

State of Vermont
Agency of Administration
Department of Finance & Management
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Adam Greshin, Commissioner

TO: Joint Fiscal Committee
FROM: Adam Greshin, Commissioner
CC: Susanne Young, Kristin L. Clouser, and Doug Farnham
DATE: December 7, 2020
SUBJECT: CRF Reallocation Requests

Summary of CRF Reallocation Requests:

Attached, please find 7 requests made to the Joint Fiscal Committee for approval to reallocate CRF monies, as follows:

1	\$1,750,000	The Agency of Agriculture, Food and Markets (AAFM) is seeking to reallocate CRF funds to issue grants to eligible businesses that applied to the working lands program.
2	\$2,100,000	The Department of Financial Regulation (DFR) requests \$2.1M in CRF reallocation sufficient to ensure all eligible employees receive a Hazard Pay Grant, covering the remaining eligible grants, any variability in carryover funds from the first round, and any additional unforeseen expenses.
3	\$3,200,000	The Agency of Human Services (AHS) seeks additional hazard pay for essential, frontline mental health, substance use, and developmental disability staff at the Designated Agencies (DA) and Specialized Service Agencies (SSA).
4	\$975,000	The Military Department is seeking additional funding to support various National Guard missions through December 30, 2020 in response to COVID-19.
5	\$6,000,000	The Agency of Administration (AOA) seeks funding to cover the estimated expense of denied FEMA claims.
6	\$10,000,000	The Agency of Commerce and Community Development and the Department of Taxes requests an increase in funding to meet Expanded Economic Development Grants for businesses not included in the Accommodations and Food Services sectors (per NAICS).
7	TBD	The Agency of Administration (AOA) seeks contingent reallocation authority of CRF funds which are currently encumbered but may become unencumbered during the CRF reconciliation process and into calendar year 2021.

[Individual Requests Follow]

Agency of Agriculture, Food & Markets
116 State Street
Montpelier, VT 05620-2901
(Phone) 802.828.5667

Office of the Secretary

TO: Adam Greshin, Commissioner
FROM: Anson Tebbetts, Secretary, Agency of Agriculture, Food & Markets (AAFM)
RE: Request to reallocate CRF grant funds between program
DATE: November 25, 2020

Total Amount Requested for Reallocation: \$1,750,000: The Agency of Agriculture, Food and Markets (AAFM) is seeking to reallocate CRF funds originally appropriated to S.351 non-dairy appropriation (Dept ID 2200892102) to the H.961 working lands appropriation (Dept ID 2200892103) to enable AAFM to issue grants to eligible businesses that applied to the working lands program.

Response to the Pandemic: In cooperation with ACCD and the Working Lands Enterprise Board, AAFM utilized appropriations of \$5.5M to fund a grant program for agricultural and working lands businesses. The original \$3.5M appropriated to reimburse working lands businesses was expended. Subsequently, pursuant to discretion afforded the Secretary in H.969, an additional 2 million dollars was transferred from a separate dairy appropriation in S.351 to the working lands grant program (Dept ID 2200892103). Applicants were able to apply through a shared agriculture/working lands portal, with the grants subjected to distinct criteria based upon the underlying eligibility requirements.

Proposed Use of Reallocation: The total \$5.5M will soon be fully expended, resulting in insufficient funds to help cover pandemic-related losses incurred by additional qualifying businesses. The additional \$1.75 M transfer of funds represents 35 additional business awards of \$50,000 per business. The transfer does not impact the remaining S.351 CRF funds, in both the dairy and non-dairy programs, which will revert to the State as intended.

Confirmation That Proposal Complies with CARES ACT CRF Guidelines: Since this is an expansion of a previously appropriated and approved program, AAFM believes this added request is an acceptable use in the CRF guidance and was previously vetted by the Administration.



