



STATE OF RHODE ISLAND

DEPARTMENT OF ADMINISTRATION

Enterprise Policy

Pandemic Recovery Office – Federal Pandemic Funds Payroll Policy - 2021

Pandemic Recovery Office

Policy for Charging Public Employee Payroll to The American Rescue Plan Act

Date of The Last Revision: June 8, 2021

Division Contact

Dorothy.Pascale@audits.ri.gov

1. Purpose

To implement the guidance of the United States Department of Treasury and the Treasury Office of Inspector General concerning the use of the use of the American Rescue Plan Act (“ARPA”) to cover public employee payroll and benefits costs. State Agencies may only charge payroll and benefits expenses to ARPA with the authorization of the Office of Management & Budget (“OMB”), and all associated RIFANS journal entries will be subject to OMB approval.

2. Applicability

This policy applies to all state agencies, offices, departments, divisions, commissions, boards, councils, or other entities of the State, as well as public colleges, municipalities, quasi-public entities and other governmental entities receiving ARPA money from the State.

3. Definitions

Federally Matched Employees: Except for FEMA/Stafford Act funded payroll and benefit expenses, ARPA funds cannot be used for the state share of federally matched positions, including Medicaid-funded positions. For these positions, agencies should consult with OMB to determine whether to fund them fully through ARPA.

Ineligible Administrative Employees: Employees solely responsible for administrative tasks (e.g., accounting, purchasing, operations management) do not qualify simply because those tasks relate to a public safety or public health organization. Some administrative employees can qualify for ARPA funding, as described in more detail at page 4 below.

Payroll and Benefit Expenses includes the cost of salary and wages, certain hazard pay and overtime, but not workforce bonuses, plus the cost of benefits, including, but not limited to, the costs of all types of leave (e.g. vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (e.g. health, life, dental, vision), retirement (e.g. pensions, 401(a), 401(k)), unemployment benefit plans (federal and state),

workers compensation insurance, and Federal Insurance Contributions Act (FICA) taxes (which includes Social Security and Medicare taxes).

Public Safety Personnel includes police officers (including state police officers, capitol police, and officers of the Division of Law Enforcement within the Department of Environmental Management), sheriffs and deputy sheriffs, firefighters, emergency medical responders, and correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Additionally, any other personnel engaged directly in protecting the welfare of the general public, along with direct support personnel to those employees (i.e. dispatchers and supervisory personnel) would fall under this presumption. “Supervisory Personnel” means anyone in the chain of command within the relevant agency who supervises the public safety employee and/or who may discipline said employee (but does not include elected officials).

Public Health Personnel includes 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) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel. The term “patient” means an individual receiving care from a licensed professional or other provider in connection with medical, psychological, or other related caregiving services. “Other support services essential for patient care” includes any and all ancillary services essential (i.e. dietary-related, physical therapy, etc.) to caring for a patient. “Supervisory Personnel” means anyone in the chain of command who supervises the public health employee and/or who may discipline said employee (but does not include elected officials).

State Agency means any state agency, office, department, division, commission, board, council, or other entity of the state, including quasi-public agencies and colleges.

4. Policy

A. Federal Funding Priority

There are five potential sources of federal funding for COVID-related work: federal direct awards to state agencies (“Direct Award Funding”), reimbursement from the Federal Emergency Management Agency (“FEMA Reimbursement”), reimbursement from the Coronavirus Relief Fund established under the CARES Act (“CRF Reimbursement”) and reimbursement from the Coronavirus Relief Fund established under the American Rescue Plan Act (“ARPA Reimbursement”). Agencies should charge payroll and benefits costs for COVID- related work to these sources in the following order of precedence:

1. FEMA Reimbursement for expenses paid up to 9/30/2021, if eligible.
2. If not, then to Direct Award funding with expiration dates on or before 12/31/2021, if eligible.
3. If not, CRF Reimbursement for expenses incurred between 3/1/2020 and 12/31/2021, if eligible. For guidance regarding use of CRF funds for payroll, please review the Department's CRF payroll policy at:

<http://www.omb.ri.gov/documents/pandemic/2020-11-16%20CRF%20Payroll%20Policy%20PUBLISHED.pdf>
4. If not, Direct Award funding with expiration dates on or before 12/31/2024.
5. If not, ARPA funding for expenses committed between 3/3/2021 and 12/31/2024, and expended on or before 12/31/2026.

