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PREMIUM PAY FOR WORKFORCE RECRUITMENT AND RETENTION GRANT PROGRAM

Frequently Asked Questions (as of February 13, 2023 – recent additions in yellow highlight)

This FAQ addresses questions related to a grant program created by Act 83 of 2022. The program aims to mitigate the significant negative impacts health care and human services employers have sustained throughout the COVID-19 public health emergency by providing Premium Pay to essential employees. Specific topics covered in the FAQ include:

- A. Application – FTE Summary Spreadsheet
- B. Application - Portal
- C. Eligible Employers
- D. Eligible Employees
- E. Disbursing Premium Pay
- F. Reporting and Financial Management

A. Application – FTE Summary Spreadsheet

- 1) **Question:** How should an applicant list the “Work Location Name and Town” on the FTE Summary Spreadsheet if the employee works at multiple sites?
Answer: Enter [Program or Company Name] - Multiple Work Sites in [Location] Example: Main Street Nursing Homes – Multiple Work Sites in Addison County.
- 2) **Question:** What is a full-time equivalent employee (FTE) for the purposes of this application?
Answer: The FTE Summary Spreadsheet calculates the “Total Budgeted Employees.” This is the number of FTEs that should be input into the online application. For the purposes of completing “Table i. Full-time employees,” only include employees who are compensated for 35 hours of work per week or more in this table. Employees who are compensated for less than 35 hours of work per week should be included in “Table ii. Part-time employees.”
- 3) **Question:** We chose a 12-week lookback period. We had a full-time employee who resigned after 8 weeks of the period, so we reported 8 weeks in the full-time table and 4 weeks in the vacant positions table? Do we still list the employee name under vacant positions or change the field to the position title?
Answer: You should change to the position name of the vacant budgeted position.
- 4) **Question:** Are sick time and vacation time included in the FTE calculation?
Answer: Yes, compensated sick time and vacation time should be included.

- 5) **Question:** How should the applicant include per diem employees in the FTE Summary Spreadsheet?
Answer: For the purposes of the FTE Summary Spreadsheet calculation, applicants may convert per diem employee time to eight hours per day. If this equates to at least 35 hours per week on average for the lookback period, the employee will be considered a full-time employee and the applicant will not need to enter exact hours. They can simply enter the number of weeks the employee was employed into “Table i. Full-time employees.” If this equates to less than 35 hours, the applicant should enter the total hours for the lookback period into “Table ii. Part-time employees.” Alternatively, if applicants can document actual hours worked by per diem employees, they may choose to enter actual hours worked. Please note that no single employee will be counted as more than 1.0 FTE.
- 6) **Question:** Our organization provides several different services and programs and only some of those services and programs meet the definition of Eligible Employer in Section 2 of the Program Manual. Can we include all our employees within the entire organization on the application?
Answer: No, you can only include employees that work in programs or residences that meet the Eligible Employer definition in Section 2 of the [Program Guidance](#).
- 7) **Question:** Our organization is an Eligible Employer. Can we include all types of staff (e.g. maintenance, care coordinators, nurses, custodial) in the application for the purposes of the FTE calculation? Or do we need to determine if the staff meet the Eligible Employee criteria to include them on the application?
Answer: Yes, you can include all your organization’s staff in the FTE calculation. You do **not** need to ensure each employee meets the Eligible Employee criteria to include them on the application for the purposes of calculating a grant award. However, once a grant award is received, the grant awardee must ensure premium pay disbursements are only made to Eligible Employees.
- 8) **Question:** Can we include contracted workers in the FTE Summary Spreadsheet?
Answer: The FTE Summary Spreadsheet should only include employees of the organization and budgeted vacant positions. Tables i and ii should only include current employees. Table iii should include vacant positions. The State of Vermont recognizes that contracted staff may be performing duties because of staff vacancies. Therefore, applicants may consider a position vacant if it is a posted position even if the duties are currently being performed by a contracted worker. Table iv. is for program evaluation to identify how employers are using contracted staff due to vacancies and whether this grant program impacts vacancy rates and employer use of contracted staff to cover vacancies.
- 9) **Question:** Do we still include a full-time benefited employee hired to work 37.5 or 40 hours per week in the full-time column if they average less than 35 hours per week for the 12-week period? If not, do we list them in part-time based on less than 35 hours averaged per week? If the latter is true, do we add the unmet hours to vacant due to budgeted hours vs. worked?

