

COVID-19-Related Paid Leave Grant Program Guidance

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This document provides program guidance to applicants for the COVID-19-Related Paid Leave Grant Program.

The application, documentation requirements, and additional information will be posted at <https://dfr.vermont.gov/covid-19-paid-leave-grant-program>.

Initial Program Limitations: In accordance with guidelines developed with the Vermont Agency of Administration, the Department of Financial Regulation (“DFR”) will initially accept applications only from:

- certain small businesses and 501(c)(3) and 501(c)(19) nonprofits
- that that have experienced a negative economic impact caused or exacerbated the COVID-19 pandemic;

Grants awarded in this initial round may only be used to reimburse leave costs actually paid by the employer to eligible Vermont employees after July 1, 2022 for COVID-19-related reasons in accordance with the employer’s ordinary operating procedures.

Grants are not available at this time to reimburse employees for unpaid leave.

Potential Program Expansion in 2023 for Unpaid Leave: DFR is assessing our ability to expand the grant program in 2023 to cover reimbursement of eligible Vermont employees that took unpaid leave for COVID-19-related reasons after July 1, 2022. **To receive e-mail updates about any future expansions of the grant program, please enter your e-mail address at <https://dfr.vermont.gov/about-us/public-information/covid-19-paid-leave-grant-program> to be added to the grant program e-mail list.**

Program Guidance

1. Program Description

The Department of Financial Regulation (“DFR”) is administering this grant opportunity to eligible employers as reimbursement for the cost of providing eligible COVID-19-related paid leave.¹ The COVID-19-Related Paid Leave Grant Program (the “Program”) aims to mitigate the negative economic harm to qualifying small businesses and 501(c)(3) and 501(c)(19) nonprofits caused or exacerbated by the pandemic.

Once per calendar quarter, beginning in December 2022 and ending on September 30, 2023, eligible employers may apply for a grant to reimburse expenditures for COVID-19-related leave paid to eligible Vermont employees. The maximum amount that an

¹ DFR is administering the Program pursuant to Vermont Act 183 of 2022, Sec. 51a.

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employer is eligible to receive for each eligible employee is not more than \$21.25 per hour of leave, with an aggregate maximum of \$850.00 per individual eligible employee over the entire Program period of July 1, 2022 - June 30, 2023. The expenditure must have occurred during the preceding calendar quarter within the Program period of July 1, 2022 through June 30, 2023. The grants will be awarded on a “first-come, first-served basis, subject to available funding.”²

Grant recipients must restore employee paid leave balances. An employer whose grant application is approved in relation to any amounts of paid leave that was deducted from an employee’s accrued paid leave balance at the time such leave was taken must restore the reimbursed amount of such leave to the employee’s accrued paid leave balance prior to the grant award being paid to the employer.

2. Eligible Employers

Only “Eligible Employers” may apply for a grant award.

“Eligible Employer” means (a) a “small business” or “nonprofit,” as each are defined below; (b) that has suffered a negative economic impact caused or exacerbated by COVID-19; (c) has one or more “eligible employees,” as defined below, employed by it and performing services in the State of Vermont.

(a) **Definition of “Small Business” and “Nonprofit”.** The following definitions shall apply for all purposes of the Program and this Program Guidance document:

- (i) “Small business” means a business concern or other organization that:
- Has no more than 500 employees, or, if applicable, [is the size standard in number of employees established by the Administrator of the Small Business Administration](#) for the industry in which the business concern or organization operates, and
 - is a small business concern as defined in Section 3 of the Small Business Act ([15 U.S.C. § 632](#)).³
- (ii) “Nonprofit” means a 501(c)(3) tax-exempt organization or a 501(c)(19) tax-exempt organization.⁴ A nonprofit organization that has not been granted tax-exempt status by the Internal Revenue Service or that has been granted tax exempt status under a Section other than Sections

² Vermont Act 183 of 2022, Sec. 51a(c)(6).

³ Federal Register, Vol. 87, No. 18, Rules and Regulations. January 27, 2022 (p. 4377).

⁴ Federal Register, Vol. 87, No. 18, Rules and Regulations. January 27, 2022 (p. 4381).

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501(c)(3) or 501(c)(19) of the Internal Revenue Code is not eligible for the Program, and not included in this definition of “nonprofit.”

(b) **Demonstrated Negative Economic Impact as a Result of COVID-19 Pandemic.** In order to be eligible for a grant under the Program, an Eligible Employer must demonstrate it has suffered a negative economic impact caused or exacerbated by the COVID-19 pandemic.

