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**Vermont Coronavirus Relief Fund Eligibility Payroll Guidance**  
**Agency of Administration – Department of Finance & Management**  
**Substantially Dedicated Time and Substantially Different Costs/Responsibilities Position Paper**  
*[Last Updated 2/5/2021 - Supersedes October 5, 2020 version]*

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Recipients of Coronavirus Relief Fund (CRF) may use the fund to pay for certain payroll and other administrative expenses, even if previously budgeted. The below details these allowed uses based on the most recent guidance from the US Treasury.

### 1) Administrative Expenses

CRF guidance allows CRF funds to be used to cover the administrative costs, including payroll and benefits, of programs funded by the CRF. In general, this distinction treats state administrative costs differently from the costs of non-profit and other entities that may be administering CRF programs on behalf of the State.

**a)** For governments (both the Agencies/Departments of the state and municipalities), these must be “direct costs,” as described in the payroll guidance above, or via identifiable other direct administrative costs such as software purchases necessary to administer a grant program. This applies to municipalities even though municipalities are defined as “sub-recipients” in Vermont.

**b)** For non-government entities (entities that the CRF has defined as “sub-recipients”) administering CRF funds, administrative costs may be accounted for using the standard practice the entity uses to administer other federal funds. This may include an audited and approved indirect cost rate.

If an individual's time is currently included in an indirect cost calculation for a state agency, please do not charge their payroll to CRF, even if they perform CRF administrative tasks that would count as “direct costs”. This is to avoid accounting twice for an individual's time within both the indirect cost pool and the direct charges to a federal award. An individual's payroll can only be charged to CRF as a direct cost if that employee's payroll is not currently included in an indirect cost calculation for a state agency. This is consistent with C.F.R. § 200.414, which states “costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.”

### 2) Substantially Different Payroll Costs – Direct Costs for CRF Administration.

CRF-allowed payroll costs for government employees, according to the CFR Frequently Asked Questions, include costs of personnel and services that were budgeted for in the most recently approved budget but which, due entirely to the COVID-19 public health emergency, have been directed to different functions.<sup>1</sup>

Examples:

- the costs of redeploying corrections facility staff to enable compliance with COVID-19 public health precautions through work such as enhanced sanitation or enforcing social distancing measures;
- the costs of redeploying police to support management and enforcement of stay-at-home orders;
- the costs of diverting educational support staff or faculty to develop online learning capabilities, such as through providing information technology support that is not part of the staff or faculty's ordinary responsibilities.

Note that a public function does not become a “substantially different use” merely because it is provided from a different location or through a different manner. For example, although *developing* online instruction capabilities may be a substantially different use of funds, online instruction itself is not a substantially different use of public funds than classroom instruction. The time teachers take to modify coursework to the online environment is an allowed use, but the teacher's salary throughout the semester as they teach remotely is not an allowed use.

Employees are deemed to be performing substantially different functions when responding to or mitigating COVID-19.

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<sup>1</sup> US Department of Treasury, (July 8, 2020) *Coronavirus Relief Fund Frequently Asked Questions*, Page 1, Treasury asked, “The Guidance says that a cost was not accounted...What would qualify as a “substantially different use” for purposes of the Fund eligibility?” [Website](#)

Any employee performing substantially different tasks is eligible to have some or all of their payroll covered with CRF. To determine how much of their payroll is CRF-eligible, determine if they are **Substantially Dedicated** or **Non-Substantially Dedicated**, as described below.

#### a) **Substantially Dedicated Employees**

##### i) *Identifying Substantially Dedicated Employees*

The CRF Guidance provides examples of classes of employees whose payroll expenses would be eligible expenses under the CRF. These classes of employees include:

- Public safety
  - 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
- Public health
  - employees involved in providing medical and other health services to patients and supervisory personnel (including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians)
  - employees of public health departments directly engaged in matters related to public health and related supervisory personnel.
- Employees with similar jobs to those above whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. Treasury has not developed a precise definition of what “substantially dedicated” means given that there is not a precise way to define this term across different employment types. The relevant unit of government should maintain documentation of the “substantially dedicated” conclusion with respect to its employees.

##### ii) *Allocating and Documenting Substantially Dedicated Employees*

The CRF 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 **Substantially Dedicated** public health, public safety, and similar 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.

For the **Substantially Dedicated** employees, apply 100% of payroll costs to CRF. Treasury has provided, as an administrative accommodation, that a State, local, or tribal government may presume that public health and public safety employees meet the substantially dedicated test, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.

Capture, in memo form, the activities conducted in responding to the Covid-19 pandemic for substantially dedicated employees and maintain the documentation supporting the payroll as appropriate. Treasury OIG stated that “the government will not have to demonstrate/substantiate that a public health or public safety employee’s function/duties were substantially dedicated to mitigating the emergency but must maintain records and documentation supporting payroll amounts reimbursed using CRF proceeds.”

#### b) **Non-Substantially Dedicated**

As provided in FAQ A.47, a state, local, or tribal government may also track time spent by employees related to COVID-19 and apply CRF payments on that basis. This must be done consistently within the relevant agency or department. For example, a government could cover payroll expenses allocated on an hourly basis to employees’ time dedicated to mitigating or responding to the COVID-19 public health emergency. This result provides equitable treatment to governments that, instead of having a few employees who are substantially dedicated to the public health emergency, have many employees who have a minority of their time dedicated to the public health emergency.

##### **Non-Substantially Dedicated: Strategies for capturing payroll costs**

Using timesheets or other time tracking documentation, document the specific hours or the estimated percentage of time that an employees’ jobs was diverted to responding to COVID-19.

*Example:* A procurement person is working on a COVID-19 related RFP for a week. The payroll costs claimed would only be for the one week spent on that RFP.

Either by individual (or unit if applicable), departments/agencies should maintain either detailed timesheets or a memo outlining all job duties and how the COVID-19 percentage was calculated.

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