

Essential Worker State Covid19 At Risk Benefit Payment - Program Summary

Goal: Stand Up a Functioning Program w/ Integrity as Quickly as Possible

Who is Eligible and What is the Benefit?

- A benefit would be paid to certain employees of defined covered essential businesses who cannot work remotely and are deemed to be at risk for exposure to COVID-19 (reasonable person standard, penalty if found fraudulent). See draft language on covered employers and eligible employees.¹
- A monthly benefit amount of either \$1,000 or \$600 can be paid for work performed during the 2 months from mid-March to mid-May.
- Eligible employees who work over 108 hours per month with base pay up to \$25.00² per hour (\$52k per year at 2,080 hours per year) will receive \$1,000 per month if their employer enrolls in the program.
- Eligible employees who work at least 34 hours but less than 108 hours per month with base pay up to \$25.00 per hour will receive \$600 per month if their employer enrolls in the program.
- Nursing Home and Home Health Agency employees providing direct patient care and facing elevated risk are eligible for the same benefit but there is no base pay limitation.
- Employees who work in VT are eligible, regardless of where they live.
- Paid time off and any time worked remotely by eligible employees will not be included in the monthly hourly calculation for the full or partial benefit unless it is leave for Covid19 illness or quarantine.
- This is a state benefit, not a wage; payroll taxes will not apply but federal and state income taxes will apply, and income tax withholding will be mandatory.
- For eligible essential employees this benefit will likely reduce any SNAP (food stamp) monthly benefit in the months that payments are made. It will not impact a worker's Medicaid eligibility or the childcare subsidy that a worker is currently receiving.
- **Important** - The final monthly payment may be prorated based on available funding if actual benefits paid out surpass estimates.
- **Important** – If a federal program providing enhanced pay or benefits to the same essential employee is enacted, then the employee would no longer be eligible for this program.
- All submissions and payments could be subject to state and federal audits.
- Self-employed individuals and independent contractors are not eligible for this benefit.

Total Vermont At Risk Essential Employees Eligible

Within current definition of covered employers and employees and wage levels, JFO estimates approximately 27,900 essential employees at \$25/hr would be eligible for this benefit and 5,600 Nursing Home and Home Health workers would be eligible for this benefit. A total of 33,500 essential Vermont workers

¹ Public transit is provided \$20m categorical aid in the CARES Act, public transit agencies are encouraged to provide an analogous benefit or pay increase as this is an allowed use of these FTA funds.

² A 'cliff' is created where those earning just a bit more than \$25.00 would not be eligible. Step down smoothing solutions appear too complex to resolve in the time frame. Some employers may opt to try to smooth this cliff issue internally for the duration of the program if they have the financial capacity.

Total Cost

A total cost of \$60,000,000 is estimated for this 2-month benefit and includes the cost to administer the program. The federal Coronavirus Relief Fund established in the CARES Act is the funding source.

Program Administration

- The Secretary and the Agency of Administration have the primary responsibility for standing up and operating the program. However, the Nursing Home and Home Health portion of the program is expected to be primarily administered by the Agency of Human Services.
- The Secretary may delegate or require the programmatic capacity, expertise and assistance as needed from other agencies or departments of the state (ACCD, ADS, DFR, VDOL, AHS) to execute the functions needed for this program which include but are not limited to:
 - contract execution and oversight for potentially more than one vendor
 - setting operational procedures, schedules, deadlines, and program requirements through adoption of emergency rules,
 - developing forms in collaboration with contractors
 - conducting outreach to covered employers
 - customer service (call line and email contact) and
 - establishing some type of grievance mechanism for employers and employees.

Operational Assumptions

- Sole source contracting is authorized for all contracting required to operationalize
- The best system development for the limited time and scope of the project means some desired components will need to be sacrificed to simplicity. We want to limit risk of operational failure by limiting complexity and flow of personal identifying information (PII) where possible.
- Ideal Operational Design (may change based on contractor needs)
 - Covered employers certify which employees meet the eligible definition based on the work they do and their level of pay
 - Employers will provide all the data needed in the format needed for each eligible employee including calculated federal and state income tax withholding information
 - Ideally employer can submit data directly to the Grant Issuer; however, a data intermediary contractor or the state ADS as the data intermediary may be needed.
 - For direct care workers ARIS is the payroll processor and can aggregate hours for this group who have multiple employers/clients and provide the data in the format needed.
 - The Grant Issuer issues the checks and the checks are delivered to the employer for distribution to employees
 - The Grant Issuer makes the withholding payments to IRS and VT Dept of Taxes on behalf of the employee
 - The Grant Issuer provides the year-end tax 1099-G tax forms to the employers who then deliver these to each employee (current or past). There will be a state backstop for employees to seek this information if needed.
- The Nursing Home and Home Health portion of the program may be directly administered and operationalized by the Agency of Human Services and the specific licensed employers with oversight from the Agency of Administration.