

Motion:

To accept the administration proposal as submitted below.

The proposal below supersedes the previously submitted Proposal #7, submitted on December 7 and available at <https://ljfo.vermont.gov/assets/Meetings/Joint-Fiscal-Committee/2020-12-09/f08e6fa964/CRF-Reallocation-Requests-Summary-12-7-2020.pdf>.



**State of Vermont**  
**Agency of Administration**  
**Office of the Secretary**  
Pavilion Office Building  
109 State Street, 5<sup>th</sup> Floor  
Montpelier, VT 05609-0201  
[www.aoa.vermont.gov](http://www.aoa.vermont.gov)

[phone] 802-828-3322  
[fax] 802-828-3320

*Susanne R. Young, Secretary*

To: Adam Greshin, Commissioner  
From: Douglas Farnham, Chief Operational Officer  
Date: December 7, 2020  
Subject: Contingent Reallocation Authority

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The Agency of Administration requests the following Coronavirus Relief Fund reallocation.

**Total Amount Requested:** The Agency of Administration (AOA) seeks contingent reallocation authority for CRF funds which are currently encumbered but may become unencumbered during the CRF reconciliation process and into calendar year 2021.

**Response to the Pandemic:** The proposed uses below all relate to direct expenses incurred by the State, municipalities, healthcare providers, and other entities in response to the pandemic.

**Proposed Use of Reallocation:** Across the State, just over \$37 million is currently appropriated or allocated towards covering costs also included in FEMA claims. The AOA has requested an additional \$6 million of reserve for FEMA-associated costs in a separate JFC reallocation request, bringing the total CRF reserve for FEMA-associated costs to \$43 million.

AOA is requesting contingent spending authority to enable reallocation of CRF monies as needed based on resolution of FEMA claims, which in many cases will occur after December 30, 2020. This will enable the Administration to reallocate CRF to cover the funding needed for the 25% match of FEMA-approved claims and 100% of FEMA-denied, CRF-eligible claims, as determined in calendar year 2021, to enable close out. Without contingent reallocation authority, many State agencies and departments may either be overfunded or underfunded in their ability to cover expenses included in their FEMA claims. As the FEMA claims are resolved in calendar year 2021, this contingent spending authority would allow the Administration to ensure that CRF funding covers the actual funding need, deobligating CRF funding where applicable and obligating it elsewhere to meet unmet needs associated with FEMA claims. While FEMA claims are expected to be the largest contributor to this process it is also possible that CRF funds will unexpectedly become unobligated in other grant programs.

Accordingly, we are requesting authority to reallocate CRF funds which may become unobligated or unexpended throughout the CRF reconciliation process in the following categories: 1) costs associated with FEMA claims; and 2) eligible payroll expenses incurred during the covered period (March 1, 2020 to December 30, 2020). Any additional funds would be made available to the Department of Labor for reimbursement of claims expenditures per Act 154 Sec. B.1108(d).

**Confirmation Proposal Complies with CARES Act CRF Guidelines:** Treasury guidance makes it clear that CRF funds may be disbursed after December 30, 2020, provided an obligation to use those funds for a particular purpose is created during the covered period. Review by the Administration's contractor has concluded that reallocation of funds to specific CRF-eligible uses after the covered period is allowed, provided expenses were incurred and contingent authority to reallocate those funds is documented during the covered period.