

CORONAVIRUS STATE FISCAL RECOVERY FUND



Premium Pay to Essential Public & Private Sector Workers

Program Guidelines

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GOVERNMENT OF PUERTO RICO



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Program Overview

Background

Since March of 2020, Puerto Rico, like most jurisdictions in the United States and countries around the world, has experienced an unprecedented emergency caused by the Coronavirus Disease 2019 (“COVID-19”) pandemic. To slow the spread of the disease and ensure stability of its healthcare system, the Government of Puerto Rico has implemented measures to address the emergency. On March 12, 2020, the Government of Puerto Rico issued Administrative Bulletin OE-2020-020 through which formally declared a state of emergency due to the imminent impact of the coronavirus in Puerto Rico.

During the state of emergency, Puerto Rico suffered great loss of life and severe economic hardships which have impacted a Commonwealth still reeling from natural disaster. Puerto Rico lost over 2,500 citizens, tourism dwindled with hotel registrations falling 95% from February to April 2020, and ~460,000 residents of Puerto Rico experienced unemployment, twice the previous number of unemployed individuals. Despite these hardships, Puerto Rico persevered, and with over 2,600,000 doses of COVID-19 vaccines administered, Puerto Rico is positioned to emerge from the COVID-19 pandemic.

To help Puerto Rico emerge from the COVID-19 pandemic, Congress passed the American Rescue Plan Act of 2021 (“ARP Act”), and the President signed it into law on March 11, 2021. To assist state governments with addressing the lingering public health emergency while targeting areas and industries in needs of economic development, the ARP Act established the Coronavirus State and Local Fiscal Recovery Fund, which provides \$350 billion in direct assistance to states, territories, counties, metropolitan cities, tribal governments, and non-entitlement units of local governments. As part of the Coronavirus State and Local Fiscal Recovery Fund, Puerto Rico received \$2.47 billion under the Coronavirus State Fiscal Recovery Fund (“CSFRF”).

To ensure the expeditious processing of apportioned funds from the CARES Act, the Government of Puerto Rico established the Disbursement Oversight Committee, consisting of the Secretary of the Department of the Treasury, the Director of the Office of Management and Budget (OGP), and the Executive Director of the Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF). The Committee was created on May 15, 2020, by means of Executive Order No. 2020-040, and on May 7, 2021, by means of Executive Order No. 2021-034, the Governor of Puerto Rico extended the Committee’s oversight to include CSFRF.

Program Description

On June 7, 2021, Governor Pedro Pierluisi announced a Premium Pay initiative and expanded on this on August 3, 2021, where he established the Premium Pay to Essential Public and Private Sector Workers (Program). This program makes up to \$500 million in immediate CSFRF funds available to recognize and reward essential workers who responded to the effects of COVID-19. Of this allocation, \$20 million is available to the Department of Health for disbursement to its hospital employees, and an additional \$20 million is available to the Department of Corrections for eligible frontline employees.

Essential workers have been, and continue to be, pivotal to responding to the effects of COVID-19. To recognize these employees for their continued work despite COVID-19, the government will provide pay to essential employees or grants to their employers. This aid prioritizes retrospective premium pay where possible, recognizing that many essential workers have not yet received additional compensation for work conducted over the course of many months. This aid will also prioritize compensation of those lower income eligible workers that perform essential work. Any past premium pay does not affect eligibility.

Disbursement of Program funds will be subject to the strictest standards to ensure compliance with federal regulations and best practices. Therefore, each request for disbursement will be duly documented and subject to control and audit.

Points of Contact

The Program will be administered by the Coronavirus Relief Fund Disbursement Oversight Committee (Committee) in conjunction with the Puerto Rico Department of Health (Salud), the Puerto Rico Department of Corrections, the Puerto Rico Department of Treasury (Hacienda), and AAFAF.

Terminology Overview

Phase I of the Program refers to providing Premium Pay to the Department of Health for disbursement to its hospital employees. Phase I was established by the Committee on June 8, 2021, through Resolution 2021-38, and Phase I made up to \$20 million available to Department of Health.

Phase II of the Program refers to providing Premium Pay to the Department of Corrections for disbursements to eligible frontline employees.

Phase III of the Program refers to providing Premium Pay to other Public Sector Agencies for disbursements to eligible frontline employees as stated in official communication from the Office of the Governor OSG-2021-020.

Phase IV of the Program refers to providing Premium Pay to Private Sector employers for disbursements to eligible frontline employees, as stated in official communication from the Secretary of the Treasury Department 21-19 and those that may impact information contained in this one.

Phase V of the Program refers to providing Premium Pay to Restaurant industry employers.

