

# Vermont Coronavirus State and Local Fiscal Recovery Funds - Payroll Guidance

## Agency of Administration

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Recipients of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) may use this funding to cover certain employee wages, salaries, and covered benefits to the extent that the employee's time is spent mitigating or responding to the COVID-19 public health emergency and its negative economic impacts, including time spent on necessary administrative work.<sup>1</sup> The below guidance details these allowed uses based on the most recent guidance from the US Treasury.

For eligible payroll, determined based on the guidance below, benefits include "costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans, workers' compensation insurance, and Federal Insurance Contributions Act taxes (which includes Social Security and Medicare taxes)."<sup>2</sup> In addition, expenses associated with "providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions" can be covered under SLFRF, independent of the type of work conducted by the public employee.<sup>3</sup>

### 1) Administrative Expenses

SLFRF can be used to cover the portion of payroll and benefits corresponding to an employee's time spent on "administrative work necessary due to the COVID-19 public health emergency and its negative economic impacts."<sup>4</sup> The administrative work can include, but is not limited to, time spent on distributing SLFRF and managing grant programs established using SLFRF. Allowable administrative expenses can also include "services responding to the COVID-19 public health emergency or its negative economic impacts, that are not federally funded."<sup>5</sup>

Recipients can also use SLFRF to engage in planning and analysis to improve programs that address the COVID-19 pandemic, including expenses tied to targeted consumer outreach, improvements to data or technology infrastructure, impact evaluations, and data analysis."<sup>6</sup>

Recipients may also use SLFRF for expenses that can help ensure effective management and oversight of funds, including consultation for ensuring compliance with legal, regulatory, and other requirements.<sup>7</sup>

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<sup>1</sup> US Department of the Treasury, State and Local Fiscal Recovery Funds - Compliance and Reporting Guidance (June 24, 2021, page 7), Frequently Asked Questions (July 19, 2021, Q10.2), and the Interim Final Rule (May 17, 2021, 26791, Section II (A) (1)) All accessible through: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

<sup>2</sup>US Department of the Treasury - State and Local Fiscal Recovery Funds Interim Final Rule. 26791, Section II (A) (1) Footnote 46)

<sup>3</sup>US Department of the Treasury - State and Local Fiscal Recovery Funds Interim Final Rule. 26822, Section VIII Part 35.6 (b) (1) (xiv)

<sup>4</sup> US Department of the Treasury - State and Local Fiscal Recovery Funds Frequently Asked Questions Q10.2

<sup>5</sup> US Department of the Treasury - State and Local Fiscal Recovery Funds Interim Final Rule. 26822, Section VIII Part 35.6 (b) (10)

<sup>6</sup> US Department of the Treasury - State and Local Fiscal Recovery Funds Interim Final Rule. 26791, Section II (A) (1))

<sup>7</sup> US Department of the Treasury - State and Local Fiscal Recovery Funds Compliance and Reporting Guidance, page 7

A reasonable proportionate share of audit costs can also be covered by SLFRF as long as the audit is required by the Single Audit Act Amendments of 1996 and performed in accordance with 2 CFR Part 200, Subpart F.<sup>8</sup>

SLFRF can be used for both **direct and indirect administrative costs** in accordance with the cost principles outlined in Uniform Guidance, but the same costs cannot be double charged or charged inconsistently to direct and indirect cost categories.<sup>9</sup>

According to US Treasury, "If a recipient has a current Negotiated Indirect Costs Rate Agreement (NICRA) established with a Federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the recipient may use its current NICRA. Alternatively, if the recipient does not have a NICRA, the recipient may elect to use the de minimis rate of 10 percent of the modified total direct costs."<sup>10</sup>

## 2) Public Health and Safety Staff

Recipients may use SLFRF for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, including first responders, to the extent that the employee's time is dedicated to responding to the COVID-19 public health emergency.<sup>11</sup> The Treasury refers to these employees broadly as **public health and safety staff**. Unlike CRF, SLFRF can only be used to cover payroll for public health and safety staff to the extent of the employee's time that is dedicated to responding to COVID-19 (i.e. these employees are not automatically eligible for 100% payroll coverage with SLFRF). US Treasury provides a non-exclusive list of public health and safety employees:<sup>12</sup>

a) Public Safety Employees include:

- Police officers (including state police officers)
- Sheriffs and deputy sheriffs
- Firefighters
- Emergency medical responders
- Correctional and detention officers
- Those who directly support such employees such as dispatchers and supervisory personnel

b) Public Health Employees include:

- Employees involved in providing medical and other health services to patients
- Medical staff assigned to schools, prisons, and other such institutions
- Support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff)
- Employees of public health departments directly engaged in matters related to public health and related supervisory personnel

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<sup>8</sup> US Department of the Treasury - State and Local Fiscal Recovery Funds Compliance and Reporting Guidance, page 7

<sup>9</sup> US Department of the Treasury - State and Local Fiscal Recovery Funds Compliance and Reporting Guidance, page 7

<sup>10</sup> US Department of the Treasury - State and Local Fiscal Recovery Funds Compliance and Reporting Guidance, page 7

<sup>11</sup> US Department of the Treasury - State and Local Fiscal Recovery Funds Frequently Asked Questions Q2.14

<sup>12</sup> US Department of the Treasury - State and Local Fiscal Recovery Funds Frequently Asked Questions Q2.15

- c) Human services staff include employees providing or administering:
- Social services
  - Public benefits
  - Child welfare services
  - Child, elder, or family care, as well as others
- d) Employees with similar jobs to those above, whose services are dedicated to mitigating or responding to the COVID-19 public health emergency:
- There is not a precise way to define “similar employees” across different employment types. The relevant unit of government should maintain documentation of the conclusion that an employee is primarily dedicated to COVID-19 response for any employees that do not fall within the categories above.

US Treasury notes that recipients may use presumptions for assessing whether a public health or safety employee, division, or operating unit is primarily dedicated to COVID-19 response.<sup>13</sup> As an administrative convenience, if an employee, or his or her operating unit or division, is deemed to be primarily dedicated to COVID-19 response, the public health or safety employee may be considered entirely devoted to mitigating or responding to COVID-19. The employee’s associated payroll and benefits can be fully covered under SLFRF for the associated time period. Recipients should maintain records to support this assessment, including payroll records, attestations from supervisors or staff, or regular work product or correspondence demonstrating work on COVID-19 response.

While recipients are not required to routinely track staff hours for public health and safety employees, they should periodically reassess determinations of eligibility and time spent on COVID-19 response and should maintain records to this effect.

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<sup>13</sup> US Department of the Treasury - State and Local Fiscal Recovery Funds Frequently Asked Questions Q2.14