State of Vermont
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For consumer assistance:
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[Insurance] 800-964-1784
[Securities] 877-550-3907
www.dfr.vermont.gov

To: Adam Greshin, Commissioner
From: Michael Pieciak, DFR Commissioner
Re: CRF Request for Additional Support for the Hazard Pay Program
Date: December 7, 2020

Total Amount Requested: \$2,100,000: In accordance with Act 154 (Section B.1108), the Department of Financial Regulation (DFR) requests \$2.1M in CRF reallocation sufficient to ensure all eligible employees receive a Hazard Pay Grant, covering the remaining eligible grants, any variability in carryover funds from the first round, and any additional unforeseen expenses.

Response to the Pandemic: To date a total of \$58.5 million in CRF money has been appropriated for the two rounds of Hazard Pay Grants. \$28 million was appropriated for the first round with an approximate \$1.4 million unspent after paying eligible grants and administrative expenses. The second round of the program was more expansive with more business types and former employee being eligible for the program. Initially \$22.5 million was appropriated for the second round with an additional \$8 million allocation agreed to on November 5, 2020. Accordingly, \$31,900,143 is available for round two grants and expenses.

DFR administered the program's second round, under delegated authority from the Agency of Human Services with approval from the Agency of Administration. DFR received 820 eligible applications between October 28th and November 18th. Eligible applications totaled \$27,309,200 for current employees, \$6,488,872 for former employees¹ with a separate \$149,090 in Salesforce expenses associated with the second-round application development. Accordingly, \$33,947,162 is required to cover all eligible grants and expenses leaving a \$2,047,019 deficit between available and required funds to cover all eligible grants and expenses.

Proposed Use of Reallocation: The DFR requests \$2.1 million in reallocated CRF to ensure all eligible employees receive a Hazard Pay Grant. Currently, the funds required to cover all likely eligible grants totals \$2,047,019. The requested additional CRF funds would cover both the remaining eligible grants, any variability in carryover funds from the first round, and any additional unforeseen expenses.

Confirmation That Proposal Complies with CARES ACT CRF Guidelines: Confirmation has been received from Guidehouse that the Hazard Grant Program complies with CARES Act CRF guidelines. Further, the process for receiving, reviewing, and paying Hazard Pay Grant applications has been established and is ongoing. It is anticipated that all applications will be reviewed, and funds disbursed to eligible employers and employees (both current and former), well in advance of the December 30, 2020 CRF timeline.

¹ DFR has mailed, and emailed, applications to all former employees. At most, DFR anticipates ~85 to 90% of former employees will respond and be eligible. Some former employees: (1) may affirmatively decide not to apply as the additional income would impact other benefits received; (2) may simply neglect to apply; and (3) may never receive the application due to a bad/old address provided by the former employer (DFR will make additional attempts to notify these individuals). Further, some former employees may not be eligible under the legislation due to receiving more than one week in unemployment compensation. Accordingly, the \$6,488,872 figure supplied above is 86% of the total amount requested for former employees.



Agency of Human Services
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Waterbury, VT 05671-1080
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[phone] 802-241-0440

To: Adam Greshin, Commissioner
From: Sarah Squirrel, Commissioner, Department of Mental Health
Monica Hutt, Commissioner, Department for Disabilities, Aging &
Independent Living
Re: \$3,200,000 in Additional Hazard Pay for Essential, Frontline, Mental
Health, Substance Use, Developmental Disability Staff
Date: December 2, 2020

The Agency of Human Services requests the following CRF reallocation.

Total Amount Requested: \$3,200,000. The Agency of Human Services (AHS) seeks additional hazard pay for essential, frontline mental health, substance use, and developmental disability staff at the Designated Agencies (DA) and Specialized Service Agencies (SSA).

Response to the Pandemic: As Vermont healthcare providers respond to the increased cases of COVID-19 across Vermont, it is critical to ensure the fiscal stability of essential providers across the state of Vermont and to maintain that critical face-to-face services for vulnerable Vermonters during this second wave of COVID-19. The DA/SSA system provides federally required services to over 35,000 Vermonters annually, and this includes Vermonters who are under the care and custody of respective departments of AHS. The system provides care to Vermonters who might otherwise require higher levels of care.

