

Coronavirus Relief Funds for Local Governments Frequently Asked Questions to Commerce

Updated October 5, 2020

The following answers to frequently asked questions are in response to Commerce's process and procedures to obtain Coronavirus Relief Funds (CRF) payments. Amounts paid from the CRF are subject to the restrictions outlined in the US Treasury's CRF Guidance for State, Territorial, Local, and Tribal Governments, dated April 22, 2020 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").

Will Department of Commerce be contacting each City / County, or if a City / County believes they have reimbursable expenses, is the onus on them to reach out to the Department to establish a contract?

Award letters with instructions to initiate the contracting process will be emailed to each city and county receiving an allocation by no later than May 22nd. Emails to cities will be sent to mayors and any other contacts obtained with the assistance of the Association of Washington Cities. Emails to counties will be sent to the county commissioners and any other contacts obtained with the assistance of the Washington State Association of Counties.

Included with the award letter will be:

- CRF Program Guidelines
- A draft contract template for review and to initiate the public process for authorization to execute once the final contract is available for execution
- Working Papers

The *Working Papers* ask for basic information needed to create a contract, such as: primary contact information, Statewide Vendor Number (SWV#), Federal Indirect Rate, fiscal year end date, and name and title of authorized person to sign contracts on behalf of the jurisdiction. Please complete and return the *Working Papers* to the Commerce project manager identified in the award letter as soon as possible, even if you do not plan to begin drawing your funds for a while.

If we become a pass-through agency of a federal grant, we have to comply with a number of rules. Is there a grant threshold where some or all of those rules are lifted?

No, there is no threshold. See [2 CFR 200.331](#)

Are funds available for Ports and / or Special Districts?

The state's CRF were provided to cities and counties with populations under 500,000 that were ineligible to receive direct funding under the CARES Act. OFM developed the allocation methodology and determined the jurisdiction amounts. Ports and / or Special Districts are not eligible to receive a direct allocation. Ports and/ or Special Districts may partner or work with their jurisdictions to receive funds through the jurisdiction's allocation for eligible costs.

Why are only costs incurred through October 31, 2020 eligible for reimbursement and not through the December 30, 2020 end date per the US Treasury guidance? (Updated 10-5-2020)

The [US Treasury's Guidance](#) provides an end date of December 30, 2020. This is the end date in which the state must have reimbursed all "recipients of the funds" their costs incurred in response to the COVID-19 emergency. In order to allow time for Commerce to process final payments and conduct contract closeouts; and for OFM to fully utilize any unspent funds before they expire, expenditures are only being accepted on costs incurred March 1, 2020 thru November 30, 2020. All final requests for reimbursement must be submitted no later than **December 15, 2020.**

Are these payments subject to 2 CFR 200? Federal audit requirements? (Updated 10-5-2020)

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 sub-recipient monitoring and management, and subpart F regarding audit requirements.

Does a jurisdiction have to have an indirect cost rate to receive the funds? (Updated 10-5-2020)

As of the updated Treasury Guidance on 9/2/2020, indirect costs are not allowed under these funds. It states:

"Payments from the Fund are not administered as part of a traditional grant program and the provisions of the Uniform Guidance, 2 C.F.R. Part 200, that are applicable to indirect costs do not apply. Recipients may not apply their indirect costs rates to payments received from the Fund.

Recipients may, if they meet the conditions specified in the guidance for tracking time consistently across a department, use payments from the Fund to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID-19 public health emergency. (In other words, such costs would be eligible direct costs of the recipient). This includes, but is not limited to, costs related to disbursing payments from the Fund and managing new grant programs established using payments from the Fund."

Any A-19 invoice reimbursements submitted to Commerce as of 9/2/2020 forward, may not include indirect costs. Any Commerce A-19 reimbursement requests already submitted after 9/2/2020, that include indirect costs will need to be corrected accordingly. Your Commerce project manager will contact you directly with next steps.

Will approved reimbursements be reviewed by the auditor's office?

