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## MEMORANDUM

TO: Superintendents and Business Managers  
FROM: Brad James, Education Finance Manager  
SUBJECT: Coronavirus Relief Fund Reimbursement FY2020 and FY2021  
DATE: July 10, 2020

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### Background

H. 961, the State appropriations bill for quarter 1 of FY2021 as passed by the General Assembly and signed by the Governor, contains an appropriation to the Vermont Agency of Education (AOE) of the Coronavirus Relief Funds (CRF) allocated to Vermont by the CARES Act (this bill has not yet been assigned an Act number). The CRF funds are to be used for reimbursing eligible costs districts incurred or will incur in FY2020 and FY2021 due to COVID-19. The specific time period for incurred eligible costs is from March 1, 2020, through December 30, 2020.

Section 601(d) of the Social Security Act, as added by section 5001 of the CARES Act, provides that CRF money may only be used to cover costs that:

1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. were not accounted for in the budget most recently approved as of March 27, 2020, (the date of enactment of the CARES Act) for the State or government; and
3. were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

Please review the [most recent guidance from the U.S. Treasury](#) on the use of CRF funds, dated June 30, 2020.

Please also review the [most recent FAQs](#) regarding CRF from the U.S. Treasury, dated July 8, 2020. The AOE has created [a version with numbered questions](#) for ease of reference. The FAQs are in two sections, "Eligible Expenditures," questions 1-48 and "Questions Related to Administration of Fund Payments", questions 101 – 112. Please pay particular attention to questions, 2, 3, 11, 14, 28, 31, 41, 47, 102, 104, 105 and 107.

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### Contact Information:

If you have questions about this document or would like additional information please contact Brad James and [brad.james@vermont.gov](mailto:brad.james@vermont.gov). Please put "CRF eligibility question" in the subject line of your email.

## Key Considerations

1. Costs districts incurred while providing day care for Essential Workers per the gubernatorial order are eligible for reimbursement.
2. Costs of staff while developing online learning capabilities that were necessary for remote learning are eligible for reimbursement (questions 3 and 11).
  - a. Online instruction during remote learning is not an eligible cost.
3. CRF funds cannot be used to reimburse salaries and benefits of employees paid with other federal funds.
  - a. If an employee is paid with both federal and local funds, then the portion of local funds is eligible. Example: an employee is funded 40% by federal funds and 60% by local – 60% of the employee’s costs are eligible for reimbursement.
4. CRF funds cannot be used for prepayment of eligible expenses unless that practice is consistent with a district’s ordinary policies and procedures (question 31).
5. Purchasing a vehicle is not an eligible cost, although if a vehicle is leased due to COVID-19, the lease payments due between March 1, 2020, and December 30, 2020, are eligible.
6. CRF payments may cause a district to be subject to the Single Audit Act (question 107).

CRF funds that reimburse eligible FY2020 costs districts would have made regardless of COVID-19 (e.g., staffing costs while developing remote learning capabilities) shall be carried forward as a revenue into FY2021 without the need for an audit – See: [2020, H. 961, sec. A.50 \(c\)\(1\)\(B\) \[p. 44\]](#). Payments from the FY2021 Education Fund will be reduced accordingly.

See [Eligible and Ineligible Functions and Objects for CRF Reimbursement](#) for a list of functions and objects expected to be eligible or ineligible costs for CRF reimbursement. Those deemed as ineligible are highlighted in yellow, with a “1” in the last column titled, “Ineligible or Expected to be Ineligible”.

In those same “Ineligible or Expected to be Ineligible” columns, some functions and objects are expected to be ineligible, but there may be cases where a legitimately eligible cost was incurred in those categories. I have placed a “?” next to those functions and objects, also highlighted in blue. If you believe you have eligible costs that fit those categories and costs, please provide me with an explanation with your rationale as to why the costs are eligible [via email](#). We will review the explanation prior to allowing or disallowing the cost.

## Overview of Reimbursement and Grant Process

1. A grant application will not be required. AOE will create the grant as reimbursement requests and narratives are received.
2. FY2020 reimbursements will be based on eligible costs incurred from March 1, 2020, through June 30, 2020.
3. FY2021 reimbursements will be based on eligible costs incurred from July 1, 2020, through December 30, 2020.
4. To receive reimbursement, Summer Food Service Program sponsors will be required to submit:
  - a. an AOE 3.1;

- b. documentation detailing the eligible expenditures; and
  - c. a narrative explaining how the money was spent. This narrative will become a part of the grant document.
5. AOE will send out an “application” template that will further explain the submission process.
  6. Reimbursement requests will be reviewed by AOE program staff for eligibility.

It is quite possible that the CRF funds in H. 961 appropriated to AOE will not be sufficient to cover all the eligible reimbursable costs. When the General Assembly returns on August 25, 2020, AOE will report on the CRF money spent and the outstanding amount expected to be spent. The General Assembly has other CRF money held in reserve for the Education Fund which should be enough to cover all the eligible costs. Until that is appropriated, however, if the eligible requests are greater than the CRF funds available, we will prorate reimbursements so that all districts receive the same percentage of their request.