- For a small business, the federal government offers examples of economic impacts as “lost revenue or increased costs, challenges covering payroll, rent or mortgage, or other operating costs, the capacity of a small business to weather financial hardships, and general financial insecurity resulting from the public health emergency.”⁵
- For a nonprofit, the federal government offers examples of negative economic impacts as “decreased revenues or increased costs (e.g., through reduced contributions or uncompensated increases in service need).”⁶

Qualified Census Tract: A small business or nonprofit operating in a Qualified Census Tract (QCT) is presumed to be disproportionately impacted by COVID-19 and thus eligible to receive aid.⁷ The chart below lists the QCT’s in Vermont for 2022:

State: Vermont

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Bennington County	9709.00						
Chittenden County	4.00	5.00	6.00	9.00	10.00	24.00	39.00
Essex County	9502.00						
Franklin County	107.00						
Orleans County	9515.00						
Rutland County	9631.00						
Washington County	9551.00	9552.00					
Windham County	9670.00	9685.00					
Windsor County	9653.00						

Click on a tract number to see a map of the tract in another browser window.

⁵ Federal Register, Vol. 87, No. 18, Rules and Regulations. January 27, 2022 (p. 4377).

⁶ Federal Register, Vol. 87, No. 18, Rules and Regulations. January 27, 2022 (p. 4380).

⁷ Federal Register, Vol. 87, No. 18, Rules and Regulations. January 27, 2022 (p. 4449).

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To determine the census tract number for a particular address, visit the [HUD User GIS Service -- Low-Income Housing Tax Credit Qualified Census Tract \(QCT\) Locator](#).

Financial Documentation. In order for the Department to verify that an employer suffered a negative economic impact, an applicant must provide financial documentation in its Application that demonstrates and portrays an economic harm caused or exacerbated by the pandemic (for example: lost revenue, increased costs, challenges covering payroll, other operating costs, or general financial insecurity), or by demonstrating that the applicant operates in a QCT.

- **Simply paying paid leave expenses for COVID-19-related reasons or suffering absenteeism due to Covid-19-related reasons is not an adequate negative economic impact, standing alone.** An employer must demonstrate an economic harm caused or exacerbated by the COVID-19 pandemic when the employer’s financial situation is considered as a whole, taking into account any other governmental assistance.
- **VEDA Forgivable Loan Application:** Employers that have also applied for the [VEDA Forgivable Loan Program](#) may submit the FLP Calculator Tool spreadsheet that they completed for the VEDA program as their financial documentation for the Paid Leave Grant Program.

Written Description. The applicant will also be required to upload a written description of: (a) the exact economic harm experienced by the employer as a result of the COVID-19 pandemic, (b) the financial documentation provided by the applicant; and (c) how the financial documentation demonstrates and provides evidence of such specific harm.

(c) Definition of “Eligible Employee”

- (i) **“Eligible employee”** means (a) an individual who, in consideration of direct or indirect gain or profit, is employed by an employer to perform services in Vermont; (b) has received paid-leave paid by such employer for an absence from work due to an eligible “COVID-19-related reason” (as defined and discussed in more detail in Section 3, below).

3. Eligible COVID-19-Related Paid Leave Reimbursement Expenditure

Eligible paid leave must (a) have occurred and been paid to an eligible employee during the program period and in a manner consistent with, or non-additive to, the participating

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employer's standard operating policy, and (b) have occurred for an absence from work for the Covid-19-related reasons listed below.

(a) **Leave, payment, and employer's standard operating policy requirements**

- (i) Both the leave and the payment for the leave must have occurred during the Program period of July 1, 2022 - June 30, 2023. **A new application must be filed each quarter for a grant to reimburse eligible leave expenses paid in the prior quarter.**
- (ii) Only employers that provided paid leave as part of their standard operating procedures are eligible to apply for a grant.
 - **Clarification point:** Paid leave is considered an operating expense for small businesses and nonprofits. The increased costs for paid leave caused or exacerbated by the pandemic will only be reimbursed insofar as the payment was consistent with an employer's standard operating policy. Grants may not be used to reimburse paid leave costs that were inconsistent with or additive to a participating employer's standard operating policy.