Receipts or proof of payment for costs incurred will not need to be submitted to Commerce when submitting A-19 invoice reimbursement requests. Jurisdictions are required to maintain sufficient accounting records in accordance with state and federal laws; and are responsible for maintaining clear and accurate program records, and making them accessible to Commerce and the State Auditor. Monitoring visits may be scheduled. It is recommended each jurisdiction retain proper documentation demonstrating the process utilized in determining a cost eligible for reimbursement.

Additionally reimbursements may be required to procure and pay for a single audit or program-specific audit if the jurisdiction expends \$750,000 or more in federal awards from any and / or all sources in any fiscal year.

The relationship differentiating line is fuzzy between grant sub-recipient and procurement of a service. What are some clarifying distinctions?

There are three key relationships that may exist; Contractor, Sub-recipient, and Beneficiary. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 2 CFR 200, defines what a contractor and sub-recipient are.

- **Contractor**: Per 2 CFR 200.23, a contractor means an entity that receives a contract as defined in section 200.22 contract, which is an instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. These agreements fall under the procurement rules. For example, purchasing PPE for staff or cleaning services for the office. Commerce sometimes refers to "Contractors" as Vendors.
- **Sub-recipient**: Per 2 CFR 200.93, a sub-recipient is a non-federal entity that receives a federal award directly or indirectly to carry out a part of a federal program; but does not include an individual that is a beneficiary of such program. This is an entity that you contract with to perform part or all of the statement of work under the contract with Commerce on your behalf. For example, contracting with the local nonprofit to provide food assistance or the economic development agency to provide small business grants. Commerce usually refers to "Sub-recipients" as Sub-Contractors.
- **Beneficiary**: An individual or entity that is the recipient of some form of public assistance, grant, or benefit. They aren't providing a good or service, and they aren't doing any work on our behalf. The small business that receives a grant or the family that receives rent assistance would be a beneficiary.

The AGA has a [Sub-recipient vs. Contractor Checklist](#) to aid in determining if the entity receiving federal funds has a contractor or sub-recipient relationship.

Has the IRS issued guidance on the taxable impact of CARES Act funding payments to individuals or businesses? (Updated 10-5-2020)

The IRS has issued the following guidance on the taxability of grants to support businesses:

“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. However, a grant made by the government of a federally recognized Indian tribe to a member to expand an Indian-owned business on or near reservations is excluded from the member's gross income under the general welfare exclusion.”

If an expense is eligible for FEMA reimbursement at 75%, if it is also eligible for CARES funding, can the CARES funding be used for the other 25%? Can these funds be utilized as the 25% local costs share match requirement for the FEMA recovery costs?

Yes. Both the White House and the Treasury's guidance state that these funds can be utilized to reimburse the other 25% of the eligible FEMA costs.

How do jurisdictions track COVID-related staff time?

Jurisdictions are required to maintain sufficient accounting records in accordance with state and federal laws; and are responsible for maintaining clear and accurate program records. It is recommended setting up accounts to accommodate tracking of staff's COVID-related time by eligible cost sub-category. Each jurisdiction should retain proper documentation demonstrating the process utilized in determining a cost eligible for reimbursement.

In the US Treasury guidance, #3 specifically calls out payroll expenses for certain types of positions / activities. Does this mean that payroll costs for other categories (i.e. communications) aren't reimbursable? For example, some cities have tracked the amount of time every staff member has spent on any activity pertaining to COVID-19, including developing ordinances, fielding questions from residents or councilmembers, sending out communications to the community, taping off playgrounds, etc. This is broader activities than in #3, but still very much expenses related to COVID-19. (Updated 10-5-2020)

Payroll costs of any public employees that are performing duties directly related to COVID-19 are eligible under this grant. It is not limited to certain types of positions.

When requesting reimbursement for payroll expenses, there are various categories listed on the A-19 Activity Report. If a position does not fit one of those categories, there is also an "Other" category under Payroll that should be used.