Answer: First, we want to be clear that Tables i and ii are looking for the hours for which the employee was compensated (not necessarily worked), so if a full-time employee was sick for a week and took a week's vacation, you would still list them. Having said that, if an employee was hired to fill a full-time position, did not fulfill that capacity, and was only compensated for part-time, then yes, you would enter the appropriate hours into Table ii and could then enter the remainder of the budgeted position as vacant hours in Table iii.

10) **Question:** Can Designated Agencies and Specialized Service Agencies include Developmental Home Providers (e.g. Adult Foster Care) in the FTE calculation?

Answer: Yes, Designated Agencies and Specialized Service Agencies can include Developmental Home Providers (e.g. Adult Foster Care) in the FTE calculation as long as the listed staff are not receiving payment through ARIS Solutions for the work performed.

11) **Question:** On Step 1 of the FTE Summary, what constitutes a dental therapist?

Answer: A dental therapist is a professional who has a degree from a four-year dental therapy program and works under the supervision of dentists, either in the same office or remotely, to perform the duties defined in 26 V.S.A. § 613.

12) **Question:** Dental assistants aren't listed in the FTE Summary tables. Should we select "medical assistants" instead?

Answer: No. If an employee type isn't listed in Step 1, include all of those employees in "other."

13) **Question:** Does the "primary care practice" service line include mental health care provided in our practice?

Answer: Please review Section 2 of the [Program Guidance](#) which cites the Area Health Education Centers Program as defining a Primary Care Practice as an "office or clinic which offers general primary care to adults and/or children, an ongoing relationship between a primary care practitioner (PCP) and the patient, comprehensive care, continuity of care, and coordination of care in family medicine, general internal medicine, general obstetrics-gynecology, or general pediatric. Site may include patient's home for an 'all home care' primary care practitioner."

When filling out your FTE Summary Spreadsheet, please include any hours worked in support of mental health care that fall within this primary care definition (for example, mental health screenings to support a comprehensive assessment). Hours worked in support of mental health care that don't meet this definition should not be included.

B. Application - Portal

1) **Question:** How can I confirm my application was received?

Answer: There are two ways to verify an application was submitted. First, you should receive a confirmation email from the system. The email is computer generated and is from ahs.workforcegrant@vermont.gov. You should check your spam or junk folders and mark this address as safe sender as you will receive all system generated emails, including approvals and grant award letters, from the system. Second, you can login the account you used to apply and see that their application is in “submitted” status on your dashboard.

- 2) **Question:** We applied for a unique entity identifier at SAM.gov, but the federal government is reporting processing delays with a turn-around time of more than 2 weeks. How can we proceed?

Answer: Please enter all zeros in this section and submit your application prior to the deadline. We will reach out to you before completing the application review to get the updated SAM unique entity identifier. We cannot issue payment until we receive this number.

C. Eligible Employers

- 3) **Question:** Are out-of-state employers eligible to apply for this funding if they provide services in Vermont?

Answer: The Eligible Employer could be a parent company from another state that has a branch location in Vermont. The Eligible Employer must employ one or more individuals in Vermont in relation to its operation. Eligible Employers must enter the employee's name and work site location in the application using the FTE Summary Spreadsheet. Eligible Employees must perform their job in a work site located in Vermont. See Q.1 in Section A above regarding Eligible Employees who work in multiple sites or perform home visits.

- 4) **Question:** What if an organization already received grants for their lines of business that were eligible in Round 1 and now wants to apply for other lines of business (under the same employer identification number) that are eligible in round 2? Can they apply?

Answer: Yes. The organization should fill out an application for the additional lines of business. If the applicant sees an error message, [send a message](#) to the AHS program team, noting the applicant's name, application number, and error message.

D. Eligible Employees

- 1) **Question:** What is the employer's responsibility for ensuring that the employee completes their required service commitment?

Answer: The employer is required to obtain and document a good faith commitment from the employee prior to distributing premium pay.

- 2) **Question:** I should only enter Eligible Employees into the FTE Summary Spreadsheet, correct?

Answer: No. It's important to make the distinction between the application process of counting employees in the lookback period from the process of disbursing funds to eligible employees. For the purposes of the application, the applicant should include all of their

employees who do work in Vermont for an eligible employer. This is the basis of the grant award calculation. They do not have to perform the Eligible Employees test or seek service commitments as part of the application process.