(b) **Definition of COVID-19-Related Reasons**

For the purpose of the Program, "COVID-19-related reasons" for an absence from work means that the employee is:

- (i) self-isolating because they have tested positive for COVID-19; or
- (ii) self-isolating because they are following the recommendation of a health care provider for individuals who have been exposed to COVID-19 or are experiencing symptoms; or
- (iii) caring for a parent, grandparent, spouse, child, sibling, parent-in-law, grandchild, or foster child because:
 - the school or place of care where that individual is normally located during the employee's workday is closed due to COVID-19;
 - that individual has been requested not to attend the school or the place of care where that individual is normally located during the employee's workday due to COVID-19;
 - that individual has been diagnosed with or tested positive for COVID-19; or
 - that individual is self-isolating pursuant to the recommendation of a health care provider or a state or federal public health official because that individual has been exposed to or is experiencing symptoms of COVID-19; or

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- (iv) attending an appointment for the employee or the employee's parent, grandparent, spouse, child, sibling, parent-in-law, grandchild, or foster child to receive a COVID-19 vaccine or a vaccine booster; or
- (v) experiencing symptoms, or caring for a parent, grandparent, spouse, child, sibling, parent-in-law, grandchild, or foster child who is experiencing symptoms, related to a COVID-19 vaccine/booster.⁸

4. Calculating the Grant Amounts

In calculating the quarterly grant amount, an employer must only apply for a grant

- (a) in relation to COVID-19-related paid leave that was taken by an employee and paid by the employer during the prior quarter (for example, beginning in October of 2022, applications will be accepted for reimbursement of leave paid during the quarterly period of July 1, 2022 through September 30, 2022); and
- (b) the maximum number of hours of COVID-19-related leave for each employee that an employer may seek grant funding over the life of the Program (for any and all quarterly grants) shall equal the lesser of 40 hours or the eligible employee's average weekly hours worked for the employer during the six months preceding the date on which the employee first took COVID-19-related leave during the Program period, and
- (c) the grant amount is required to be calculated in an amount equal to the number of hours of eligible COVID-19-related paid leave provided to each eligible employee multiplied by the hourly wage at which leave was paid to the employee up to the maximum hourly wage of \$21.25 per hour of leave, with an aggregate maximum of \$850.00 per eligible employee during the Program period.⁹ For employees that earn a regular wage below the minimum wage (e.g., certain tipped employees), Vermont law requires that earned sick time be compensated at no less than the minimum wage.¹⁰

5. Available Program Amount

The sum of \$15,180,000.00 in funding is available for the COVID-19-Related Paid Leave Grant Program, including administrative costs.¹¹

6. Application Period

Applications must be submitted once per quarter, beginning in October 2022. An application deadline will be specified by the Department each quarter. For the grant

⁸ Vermont Act 183 of 2022, Sec. 51a(b)(2)

⁹ Vermont Act 183 of 2022, Sec. 51a (e)

¹⁰ See 21 V.S.A. § 482

¹¹ Vermont Act 183 of 2022, Sec. 51a(a)(2).

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application for the quarter ending on September 30, 2022, the deadline to submit a grant application is December 1, 2022. Grant applications may only be submitted once each calendar quarter during that period. The applications shall be submitted for paid leave provided during the preceding calendar quarter within the Program period of July 1, 2022 through June 30, 2023. The grants will be awarded on a “first-come, first-served basis, subject to available funding.”¹²

7. Method of Application Submission

Applications must be submitted through the online portal. A link to the online portal will be provided on the Department’s website at: <https://dfr.vermont.gov/covid-19-paid-leave-grant-program>

8. Distributions

Grant award payments will be made to Eligible Employers that submit complete and accurate applications during the applicable application period that are approved by the review team, subject to available funding. Initial payments are expected to be made within 30 days following approval of a grant application.

Grant award payments will be made quarterly. Any funds that are not used to reimburse eligible paid leave costs must be returned to the State of Vermont.

9. Certification and Document Maintenance Requirement

An Eligible Employer must (a) verify all of the following certifications are true, and (b) maintain backup documentation supporting the truth of all of the following certifications:

- The employer is a small business or a nonprofit, as each are defined in Section 2 above, and
- The employer suffered a negative economic impact caused or exacerbated by COVID-19 or operates in a Qualified Census Tracts (QCT), and
- The eligible employee took the paid leave for the COVID-19-related reasons listed in Section 3(b) above,¹³ and
- The employer is not seeking funds in relation to any amounts of paid leave that were deducted from any employee’s accrued paid leave balance at the time the COVID-19-related leave was taken, **unless those amounts have been restored to the employee’s accrued paid leave balance or will be restored**

¹² Vermont Act 183 of 2022, Sec. 51a(c)(6).