In determining an expense is "necessary"; and the expense wouldn't exist without COVID-19 OR would be for a "substantially different" purpose, should

jurisdictions formally adopt “necessary” and “substantially different” as definitions locally?

It is not required, but it would strengthen the jurisdiction’s rationale in determining a cost eligible for reimbursement. It is recommended each jurisdiction retain proper documentation demonstrating the process utilized in determining a cost eligible for reimbursement.

Are straight time payroll costs for public safety staff (police/sheriff, fire/ems, corrections) that were included in the most recently adopted budget eligible CARES expenses? – Many local governments are interpreting the Treasury Guidance as a “Yes” to this question. Others are seeking more guidance.

Payroll related costs for public employees that perform work in response to the COVID-19 emergency are eligible expenses. Payroll related costs can be managed in two ways.

The first, public employees may track actual time spent on COVID-19 related work and charge the associated payroll related costs accordingly.

The second, the local government may determine a position is substantially dedicated to COVID-19 efforts and charge 100% of the payroll related costs for that employee. With the exception of Public Health and Public Safety employees. (See *guidance to the FAQ below.*)

Each jurisdiction is responsible to define what substantially different means. Be sure that the definition is reasonable and consistently applied.

In the US Treasury guidance is it presumed that payments to Public Safety staff are eligible? Is that an automatic eligibility? (Updated 10-5-2020)

Commerce has updated its position on Public Safety and Public Health employees. The Treasury OIG’s guidance on 9/21/2020, confirmed that Public Health and Public Safety employees are automatically considered substantially dedicated to COVID-19 related duties. That guidance states:

“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.”

Please confirm Public Safety Personnel Payroll / Police Salaries are eligible? (Updated 10-5-2020)

Payroll expenses for public safety employees are eligible costs. (See *guidance to the FAQ above.*)

We have been told that if a staff person is "substantially" doing COVID-related work, then all of their staff costs are eligible for reimbursement. But descriptive language says budgeted staff costs are NOT eligible for reimbursement. Could you please clarify?

The Treasury's guidance is very clear that you may charge staff time spent on COVID-19 related work to this grant. You will need to document the time spent on COVID-19 work and charge those payroll related costs accordingly or you may determine a position is substantially dedicated to COVID-19 work and charge 100% of those payroll costs to this grants.

An eligible costs consideration is whether a cost was already budgeted in the most recent enacted budget as of March 27th. It is likely that staff that were included in the enacted budget were not intended to be responding to COVID-19 impacts. If that's true, then those staff are likely being utilized for a substantially different purpose and would meet the eligibility consideration.

Each jurisdiction is responsible to define substantially dedicated and substantially different for their uses.

If you take staff from their originally budgeted tasks and redeploy them to the EOC, equipment sanitation, etc., are those staff expenses eligible CARES expenses?

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* are eligible costs.

It is recommended the jurisdiction conduct due diligence in determining the expenses are eligible and obtain proper documentation supporting the public safety staff's eligible payroll costs are *substantially dedicated to mitigating or responding to the COVID-19 public health emergency*.

To assist with determining eligibility, Commerce has developed an [eligibility cost test](#) (test). This test gives each jurisdiction full authority to make the appropriate call for each circumstance. See previous question for additional details.

We have reorganized our crews with shift changes for PW crew – 1 week on/ 1 week off. Can we pay staff for that week off with this funding?

Expenditures related to a state, territorial, local, or Tribal government payroll support program are eligible costs.

It is recommended the jurisdiction conduct due diligence in determining the expenses are eligible and obtain proper documentation supporting the determination. To assist with determining eligibility, Commerce has developed an [eligibility cost test](#) (test). This test gives each jurisdiction full authority to make the appropriate call for each circumstance. See previous question for additional details

Would time and effort certifications be required for government employees being charged to CARES?