Eligibility Criteria

Eligible Applicants must meet all the following criteria:

- Be an essential employee that put their physical well-being at risk to meet the daily needs of their communities and to provide care or services to others. Eligible workers include workers needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as the Governor may designate as critical to protect the health and well-being of the residents of their Puerto Rico.
- The Program specifically excludes employees of public hospitals and CDTs (Centros de Diagnóstico y Tratamiento) as they are eligible for a separate premium pay program.
- Performed 500 or more hours of onsite work after March 1, 2020. (Any hours performed as remote work or telework do not qualify).
- Performed work that involved regular in-person interactions with patients, the public, or coworkers of the individual that is performing the work; or regular physical handling of items that were handled by, or are to be handled by patients, the public, or coworkers of the individual that is performing the work

- Earn \$40,000 or less in annual wages (Premium pay cannot increase total wages above 150% of Puerto Rico’s median annual wage of \$30,750) as reported in calendar year 2020 or 2021.¹
 - Employee wages should be calculated using the employee’s annualized standard base rate of pay, excluding additional pay sources such as overtime, shift differentials, and nonproduction bonuses. Examples of non-production bonuses are signing bonuses and lump-sum payments provided in lieu of wage increases.
- Be a current employee of the restaurant, agency or private sector employer requesting premium pay on their behalf
- As an employer, possess a valid merchant registration with the following NAICS codes:
 - 62111, 62121, 62131, 62132, 62133, 62134, 62139, 62142, 62149, 62151, 62161, 62199, 62321, 62322, 62331, 62399, 62412, 62421, 56161, 56162, 44511, 44512, 44521, 44522, 44523, 44529, 44711, 48411, 48412, 48423, 44611
 - 31111, 31121, 31122, 31123, 31131, 31134, 31135, 31141, 31142, 31151, 31152, 31161, 31171, 31181, 31182, 31183, 31191, 31192, 31193, 31194, 31199, 32222, 42442, 42443, 42444, 42445, 42446, 42447, 42448, 42449, 62191, 49221.
- For the Restaurant Industry Program, employer must possess a valid merchant registration with the following NAICS codes:
 - 72251, 72231, 72233
- Commit to abiding by the Program’s terms and conditions
- Agree to return the Program funds, if it is determined that they did not comply with any of the Program eligibility requirements, or if the Program funds were not spent on eligible expenses by December 31, 2024.

Premium Payment is established as \$2,000 per eligible employee

Allowable Expenditures

Allowable expenses under this award must be:

- Premium pay compensation to essential employees meeting the Program’s eligibility criteria.

For further guidance please refer to the [Guidance](#) published by the U.S. Treasury and the [Frequently Asked Questions](#).

Other CSFRF Programs

In addition to the Program detailed above, the Governor allocated funds for additional programs to address the public health emergency, ensure continuity of government services, address negative economic impact, provide premium pay, invest in water, sewer, and broadband infrastructure, and provide for provision of government services (up to lost revenue). Please visit <http://www.aafaf.pr.gov/covid-19-resource-center/> for additional information about these programs.

Ineligible Expenditures

Ineligible expenses will be determined by the Committee, the U.S. Department of the Treasury, the Office of Inspector General (OIG), and other regulatory bodies, and under this award include, but are not limited to:

¹ See Bureau of Labor Statistics’ Wage Estimates in Puerto Rico: https://www.bls.gov/oes/current/oes_pr.htm#00-0000

- Premium pay for any employees, third-party employees, or contractors that do not meet the Eligibility Criteria
- Necessary expenses that have been covered or reimbursed, or that will be covered in the future, by other state or federal programs, including funds received through the CARES Act or from FEMA

For further guidance please refer to the [Guidance](#) published by the U.S. Treasury and the [Frequently Asked Questions](#).

Process Overview – Phase I (Department of Health)

The following is intended to outline the process by which Phase I funds from the CSFRF will be distributed to the Department of Health for disbursement to its hospital employees.

August 3, 2021	Award Announced
August 16, 2021	Phase I Funds Advanced to Department of Health
September 13 – October 29, 2021	Program Audits Use of Funds Compliance and Recovery
February 28, 2022	Program Close

Public Sector Agency Requests

Public sector agencies will submit an electronic request, along with a signed attestation and list of eligible employees nominated for premium pay, using AAFAF email crfagencies@aafaf.pr.gov.

Eligibility criteria was established through “Carta Circular Núm. OSG-2021-020”.

Evaluation

For all requests, decisions will be evaluated for completeness and eligibility, and final determinations will be made by a representative of AAFAF. Each Request will be evaluated, and Program funds allocated using a standard of necessity.