For the purposes of distributing the grant award, the grantee will need to ensure that only Eligible Employees receive premium pay. Eligible Employees must meet the criteria in Section 3 of the [Program Guidance](#) and must commit to continuing employment with the Eligible Employer for at least one calendar quarter following receipt of the payment. Eligible Employees can include employees that support the staff that provide direct services and supports as long as they meet the requirements of Section 3. There will be additional webinars to discuss eligible employees after the application process is complete.

- 3) **Question:** A 40-hour per week employee works from home three days per week and in the clinic interacting with patients and colleagues to provide eligible services two days per week? Is her maximum premium pay capped at \$520 per week (40 hours x \$13 per hour).
Answer: No. Her maximum pay would be capped at \$208 per week (16x\$13), as she spends 16 hours performing an eligible activity.

- 4) **Question:** For the purpose of assessing whether an employee's income is under the 150% cap, what is the reference period for an employee's total wages and remuneration? For example, an employee's wages and remuneration through June 2022 were less than 150% of the most recent figures from the Bureau of Labor Statistics. But she got a raise on July 1 that gives her a pay rate over that limit – and she is not one of the professions listed as being eligible regardless of wage. Does she qualify?
Answer: The reference period is the employee's annual salary during the period of time for which the employee is being considered for premium pay. For example, if this employer is giving employees premium pay of \$5 per hour for time worked between April 1 and July 31, then this employee would qualify to receive \$5 of premium pay for hours worked April through June, but not July. However, if this employer opted to give employees premium pay for hours worked between July 1 and August 31, then this employee would not qualify at all.

- 5) **Question:** How do you determine if a new employee will be under the 150% cap?
Answer: Similar to existing employees, employers should extrapolate out their employees' salary during the period for which they are being considered to determine their annual salary. For example, Employer A is paying premium pay for hours worked in August. Employer A hired a new employee on July 15 who will work 40 hours per week and be paid \$30 per hour for their first three months, then earn \$50 per hour after that. This employee would be considered to be under the 150% cap because their annualized salary during the period they are being considered for premium pay is under the cap.

E. Disbursing Premium Pay

- 1) **Question:** Are grant awardees required to distribute \$2,000 per employee?

Answer: No, grant awardees are not required to distribute \$2,000 per employee. \$2,000 per FTE is the formula used for requesting a grant award amount. Per Act 83 of 2020, “employers shall be afforded flexibility in how best to provide these incentive payments and how best to encourage continued employment beyond the [one calendar quarter] service commitment.” Grant awardees must ensure they do not exceed the allowable premium pay limits described in Section 4 of the [Program Guidance](#).

- 2) **Question:** How do the figures of \$2,000 per employee and \$13 per hour relate to each other?
Answer: The two figures aren’t directly related. The \$2000/FTE refers to the method of calculating possible grant to the organization. \$13 per hour refers to the maximum amount an Eligible Employee can receive in Premium Pay.
- 3) **Question:** How long do I have to track what I pay employees to ensure I don’t pay any of them more than \$25,000?
Answer: The \$25,000 cap is the maximum an employer can pay any one employee cumulatively over the course of all premium pay/hazard pay programs. Most, if not all, employees should be well under this cap, but the employer is responsible to maintain a running total to be sure.
- 4) **Question:** I understand that compensation rules require that premium pay must be included in the regular rate of pay when calculating overtime rates. So, if my employees work overtime (OT) and earn more than they normally do, can I use my grant to cover these additional OT costs?
Answer: Yes, with the caveat that grant funds can only be used for up to \$13 per hour and the grantee must use other funds to cover additional costs, even if required by compensation rules.

For example, Employer A normally pays an employee \$20 per hour, \$800 for a 40-hour week, and gives them another \$200 in premium pay per week worked in June and July once they commit to an additional quarter of work. Their non-OT compensation is thus considered to be \$25 per hour (\$1000/40), and their time-and-a-half is thus \$37.50 instead of the normal \$30. Employer A could choose to use the grant money to pay the entire premium for OT hours because the \$7.50 is less than \$13 of premium pay for each OT hour.

