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Susanne R. Young, Secretary

To: Joint Fiscal Committee
From: Susanne Young, Secretary of Administration
Date: May 18, 2020
Subject: Request for approval of expenditure from CRF

Action Requested: Approval of “second tier” request for up to \$1.0 million from the Coronavirus Relief Fund (CRF) for a time-sensitive critical need. Action requested on or before Wednesday, May 20, 2020.

Background: Several Acts of Congress have directed funds, separate and apart from FEMA funds, to the State through 35 separate funding streams and an additional 20+ non-government recipients for a total of approximately \$1.6 billion for emergency response/recovery expenditures related to the COVID-19 pandemic. The Major Disaster Declaration of April 8, 2020 resulted in the availability of FEMA funds to reimburse emergency response expenditures as well. Additional Congressional action is anticipated, but not certain, in June.

As noted, the direct recipients of these funds vary with payments including to non-governmental entities, existing federal fund accounts within state government, and the State directly through the CRF. Federal guidance on eligible uses of these funding streams has evolved with the most recent CRF-specific guidance issued on May 4, 2020.

Uses: The Administration will create a dedicated team of state employees experienced in state finances, grants management, and audit functions. The CRF funds requested will be used to reimburse expenditures for:

- The development of an accounting framework and related operations that are critical and necessary to track, disburse, and account for COVID-related expenditures from multiple funding sources; and
- A consulting contract with a firm of experts in disaster recovery that will advise, train and assist in achieving the following outcomes:
 - Develop a comprehensive statewide approach and organizational structure to track and account for expenditures from available funding sources;
 - Optimize utilization of all current and future sources, including FEMA, and avoid duplication of uses;
 - Develop a framework for the sequencing of expenditures to avoid future adverse determinations from the federal oversight entities;
 - Ensure eligible state costs are reimbursed by the CRF to potentially free general fund dollars for other uses, including COVID- related needs not eligible for reimbursement by federal funds;

- Develop clear and consistent accountability and integrity guidance for recipients and sub-recipients of the CRF; and
- Develop reporting tools to provide full transparency of all state expenditures.

Timing: Supplementing the ongoing work of the Department of Finance & Management throughout the remainder of the FY20 Legislative session and focusing additional resources on the work required to responsibly administer past and future appropriations is a critical and time sensitive need.

Plan:

Consultant Contract: Final contract in place on or before May 27. Final negotiations will commence after favorable action by the JFC.

Special Accounting team: Established by May 22.

Note: The Vermont Emergency Management Division of the Department of Public Safety will use the services of the contractor to support its ongoing build out of technical assistance to the more than 100 individual applicants that are required to document requests for FEMA cost recovery. The services provided to VEM under the contract will be covered by a non-CRF funding source. One consultant to provide all services is preferred.

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