¹³ Vermont Act 183 of 2022, Sec. 51a(f)(2).

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to the employee's accrued paid leave balance following approval of this grant application and prior to the grant award being paid to the employer.

- The paid leave was taken by the employee and the employer paid for the leave during the program period, and
- All paid leave was paid to the employee consistent with the employer's standard operating policy, and
- Any costs forming the basis of an award under this Program have not been covered by any other federal funds or federally forgiven loans received by the Applicant, and
- The employees receiving paid leave funded by a grant will not be required to pay an administrative fee or other charge in relation to the employer requesting the grant¹⁴, and
- The employer has and will maintain records documenting the accuracy of these certifications.

10. Application Content and Audit Requirements

All applicants must fully complete and submit the application through the online portal by the applicable quarterly submission date. A complete application includes:

- Responses to all required fields, including but not limited to certifications
- Document uploads
 - Form W-9
 - The form and detailed instructions are [available from the IRS](#).
 - A physical signature and date are required.
 - The form must be signed and dated within the last 6 months.
 - Form 941
 - A copy of the Applicant's most recent quarterly payroll tax filing reported to the Internal Revenue Service. For most applicants this will be Form 941 (<https://www.irs.gov/forms-pubs/about-form-941>)
 - Financial Documentation of Negative Economic Impact
 - Financial documentation that demonstrates and portrays an economic harm caused or exacerbated by the pandemic (for example: lost revenue, increased costs, challenges covering payroll, other operating costs, or general financial insecurity), or that demonstrates that the applicant operates in a QCT.
 - Such Other Documentation as the Department May Request or Require.

¹⁴ Vermont Act 183 of 2022, Sec. 51a(f)(3).

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The Program is funded with federal dollars and is subject to the requirements of Single Audit found at 2 CFR § 200 Subpart F. If an applicant has a subrecipient relationship, the applicant will complete the Subrecipient Annual Report annually within 45 days after its fiscal year end, informing the State of Vermont whether a Single Audit is required for the prior fiscal year. If a Single Audit is required, Applicant will submit a copy of the audit report to the State of Vermont within 9 months. For fiscal years ending on or after December 25, 2015, a Single Audit is required if the subrecipient expends \$750,000 or more in Federal assistance during its fiscal year and must be conducted in accordance with 2 CFR Chapter I, Chapter II, Part 200, Subpart F.

Additionally, the Department of Financial Regulation will be performing random audits of grant recipients. An applicant subject to an audit will be required to produce backup documentation to support its grant application and eligibility, including, but not limited to, payroll reports. If the employer cannot produce adequate documentation, the employer may be required to return the grant funds awarded.

11. Duplication of Benefits Is Not Allowed

An employer may combine grant funds with funding from other sources but shall not use grant funds from multiple sources for the same instance of paid leave provided to its employees for COVID-19-related reasons. As used in this subdivision, an “instance” means a calendar day in which the employee was absent from work for a COVID-19-related reason.¹⁵

12. Report and Return of Unspent Funds

Each employer that receives a grant will be required to report to the Department on the use of grant funds, using a form to be provided by the Commissioner. Any grant funds that were not used to reimburse an Eligible Employer for eligible COVID-19-related paid leave grant costs actually incurred shall be returned to the Department pursuant to a procedure adopted by the Commissioner.¹⁶

13. Confidentiality

Any personally identifiable information that is collected by the Program, any entity of State government performing a function of the Program, or any entity that the Commissioner contracts with to perform a function of the Program shall be exempt from inspection and copying under the Public Records Act.¹⁷

¹⁵ Vermont Act 183 of 2022, Sec. 51a(c)(4).

¹⁶ Vermont Act 183 of 2022, Sec. 51a(g).

¹⁷ Vermont Act 183 of 2022, Sec. 51a(h).

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14. Conflict-of-Interest Policy

Eligible Employers that receive a grant award must maintain a conflict-of-interest policy consistent with 2 CFR 200.318(c) that is applicable to all activities funded with the COVID-19-Related Paid Leave Grant.

15. Contact Information

Please submit all questions or inquiries to DFR.CovidPaidLeave@vermont.gov.

Please do not call the Department. If you wish to discuss by phone, please e-mail the address above, provide your contact information, and request a telephone call.

The Department anticipates heavy volume of questions and inquiries and may experience delays responding to inquiries.