The CRF (CFDA #21.019), specifically excludes the cost principles, where the time and effort documentation requirements are found. For other federal awards subject to Subpart D of the Uniform Guidance, 2 CFR 200.430(i) standards for documentation of personnel expenses, requires compensation charged to a federal award be based on records that accurately reflect the work performed (supported with adequate time and effort documentation). There would have to be time and effort for direct charges of compensation if cost principles applied to the particular award/program.

Are unemployment charges reimbursable? As a reimbursable employer 50% of our charges are going to be covered by the feds but can we claim the other 50% against the CARES funds? We are a city that doesn't pay into social security so we didn't qualify for the credit that would have offset the costs.

As long as the unemployment costs are incurred due to the COVID-19 public health emergency and they aren't being covered by another federal source, then those costs would be eligible.

Could you clarify "regular budgeted costs." Available documents seem unclear as to what is budgeted or not budgeted for.)

Regular budgeted costs are those costs that were included in a city's most recent adopted budget as of March 27, 2020.. Expenses eligible for reimbursement through the CARES Act are those that were not included in the adopted budget. These could include additional community support, grants to businesses or non-profits, or equipment to allow remote work.

Are business assistance programs for private businesses eligible?

Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures are eligible. Ensure the funds are specifically for COVID related impacts and needed to prevent significant damage to the local economy.

If a jurisdiction is utilizing a 3rd party (i.e. ADO or chamber of commerce) business assistance program to provide grants to small businesses to reimburse the costs of business interruption caused by required closures, the jurisdiction may reimburse the 3rd party for the grants provided. It is recommended the jurisdiction obtain proper documentation supporting the expenditure from the 3rd party for their records.

If a jurisdiction has not incurred expenses up to the full amount allocated to them, can they set up a small business loan / grant program now to get this money out to small businesses in their community? Are there any "gifting of public funds" limitations in them doing this? This would not only help the small businesses, but might help restore the tax base for some of these cities.

Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures are eligible. Ensure the funds are specifically for COVID related impacts and needed to prevent significant damage to the local economy.

For limitations on “gifting of public funds” please refer to the [Attorney General Office’s memorandum](#) dated April 6, 2020 to Local Governments in Washington regarding “Legality of Options for Supporting Small Businesses and Low-Income Individuals During a Public Health Crisis”.

Can small businesses receive \$\$ up front?

They could, but it depends on how your small business grant program is structured and the eligibility elements that you choose to incorporate.

Through continued conversations with OFM and the Attorney General’s Office, grants to small businesses **do not** have to be on a reimbursement basis. The grants must be structured in a way to meet the eligible uses of these funds, such as grants to non-essential business impacted by the stay at home order. Grants to small business can be provided to the business as a “cash grant” based on eligibility in response to COVID-10 public health emergency. The full grant amount will be considered an incurred expense when the grant is awarded to the small business. The business does not need to submit receipts in order to access their grant or for the local government to request reimbursement from Commerce for the grant. See previous question for additional details surrounding meeting eligibility.

There are ways that you could structure a small business grant program so that payment of the grants are based on eligibility. In this situation the full grant awarded would be provided to the eligible business upon award of the grant without having to submit invoices or get reimbursed.

For example, a program that provides \$2K grants to small business who were unable to operate or unable to operate at 100% capacity due to COVID-19. Small business who weren’t able to operate or operate at 100% could apply, demonstrate their eligibility, and receive the \$2K grant upon approval of the application. Aside from the connection to COVID-19 impacts which must be incorporated, you have the freedom to incorporate any other eligibility criteria as you wish. You’ll want to make sure to document that any grant recipients meet any requirements you incorporate. For example, you may include requirements such as must be a small business with 25 employees or less, must have a storefront in the city limits, have been in business prior to March 1st, etc. Any additional “layer” you create you’ll need to document that a grant beneficiary meets the requirements. If you add a layer that specifies what costs the \$2K grants can be used for, then you’ll have to add a process to verify that they only used the grant for the allowable costs, which begins to turn the grant more into a reimbursable grant in regards to administrative oversight capacity.

