

CARES Act Payroll Policy

Generally, salary and benefit expenses (collectively, “payroll expenses”) that are reimbursable are those costs of employees whose services are substantially dedicated to the COVID-19 response and were not accounted for in the last approved budget prior to March 27, 2020. A payroll expense is not accounted for in such budget if the expense: (i) cannot be lawfully funded within an existing line item in such budget; or (ii) is for an employee who has been diverted to a substantially different job function due entirely to the COVID-19 pandemic.

Payroll expenses for public safety or public health employees whose job duties involve interacting with the general public, and responding to the needs of the general public, are presumed to be compensable unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise. Examples of such employees include law enforcement officers, emergency medical services workers, ambulance and medical transportation personnel, doctors, nurses, social workers, child protective services, child welfare officers, and similar professionals.

Payroll expenses for other types of public employees may not be presumed to be compensable and must be shown to meet the requirements above (*i.e.*, must be either unbudgeted or for employees who have been diverted to a substantially different job function due to COVID-19) to be eligible for funding.

An employee is considered to have been diverted to a substantially different job function when he/she performs duties that are materially and substantially different than what is identified in the employee’s job description and such duties are substantially dedicated to responding to the COVID-19 emergency.

An employee is not considered to have been diverted to a substantially different job function if he/she is performing a job that is substantially dedicated to mitigating or responding to COVID-19 but is within the scope of the employee’s ordinary and customary job duties (excluding public health and safety employees detailed above and the exception defined in the following paragraph); is performing his/her normal job functions but in a different manner; is performing the same job from a different location; or is performing a job that is not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

Payroll expenses for employees who are performing a job that is substantially dedicated to mitigating the pandemic, whose work is within the scope of their normal and customary job duties, are not compensable except to the extent their pay is in excess of their budgeted salary. In other words, the payroll of an employee performing substantial COVID-related work within the scope of his/her normal job duties is reimbursable to the extent his/her pay exceeds their budgeted salary. Payroll expenses that are paid for or reimbursed under any other federal program are not compensable.

Workforce bonuses are not compensable; however, overtime and/or hazard pay associated with COVID-19 response and mitigation activities is compensable. Hazard pay is defined as additional pay for performing hazardous duty or work involving physical hardship that is related to COVID-19.

Organizations must consistently follow existing policies related to payment of overtime and hazard pay for such costs to be eligible.

In all cases, payroll expenses must be incurred between March 1, 2020 and December 30, 2020 to be compensable.

Incurring eligible payroll expenses does not necessarily guarantee reimbursement through CARES Act funding; final determination of allowability of and reimbursement for payroll expenses will be made by the State.