The Disbursement Oversight Committee will approve funding award decisions.

Award and Funding

Requestors will be notified via electronic mail of funding decisions. Subsequent funding opportunities (including expansion of eligible institutions and use of funds) will be determined based upon availability of funds remaining after completion of initial awards.

Process Overview – Phase II (Department of Corrections)

The schedule shown below is final. Additional details will be published upon program approval.

August 3, 2021	Award Announced
August 31, 2021	Phase II Funds Advanced to Department of Corrections
November 1 – February 25, 2022	Program Audits Use of Funds Compliance and Recovery
February 28, 2022	Program Close

Process Overview – Phase III (Public Sector)

The schedule shown below is final. Additional details will be published upon program approval.

August 3, 2021	Award Announced
August 9, 2021	Phase III Application Period Opens
August 31, 2021	Phase III Application Period Closes
September 2021 – October 2021	Phase III Award Funds are transferred to Agencies for distribution
October 1, 2021 – February 25, 2022	Program Audits Use of Funds Compliance and Recovery
February 28, 2022	Program Close

Process Overview – Phase IV (Private Sector)

The schedule shown below is final. Additional details will be published upon program approval.

August 3, 2021	Award Announced
September 15, 2021	Phase IV Application Period Opens
October 15, 2021	Phase IV Application Period Closes
October 2021 – November 2021	Final Phase IV Award Funds are transferred to Employers
November 15 – February 25, 2022	Program Audits Use of Funds Compliance and Recovery
February 28, 2022	Program Close

Process Overview – Phase V (Private Sector-Restaurants)

The schedule shown below is final. Additional details will be published upon program approval.

August 3, 2021	Award Announced
October 15, 2021	Phase V Application Period Opens
October 29, 2021	Phase V Application Period Closes
November 2021	Final Phase IV Award Funds are transferred to Employers
November 15 – February 25, 2022	Program Audits Use of Funds Compliance and Recovery
February 28, 2022	Program Close

Private Sector Requests

Requests must be submitted by eligible employers based on NAICS codes included in these guidelines. For the Private Sector, the Treasury Department issued “[Carta Circular de Rentas Internas Núm. 21-19](#)” in which application process was established.

Eligible entities shall submit their requests through the employers SURI account. Applications shall contain all eligible employees as understood by the employer following the Treasury Department’s criteria.

As for the Restaurant industry Premium Pay program, the Treasury Department of Puerto Rico will issue information regarding request process.

For more information, please visit the Treasury Department’s [website](#).

Compliance

Any government entity receiving funds must adhere to the Uniform Guidance, 2 C.F.R § 200 (“Uniform Guidance”). This Uniform Guidance outlines the “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”. Recipients and their personnel are responsible for reviewing, understanding, and applying the complete underlying legislation and guiding documents. For complete details on 2 CFR 200, visit the Electronic Code of Federal Regulations at https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl. Topics included in the Uniform Guidance include, but are not limited to:

- Procurement standards and requirements
- Contract cost and price principles
- Bonding requirements
- Document retention and auditing provisions

Any government and non-government entity receiving Program funds will be required to retain use of funds records and supporting documentation for a period of ten (10) years. Furthermore, by accepting CSFRF funds, government and non-government entities are required to certify proper and legal use of the funds and agrees to cooperate in any audit proceedings requested by the Government of Puerto Rico or other governing entity responsible for the compliant use of Program funds.

Reporting Requirements

On an annual basis, the Government of Puerto Rico is required to submit a performance report detailing the progress and impact of the use of CSFRF funds. This Recovery Plan Performance Report will include descriptions of the projects funded and information on the performance indicators and objectives of each award, helping local residents understand how their governments are using the substantial resources provided by Coronavirus State and Local Fiscal Recovery Funds program.

The key output performance indicators for this Program include:

- Amount disbursed
- Number of employees receiving awards
- Number of private sector employers participating in program

The key outcome performance indicators for this Program include:

- Employee retention

To ensure timely reporting, the Government of Puerto Rico requires the Lead Agency to adhere to the following reporting frequency:

- On a monthly basis all agencies and private sector employers shall report use of funds until all Premium Payments to employees are made
- On a quarterly basis, the Puerto Rico Department of Treasury will provide a summary of all program disbursements to date.

To ensure timely reporting, the Government of Puerto Rico requires the Recipients to adhere to the following reporting frequency:

- None. Based on the program design, Recipients will not be required to report.

As reporting needs may change over time, the Program reserves the right to request additional data from the Lead Agency or Recipients at any time.