Some small business grant program designs could only work as a reimbursable style grant, such as grants to business to address COVID-19 health measures; i.e. signage, sneeze guards, PPE, sanitization and cleaning equipment, etc. These types of grants are also necessary and a good use of these funds, but because it gets into specific expenses that the grants can be used for, the grants would need to be provided as a reimbursable grant or there would have to be

some form of follow-up with the grantees to demonstrate that the funds were used appropriately and any unspent funds are returned.

We have been told by the SAO that if a revenue loss is the eligibility criteria for a business to receive CARES funds from a city, we would have to maintain the documentation on hand, not just as for it if requested. What sorts of documents or evidence should we request?

The Uniform Guidance ([2 CFR 200.303 Internal Controls](#)) requires non-federal entities to establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award. For example, if cash grants are to be awarded to businesses based on eligibility criteria, as opposed to reimbursement type grants, and the eligibility criteria is lost revenue due to COVID-19 (e.g. non-essential business unable to operate), there must be documentation to support how the business met the eligibility criteria. The eligibility criteria should be clearly defined up front. How a business may prove it's eligible will be up to the awarding agency to determine if the support is adequate or not. Examples may include Department of Revenue tax return showing a reported decline or absence of revenue. It could also be as simple as a self-certification if it's clearly obvious that business was completely shut down because it was deemed non-essential – for example a nail or hair salon.

Does eligible cost consideration and filling shortfalls in revenues only apply to the municipalities and not to the businesses to whom we grant money?

The eligible cost considerations should be applied to the municipality making the use decisions. Grants to small business who have been impacted by COVID-19 have been determined an eligible use of the funds per Treasury guidance. Using the funds to provide these small business grants have already passed the eligible cost considerations. They do not need to be extended further to the small business/grant beneficiary.

If a business already received Paycheck Protection Program (PPP) or Economic Injury Disaster Loan (EIDL) funding are they eligible to receive CARES ACT grant funding as well or are they disqualified?

Businesses, or any recipient of CARES funding, cannot use multiple federal programs to cover the same expenses. This would be considered a duplication of payment. No duplicate payments or supplanting of other costs is allowed.

If there are other federal funds, then per the US Treasury Frequently Asked Questions updated 5-28-2020 there are prohibitions on combining a transaction supported with these fund payments with other CARES Act funding or COVID 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.”

Do you see inventory being an allowable cost for grants given to local businesses?

This really depends on how your small business grant program is structured and the details it entails. Generally speaking, there’s nothing that prevents inventory from being an allowable cost. This is a legitimate business expense for retail businesses. You’ll want to consider whether that makes sense for your program. For example, if the grant is to support businesses that aren’t able to operate, then it may not make sense to allow inventory costs because what inventory is needed when not open for business?

Are capital expenses eligible? Are change orders for construction contracts that are now more \$\$ because of COVID mitigation requirements eligible?

After further review with OFM, the State is strongly encouraging grantees to not use their CRF funds toward capital improvements, particularly permanent improvements. It is not clear in the Treasury’s guidance, but we believe the guidance provided eludes to these funds not being intended for permanent capital improvements, and therefore, using them in this way would create a higher risk of potential audit and/or federal monitoring issues down the line. Although they do not state they are ineligible. The Treasury’s guidance states:

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.

It isn’t clear and is subject to interpretation. We could see a scenario where risks are increased if a permanent capital project is pursued, especially when more cost effective, temporary options are available. Adequately document your justification following the eligible cost considerations. Be sure to include an analysis of other possible options and why this is the appropriate use of the funds.

Commerce does view using the funds for capital improvements a higher risk use due to the additional complexity, capital requirements to identify and adhere to, and the common delays and timing issues. A risk/benefit analysis should be considered when making a decision to use these funds and adequate documentation to support the eligibility justification.

If funds are being used for these purposes will require additional Federal and state provisions being applied such as: Section 106 for archaeological and cultural resources, Davis Bacon and

state prevailing wages, LEED certification, etc. It will be the responsibility of the local government to determine which requirements apply to their project, adhere to those requirements, and maintain sufficient documentation that they were satisfied.

