a 100-percent federal share, with no local match required, and will be available to support capital, operating, and other expenses generally eligible under those programs to prevent, prepare for, and respond to COVID-19.

Operating expenses incurred beginning on January 20, 2020 for all rural and urban recipients, even those in large urban areas, are also eligible, including operating expenses to maintain transit services as well as paying for administrative leave for transit personnel due to reduced operations during an emergency.

CARES funding will be disbursed through FTA apportionments to its Urbanized Area (Section 5307) and Rural Formula (Section 5311) programs. California was appropriated \$94,976,667 for the Section 5311 Rural Area Apportionment.

DRMT distributed \$30 million of the CARES Act for Phase 1 for the FTA 5311 and 5311(f) Operating Assistance projects.

DRMT is currently developing a strategy for the distribution of the CARES Act for Phase 2 for the FTA 5311 and 5311(f) projects.

Caltrans CARES Act Common Questions Answered

Question 1; Do the CARES Act funds replace the FFY 20 FTA 5311 program funding?

No, the CARES Funds are in addition to Fiscal Year (FY) 2020 appropriated FTA 5311 funds. DRMT is processing the FY 20 applications in the same manner as previous years.

Question 2; What dollar amount should I put on my CARES Pre-Agreement?

The Invoice and Pre-Agreement serves as the 1st invoice for agencies. These are for operating expenses starting January 20, 2020. This first invoice was a way to speed up the process for Caltrans Accounting and the State Controller's Office as there are state regulations to follow when distributing federal funds such as state budget coding and tracking. This first invoice draws from your Phase 1 allocation which will become a Standard Agreement with CARES Act funds. You will need to follow up with back up documentation to prove the expenditures at a later date unlike current agreements and Request for Reimbursement (RFR) which you need to provide proof prior to reimbursement. If you will have the proof for the total amount by June 30, 2022, then you will be fine as long as they are eligible operating expenses. You will be able to submit subsequent RFRs against the remaining amount of your CARES Act Standard Agreement.

Question 3; Is there a local match required?

No, funding will be provided at a 100-percent federal share, with no local match required.

Question 4; What is considered an eligible expense?

Any costs eligible under the FTA 5311 program can be reimbursed. This includes anything from lost farebox revenue, hazard pay; benefits for employees; Personal Protective Equipment (PPE), cleaning supplies.

For example, if you want to buy a plexiglass screen to protect your drivers and you have two options. One option is a simple plexiglass screen while the other option is a heavy-duty screen that offers five times the protection. You can absolutely go for the more expensive options as long as you don't go over your apportionment.

Another example would be providing masks to your riders. This would be considered a PPE expense and is allowed.

Question 5; Can funds be used for capital projects?

Yes, Funding will be provided at a 100-percent federal share, with no local match required, and will be available to support capital, operating, and other expenses generally eligible under those programs to prevent, prepare for, and respond to COVID-19. (Bus replacement only are 100% federal share; Bus expansion would require local match).

Question 6; Can CARES Funds pay for payroll or employer taxes?

Yes.

Question 7; Can CARES funds pay for employee time off?

Yes.

Question 8; What reporting will be required?

The same as 5311 reporting.

Question 9; Will I need to provide proof of payment for any purchases which use CARES Funds.

Yes, you will need to provide all the documentation you have. So, save all your receipts and invoices handy for the next five years.

Question 10; How do we report funding was used to replace revenue loss?

FTA will reimburse any eligible expenses incurred on or after January 20, 2020, including eligible expenses that would have otherwise been paid for by the lost revenue. This includes all the expenses normally eligible under [Urbanized Area Formula Grants \(Section 5307\)](#) or the [Formula Grants for Rural Areas Program \(Section 5311\)](#) that occurred on or after January 20, 2020, at a 100% federal share. It also includes reimbursement of any net operating expenses for all Urbanized Area and Rural recipients. Operating costs are those costs necessary to operate, maintain, and manage a public transportation system. Operating expenses usually include such costs as driver salaries, fuel, and items having a useful life of less than one year, including personal protective equipment and cleaning supplies. See Chapter IV and the Appendix C of the [Urbanized Area Formula Program Circular](#) or Chapter III of the [Formula Grants for Rural Areas Circular](#) for more information on eligible operating expenses and how to calculate them. CARES Act funding also can be used for administrative leave, such as leave for employees due to reductions in service or leave required for a quarantined worker. The type of lost revenue does not matter and the applicant does not need to identify the amount of lost revenue in the grant application.

Question 11; How long will I have to submit an RFR for Phase 1 of the CARES reimbursement?

You will have until July 30, 2022 to submit an RFR for CARES reimbursements.

Question 12; I have a Third-Party Contract; do I need to do an Amendment?