B. Classes of Eligible Employees

1. Public Safety, Public Health and Similar Employees

Public safety, public health, health care, human services and similar employees are eligible for ARPA funding to the extent that their services are devoted to mitigating or responding to the COVID-19 public health emergency. Accordingly, ARPA funds may be used to support payroll and covered benefits for the portion of the employee's time that is dedicated to responding to the COVID-19 public health emergency. For administrative convenience, the employer may consider employees to be entirely devoted to mitigating or responding to the COVID-19 public health emergency (and therefore fully covered) if the employee, or his or her operating unit or division, is primarily dedicated to responding to the COVID-19 public health emergency, and therefore fully covered, if the employee, or his or her operating unit or division, is primarily dedicated to responding to the COVID-19 public health emergency. A "primarily dedicated" employee or division is one that dedicates more than 50% of its time to responding to the COVID-19 health emergency. This presumption means that these employees are "primarily dedicated" to mitigating or responding to the COVID-19 public health emergency and their payroll and benefits expenses are 100% covered under ARPA.

- a. Amount Eligible:** Agencies have two options, described below in charging the time that employees spend mitigating or responding to the COVID-19 public health emergency. Agencies must choose an option and use it consistently throughout the ARPA eligibility period.
- **Option 1:** Agencies may charge the portion of the payroll and benefits expenses corresponding to the actual hours dedicated to COVID-19 work for employees. This includes amounts for overtime hours if the overtime hours were for COVID-19 related duties.
 - **Option 2:** Agencies may charge the full amount (100%) of payroll and benefits expenses for any employee who, during one or more pay periods, worked more than 50% of his or her time on mitigating or responding to the COVID-19 public health emergency. If agencies choose this option, they may not charge any time for employees who worked 50% or less of their time on mitigating or responding to the COVID-19 emergencies.

b. Example of Options 1 and 2

Suppose an agency has Employee 1 who worked 60% of his time on COVID-19 and Employee 2 who spent 20% of her time on COVID-19. Agency has two options:

- **Option 1:** Charge 60% of Employee 1's payroll and benefits to ARPA. Charge 20% of Employee 2's payroll and benefits to ARPA.
- **Option 2.** Charge 100% of Employee 1's payroll and benefits to ARPA because Employee 1 spent more than 50% of his time on COVID-19 response. Charge 0% of Employee 2's time to ARPA because agency is not portioning out Employee 1's time

c. Required Documentation:

- For each employee and per pay period, time sheets and attestation/description demonstrating the amount of the employee's time that was dedicated to COVID-19 related activities, with a description of the COVID-19 activities.
- Payroll records to support costs incurred for the payroll and benefit expenses charged.

2. Other Employee Time Tracked as Dedicated to COVID-19

- a. **Personnel Eligible:** Employees who do not fall into either of the categories listed above and who spend time mitigating or responding to the COVID-19 public health emergency. This time must be tracked by hour and the COVID-19 related response activities of the employee must be documented, explaining how the employee's time related to one or more of the following eligible activity areas:
- those directly attributed to addressing the public health and public safety response effort under the broad categories of public health, public safety, health care, and human services;
 - those directly attributable to activities that prevent community spread in public spaces, including reconfiguration of office spaces and enhanced sanitation efforts; or
 - time spent on administrative work necessary due to the COVID-19 public health emergency, which includes, but is not limited to, costs related to disbursing ARPA payments and managing new grant programs established using ARPA payments.
- b. **Amount Eligible:** Agencies have the same two options available for Public Safety, Public Health and Similar Employees, described at pp. 3-4 above.
- c. **Required Documentation:** Agencies are required to maintain the same documentation that is required for Public Safety, Public Health and Similar Employees, described at pp. 3-4 above.

5. Signature

Dorothy Z Pascale
Director, Pandemic Recovery Office

June 11, 2021
Date