However, Employer B normally pays an employee \$40 per hour, \$1600 for a 40-hour week, and gives them another \$400 in premium pay per week worked in August once they commit to an additional quarter of work. Their non-OT compensation is thus considered to be \$50 per hour (\$2000/40), and their time-and-a-half is thus \$75 instead of the normal \$60. Employer B is capped at using \$13/hr for these grant funds so would have to use other funds to cover the remaining \$2 per OT hour. However, please note that the size of the grants and the fact that we are allowing awardees to spread it across hours worked starting April 1, 2022 make it unlikely that an employer would have to exceed the premium pay cap.

- 5) **Question:** May grant awardees distribute Premium Pay to part-time employees?

Answer: Yes, grant awardees may distribute Premium Pay to part-time employees that meet the Eligible Employee criteria in Section 3 of the [Program Guidance](#).

6) **Question:** May grant awardees distribute Premium Pay to new employees?

Answer: Yes, grant awardees may distribute Premium Pay to new employees that meet the Eligible Employee criteria in Section 3 of the [Program Guidance](#). However, Premium Pay may only be provided for work performed. New employees must perform work before receiving Premium Pay disbursements.

7) **Question:** Can Premium Pay be provided to employees who are working as of April 1, 2022?

Answer: Yes, Premium Pay can be provided to Eligible Employees for work performed as early as April 1, 2022. However, Premium Pay can only be disbursed after the grant awardee confirms the employee is an Eligible Employee as described in in Section 3 of the [Program Guidance](#) and the Eligible Employee commits to continuing employment with the Eligible Employer for at least one calendar quarter following receipt of the payment as described in Section 5 of the [Program Guidance](#).

8) **Question:** Does the grant awardee have to provide the same amount of premium pay to every employee?

Answer: No, the grant awardee has flexibility in determining the amount of premium pay to disburse within the allowable premium pay limits described in Section 4 of the [Program Guidance](#). However, they should make this compensation uniform for all employees performing the identical tasks/duties. Providing different levels of compensation to workers performing the same duties would go against the federal government's goal of properly compensating employees for any additional hazard they experience on the job.

9) **Question:** Can the employer opt to pay a higher premium pay bonus for overtime hours? For example, could they opt to give premium pay of \$4 per hour for non-OT hours and \$8 per hour for OT hours?

Answer: Yes. Employers may opt to pay a higher premium pay bonus for overtime hours if they determine this work to warrant additional compensation.

10) **Question:** Is premium pay considered taxable income?

Answer: Yes, premium pay is considered taxable income.

11) **Question:** Can an employer withhold employer payroll taxes in addition to employee payroll taxes? Can an employer withhold a percentage of the grant to cover administrative costs?

Answer: The funds must be used for recruitment and retention incentive payments only. An employer CAN use the grant to pay employer payroll taxes as that is consistent with salary and benefits. An employer CANNOT use the grant for administrative costs (neither direct nor indirect - such as a certain percentage, as you reference).

12) **Question:** An employer has been offering housing to nurses as an incentive during this tight housing market. Can this grant be used to cover those housing costs?

Answer: No. First off, the grant funds must be used for premium pay over and above normal compensation. If this employer has already been providing a housing subsidy, then housing would be a form of normal compensation, not a premium.

Second, even if the employer didn't previously offer housing, this benefit could be a tricky one to fit into the premium pay program. Premium pay is meant to provide a specified amount of monetary compensation to cover any elevated risk experienced by eligible workers.

Additionally, grantees are given the flexibility to determine the amount of premium pay compensation (up to \$13/hr and less than \$25,000 total for all programs), but they should make this compensation uniform for all employees performing identical duties. Providing different levels of compensation to workers performing the same duties would go against the rationale for premium pay. As such, a housing grant would have to be for a fixed amount and granted to both renters and homeowners and, even so, wouldn't be a perfect match for the nature of the eligible use, which is ultimately "hazard pay by another name."

If the cost of housing is a major obstacle to employment, the cleanest option would be for the employer to communicate that the employee could use the premium pay to help pay for housing – but then still issue the premium pay as a direct payment to the employee (and ultimately the employee can spend it on whatever they like).

F. Reporting and Financial Management

- 1) Question:** If an Eligible Employer's business is sold but continues to operate similarly in substantially all respects, and continues to be an Eligible Employer, could the Premium Pay grant benefits and obligations be transferred to the business under new ownership, or would unexpended funds at the date of the sale have to be returned to the State?

Answer: Because of the downstream effects with 1099 reporting and auditing, the seller should return the unused funds and the State can issue a new grant for the new owner. This will require some manual workarounds, but it will be cleaner.