Additionally, jurisdictions must ensure all capital expenditures for capital projects are only for costs incurred through the limited timeframe of March 1, 2020 thru November 30, 2020.

For capital construction projects, do jurisdictions have to have a capital facility plan completed in order to utilize the funds?

No, a capital facilities plan is not required for capital projects. This is not a requirement of these funds.

Can cities give cash grants to non-profits to provide services to respond to COVID-19 similar to how the guidance allows for the distribution of cash grants to small businesses?

Funding can be provided to a non-profit in two ways.

One of those ways is as a grant to assist them with the impacts of COVID-19, similar to the small business grants. In this scenario the non-profit would be a beneficiary not a sub-recipient. How those funds are awarded and what for, will depend on how you design that program. If the program can be designed to provide a grant based on the non-profits eligibility, then it is possible to award a “cash grant” to the non-profit similar to how that can work for a small business or other grant beneficiary.

The other way, you can contract with the non-profit to perform work on behalf of the local government, such as providing rental assistance to individuals and households. In this scenario the non-profit would be a sub-recipient. You can only reimburse sub-recipients for incurred costs and can only seek reimbursement from Commerce when you’ve incurred the costs of your sub-recipients.

Does a city need to request estimated cost billing to receive CARES before distributing funds to a non-profit?

A city does not need to request estimated cost billings, but they can only be reimbursed for incurred costs eligible under their sub-contract.

Can we use CARES funds for utilities assistance and, if so, how do we ensure that our program is not determined to be revenue replacement?

You may use the CRF funds to create various resources to support individuals and households that have been impacted by COVID-19. This could include shelter assistance, food assistance, utilities assistance, etc. If you create a utility assistance program to support folks impacted by

COVID-19 that is not considered revenue replacement. This is assistance to an impacted individual or household so that they may continue to maintain their access to utility services.

Are improvements / investments for telecommuting eligible costs?

Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions are eligible costs.

Jurisdictions are charged with determining whether or not an expense is eligible based on the [US Treasury's Guidance](#) and as provided in the jurisdiction's contract scope of work with Commerce. To assist with this determination, Commerce has developed an [eligibility cost test](#) (test). This test gives each jurisdiction full authority to make the appropriate call for each circumstance. See previous question for additional details.

Would software that creates a web portal allowing several of the over counter functions of a public agency to be conducted online be eligible for CARES funding? The web portal would limit the publics and staff's exposure to COVID-19 by reducing face to face interactions as well as exchanges of paperwork and payments.

If the web portal was developed in response to COVID-19, then that would be an eligible use of these funds. As with any cost decision, be sure to think through the eligible cost considerations and document those decisions.

Would a purchase of a used vehicle to deliver food to the people due to the COVID 19 be an eligible expense that could be reimbursed?

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 are eligible costs.

Jurisdictions are charged with determining whether or not an expense is eligible based on the [US Treasury's Guidance](#) and as provided in the jurisdiction's contract scope of work with Commerce. To assist with this determination, Commerce has developed an [eligibility cost test](#) (test). This test gives each jurisdiction full authority to make the appropriate call for each circumstance. See previous question for additional details.

How are the municipalities going to be able to dispose of the laptops at the end of their useful life purchased for telework? With other federal grants the requirements are more stringent than regular assets.

The Uniform Guidance states a computing device is a supply (not equipment) if the acquisition cost is less than the lesser of the capitalization threshold established by the non-federal entity or \$5000, regardless of its useful life (2 CFR 200.94). Therefore, if less (generally computers are less than \$5k), the federal equipment management rules, including disposition of equipment, would not apply. However, the state law and local policy would apply (i.e. controls over the



disposition of small and attractive assets). Also note that for this award (CFDA #21.019), Subpart D, Post Federal Award Requirements, including equipment requirements of 2 CFR 200.313 are not applicable.