Proposed Use of Reallocation: Hazard Pay would be available to the 2,700+ essential, frontline DA/SSA staff providing direct care services in residential facilities, crisis beds, and emergency services.

AHS originally provided Hazard Pay to the DA/SSA staff providing face-to-face care between 3/1/2020 to 9/15/2020. AHS recommends allocating new funding to provide additional hazard pay to DA/SSA staff providing face-to-face care in response to the recent surge in COVID cases. The new time period covered would be 11/23/2020 through 12/30/2020. The calculation for the requested allocation is based on the Hazard Pay for Essential Employees Program approved by the legislature which provided a maximum of \$2,000 per staff who worked between 3/3/2020 and 5/15/2020. Based on the newly proposed time period, the pro-rated amount per staff is \$1,175 for a total allocation of \$3,200,000 for hazard pay to eligible staff at the DAs/SSAs. The funds would be facilitated through the DA/SSA-specific "Round 3" of the Healthcare Provider Stabilization program. These grant awards will be executed before 12/30/2020 and cover expenses incurred before that date.

Confirmation Proposal Complies with CARES Act CRF Guidelines: Hazard Pay is explicitly stated as an acceptable use in the CRF guidance, and it has previously been vetted by both legislative counsel and the Administration's CRF contractor.





State of Vermont
Military Department
Office of the Adjutant General
789 Vermont National Guard Road
Colchester, VT 05446-3099

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To: Adam Greshin, Commissioner
From: Kenneth W. Gragg, Deputy Adjutant General, Military
RE: Department CRF Request for Reallocation for COVID-19
Date: Response Efforts December 2, 2020

The Military Department requests the following CRF reallocation.

Total Amount Requested: \$975,000. The Military Department is seeking additional funding to support various National Guard missions through December 30, 2020 in response to COVID-19.

Response to the Pandemic: The Vermont National Guard continues their COVID response efforts with several missions that are essential to public health and wellbeing. Among those missions is the establishment and operation of an alternate medical facility at the Champlain Valley Exposition, which has previously provided an additional 400 hospital beds in preparation for a surge at local hospitals. Other essential missions include:

- COVID Testing & Sample Kit Assembly
- Vaccine Distribution Logistics
- Emergency Food Distribution (completed)
- Medical Logistics for the Strategic National Stockpile Warehouse
- COVID Contact Tracing

Proposed Use of Reallocation: The Department will use the COVID Relief Funds for the required state match for the FEMA funded activities mentioned above. The Federal cost share for National Guard activities is 75 percent, effective August 22, 2020. The estimated State match for FEMA of Vermont National Guard incurred expenses from August 22 to December 30, 2020 is \$940,000.

Due to the recent rise in COVID cases throughout the state, the Vermont National Guard is reestablishing the Essex Alternate Healthcare Facility at the request of the Governor. The facility will now provide 50 non-COVID and 50 COVID-positive beds to prepare for an anticipated rise in hospitalizations. Total estimated CRF needs for this effort is \$35,000, which will be used for additional materials, equipment, and services needed to operate the facility, as well as essential heating and ventilation work as colder weather approaches.

Confirmation Proposal Complies with CARES Act CRF Guidelines: CRF is authorized to be used as 25% State match for FEMA eligible costs. Although reimbursement for the State share of VT National Guard incurred costs is not expected to occur before December 30, all costs will be incurred by year-end in accordance with CRF guidance.



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Susanne R. Young, Secretary

To: Adam Greshin, Commissioner
From: Douglas Farnham, Chief Operational Officer
Date: December 7, 2020
Subject: CRF Request for reallocation of \$6,000,000

The Agency of Administration requests the following CRF reallocation:

Total Amount Requested: \$6,000,000. The Agency of Administration (AOA) seeks additional funding to cover the total estimated expense of denied FEMA claims.

