



TO: Joint Fiscal Committee

FROM: Sarah Clark, AHS CFO

THRU: Michael K. Smith, Secretary, AHS

DATE: June 11, 2020

SUBJECT: COVID-19 Relief Payments to the Brattleboro Retreat

As of June 10, 2020, the Brattleboro Retreat has received \$6,622,414 in COVID-19 relief payments from the Coronavirus Relief Fund. In addition, the Agency of Human Services has requested approval for an additional \$10,200,000 from CRF from the Joint Fiscal Committee to provide ongoing financial relief to the Brattleboro Retreat related to the COVID-19 pandemic.

The COVID-19 crisis has significantly threatened the Retreat's ability to provide mental health care to Vermont. The business disruption caused by COVID-19 has led to an extremely low census at the Brattleboro Retreat. These factors combined have created a tenuous financial situation for the Retreat.

The federal government has already recognized the precarious position of Brattleboro Retreat and has granted CARES Act Provider Relief funds to Brattleboro Retreat in the amount of \$1.4M.

Based on the current existing guidance, it is my initial assessment that these payments are eligible for the Coronavirus Relief fund per the following clauses from U.S. Treasury's guidance:

- 1. April 22, 2020 Guidance, page 1:** *These may include expenditures incurred to allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs, as well as expenditures incurred to respond to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.*
- 2. April 22, 2020 Guidance, page 3:** *Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency,*

such as: Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.

3. **May 28, 2020 FAQs, page 4:** *To what extent may a government use Fund payments to support the operations of private hospitals? Governments may use Fund payments to support public or private hospitals to the extent that the costs are necessary expenditures incurred due to the COVID-19 public health emergency, but the form such assistance would take may differ. In particular, financial assistance to private hospitals could take the form of a grant or a short-term loan.*
4. **May 28, 2020 FAQs, page 5:** *The Guidance provides that eligible expenditures may include expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures. What is meant by a “small business,” and is the Guidance intended to refer only to expenditures to cover administrative expenses of such a grant program? Governments have discretion to determine what payments are necessary. A program that is aimed at assisting small businesses with the costs of business interruption caused by required closures should be tailored to assist those businesses in need of such assistance. The amount of a grant to a small business to reimburse the costs of business interruption caused by required closures would also be an eligible expenditure under section 601(d) of the Social Security Act, as outlined in the Guidance.*
5. **May 28, 2020 FAQs, page 5:** *The Guidance provides that expenses associated with the provision of economic support in connection with the public health emergency, such as expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures, would constitute eligible expenditures of Fund payments. Would such expenditures be eligible in the absence of a stay-at-home order? Fund payments may be used for economic support in the absence of a stay-at-home order if such expenditures are determined by the government to be necessary. This may include, for example, a grant program to benefit small businesses that close voluntarily to promote social distancing measures or that are affected by decreased customer demand as a result of the COVID-19 public health emergency.*