Only if you are going to pay for things that were not already included in the contract. For example, if you are now paying Administrative Time Off (ATO) or hazard pay. The State does not have a checklist, sample, or example to provide subrecipients because amendments need to be tailored to each subrecipient's unique contracting situation. If agencies are members of CalACT, they held a very informative webinar a few weeks ago that is posted to their COVID-19 webpage.

Question 13; When will I get my CARES money for Phase 1?

Early July 2020.

Question 14; I do not currently receive FTA 5311 funds through Caltrans, can I still apply for CARES funding?

Yes. Operators that meet the definition of public transportation service and that are otherwise eligible to be a recipient or subrecipient under the Urbanized Area Formula Program (Section 5307) or the Rural Areas Formula Program (Section 5311) may receive CARES Act funding if allocated funds by the designated recipient. To receive funding as a recipient or subrecipient, the public transportation operations must meet all eligibility and program requirements of either Section 5307 or Section 5311. As a subrecipient, the operator must receive CARES Act funding through an existing designated or direct recipient of Urbanized Area or Rural Area formula funding. 49 USC 5302(4), 5307(c), 5311(a)(2).

Question 15; What is the process to become eligible to apply for CARES funds?

Operators that meet the definition of public transportation service and that are otherwise eligible to be a recipient or subrecipient under the Urbanized Area Formula Program (Section 5307) or the Rural Areas Formula Program (Section 5311) may receive CARES Act funding if allocated funds by the designated recipient. To receive funding as a recipient or subrecipient, the public transportation operations must meet all eligibility and program requirements of either Section 5307 or Section 5311. As a subrecipient, the operator must receive CARES Act funding through an existing designated or direct recipient of Urbanized Area or Rural Area formula funding. 49 USC 5302(4), 5307(c), 5311(a)(2).

Question 16; Can Tribal governments apply for CARES Funds?

Yes. Applicants must be eligible under FTA 5311 guidelines.

Question 17; I am receiving Funds from FEMA can I still apply for CARES Funds?

Yes.

Question 18; Can CARES Act funds or Urbanized Area Formula Grants (Section 5307) and the Formula Grants for Rural Areas Program (Section 5311) funds administered under the provisions of the Emergency Relief program (49 USC 5324) be used for the operating costs of essential services such as meal delivery?

Yes. The use of transit vehicles is eligible as an incidental use if the delivery services do not conflict with the provision of transit services or result in a reduction of service to transit passengers. As part of Emergency Relief efforts authorized by 49 U.S.C. 5324, FTA also will permit recipients to use Section 5307 or 5311 funds administered under the provisions of the Emergency Relief program or CARES Act funds for up to 6 months from January 20, 2020, to pay for the operational costs of such services. In addition, this service is eligible for FEMA's Public Assistance program, and to maximize the funding available to them to respond to the COVID-19 public health emergency, FTA recommends that recipients check with their State Office of Emergency Services to determine whether those resources are available, or to seek reimbursement from the entity requesting the service. A recipient may charge only costs not covered by other entities to an FTA grant.

Question 19; May recipients add new routes to take schoolchildren to school or other sites for meals?

Yes. Recipients may establish new routes that serve critical community needs at any time. FTA's charter rule at 49 CFR 604.3(c)(1) defines charter service as the exclusive use of a bus or van for a negotiated price. If a recipient provides exclusive transportation for schoolchildren to meal sites, and the service is funded by a third-party, such service would be categorized as a charter service. Although normally prohibited under FTA formula funding, charter service is eligible for COVID-19 response for up to 45 days from the beginning of each state of emergency incident period. For charter services lasting longer than 45 days, the recipient should submit a request to the Emergency Relief Docket.

Question 20; Can a public transportation system that has not previously received FTA formula funding receive CARES Act funding as a recipient or a subrecipient, including to pay for administrative leave of operations personnel?

Yes. Operators that meet the definition of public transportation service and that are otherwise eligible to be a recipient or subrecipient under the Urbanized Area Formula Program (Section 5307) or the Rural Areas Formula Program (Section 5311) may receive CARES Act funding if allocated funds by the designated recipient. To receive funding as a recipient or subrecipient, the public transportation operations must meet all eligibility and program requirements of either Section 5307 or Section 5311. As a subrecipient, the operator must receive CARES Act funding through an existing designated or direct recipient of Urbanized Area or Rural Area formula funding. 49 USC 5302(4), 5307(c), 5311(a)(2).

Question 21; When will phase 2 CARES Act distribution begin?

Fall 2020.

Question 22; Will there be additional stimulus funding available?

Unknown at this time (June 2020).

Sources

- FTA's Frequently Asked Questions from FTA Grantees Regarding Coronavirus
- FTA Response to Caltrans via regulations.gov