Response to the Pandemic: In response to COVID-19, State government, municipalities, healthcare providers and other FEMA eligible entities have incurred direct expenses during their response to the pandemic which are eligible for FEMA reimbursement. This has resulted in \$92,507,341 of FEMA claims identified to date.

Proposed Use of Reallocation: AOA proposes to reserve additional funds to cover the cost of FEMA claims in the event any are denied between now and the end of calendar year 2021. As of December 5th, \$37,090,926 of CRF has been budgeted towards expenses related to FEMA claims with \$22,936,420 covering the 25% match and \$14,154,486 allocated across various programs to cover the portion of 75% FEMA reimbursement which would need to be paid by the State should claims be denied. Based on a risk analysis conducted by the Administration's CRF contractor additional funds should be set aside to cover the cost of potential FEMA denials which will be processed during calendar year 2021. The most conservative recommended estimate is to reserve \$13,071,070 to cover the estimated cost.

AOA does not wish to unnecessarily encumber funds which could have a more immediate impact on Vermont's response to the COVID-19 pandemic and is therefore requesting \$6,000,000 be reserved at this time. The \$6,000,000 request is based upon moderately conservative modeling derived from the facts of high value cases. CRF funds may be reallocated after 12/30/2020 provided they have been obligated to a CRF eligible expense which occurred during the covered period of 3/1/2020 to 12/30/2020. This request does not interfere with or replace the request to establish contingent spending authority for reallocations occurring after 12/30/2020.

Confirmation Proposal Complies with CARES Act CRF Guidelines: FEMA applications are comprised entirely of CRF eligible expenses and most FEMA applications related to COVID-19 have been reviewed and facilitated by the Administration's CRF contractor. Because FEMA claims are comprised of a stricter subset of direct COVID-19 costs, they are eligible under CARES Act guidance.





State of Vermont
Agency of Commerce and Community Development
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To: Adam Greshin, Commissioner, Finance and Management
From: Lindsay H. Kurrle, Secretary, Agency of Commerce and Community Development, and
Craig Bolio, Commissioner, Department of Taxes
Re: Increased funding for Expanded Economic Development Grants
Date: December 7, 2020

Total Amount Requested: \$10,000,000. The Agency of Commerce and Community Development (ACCD) and the Department of Taxes (TAX) requests an additional \$10 million to fund Expanded Economic Development Grants unmet need requests for businesses not included in the Accommodations and Food Services sectors (per NAICS).

Response to the Pandemic: TAX and ACCD are requesting the Joint Fiscal Committee approve additional grant dollars with urgency as businesses continue to experience additional revenue declines. To meet a grant distribution deadline of December 30th, ACCD and TAX will need at least one week to calculate a proration factor and disburse payments for all grant applicants.

Proposed Use of Reallocation: ACCD and TAX will soon disburse grant awards to all applicants in the Accommodations and Food Service sectors (per NAICS) at 100% of their calculated unmet need, up to \$300,000 less previous ACCD/TAX grant awards. Based on remaining grant fund amounts, current proration factor calculations estimate that all other applicants will receive 34% of their unmet need – for an average grant award of \$35,418.¹ An additional investment of \$10,000,000 in this program will allow the Agency of Commerce and the Department of Taxes to increase grants amounts for all other sector applicants by 7%, and increase average grant award amounts by approximately \$5,000.

Confirmation Proposal Complies with CARES Act CRF Guidelines: The Federal CARES Act and U.S. Department of Treasury guidance specifically allow “(1) Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.”²

¹ *These noted figures are good-faith estimates. Tax and ACCD continue to process applications which will result in fluctuations in these amounts before they become final.

² <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>



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Susanne R. Young, Secretary

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

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; 2) eligible payroll expenses incurred during the covered period (March 1, 2020 to December 30, 2020); and 3) compliance and monitoring costs incurred by the State of Vermont in calendar year 2021. 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. A limited subset of expenses, such as compliance and monitoring costs, continue to be eligible after December 30, 2020.