



# OAG-update

January 2021

Office of the Auditor General  
State of Rhode Island  
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## Overview of COVID-19 Federal Assistance

This *OAG-update* provides a summary of the COVID-19 related federal assistance made available to the State of Rhode Island along with a preliminary compilation of amounts expended in fiscal 2020. Our audit of the State's financial statements is ongoing as well as our compliance audit of expenditures of federal awards (collectively known as the "Single Audit"). Accordingly, these expenditures, which are compiled from the State's accounting records, are unaudited pending completion of our audit. The amounts included reflect fiscal 2020 data as of January 13, 2021.

This compilation is intended to provide a highly summarized snapshot of expenditures of federal assistance received to address various aspects of the COVID-19 pandemic. It does not include federal assistance made directly to individuals, businesses (e.g., Payroll Protection Program loans), universities, colleges, or hospitals.

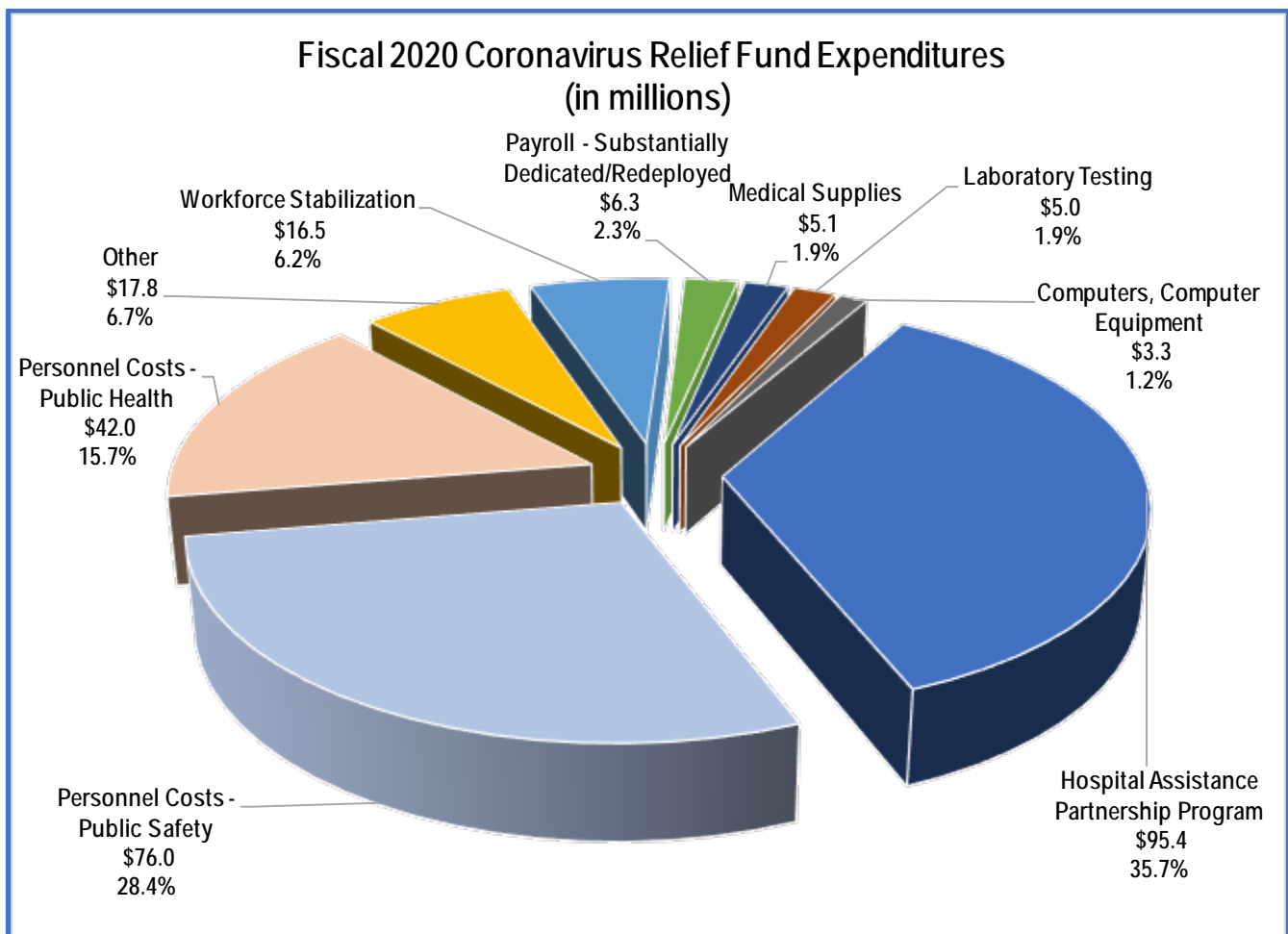
COVID-19 Federal Assistance:	Total Award Amount	Expenditures <sup>(1)</sup> through June 30, 2020
Coronavirus Relief Fund (CRF)	\$1,250,000,000	\$ 267,424,145
FEMA – Federal Emergency Management Agency – Disaster Assistance - Stafford Act	Award follows submission of request for reimbursement for allowable expenditures – at June 30, 2020 this is the amount of costs pending potential reimbursement from FEMA. 25% of this amount is to be funded locally but can be met through federal CRF funding.	\$ 100,000,000 <sup>(2)</sup>
Unemployment Insurance (UI)	Federal awards are made for specific categories of UI benefits which are funded by federal appropriations instead of the UI Trust Fund – awards related to COVID-19 included benefits for self-employed individuals, supplemental benefits for all claimants and extended benefits for claimants remaining unemployed after the first 26 weeks.	\$ 1,015,301,000 <sup>(3)</sup>
ESSER - Elementary and Secondary School Emergency Relief Fund	\$46,350,444	\$ 41,715,400
Enhanced Federal Medicaid Assistance Percentage (FMAP) for Medicaid	The federal share of eligible Medicaid expenditures was increased by 6.2% from 52.95% to 59.15%.	\$ 70,671,156
Other COVID-19 related assistance	Some existing federal programs included additional awards related to COVID-19 – these included CHIP, Federal Transit Cluster, Child Nutrition Cluster, WIC, CDBG and Election Security Grants.	\$ 10,032,578
<b>Total</b>		<b>\$ 1,505,144,279</b>

<sup>(1)</sup> Includes incurred amounts consistent with basis of accounting for financial reporting purposes.  
<sup>(2)</sup> Estimate pending FEMA approval – includes local match that is planned to be met from CRF funds – see page 2 for additional information.  
<sup>(3)</sup> Includes federally appropriated programs for pandemic unemployment benefits – see page 3 for additional information.

The State of Rhode Island received a Coronavirus Relief Fund (CRF) minimum distribution of \$1.25 billion under the federal CARES Act. No local governments within Rhode Island had populations greater than 500,000; therefore, no local governments received a direct CRF distribution. CRF funds were made available to cover necessary expenditures incurred due to the pandemic that were generally not included in approved budgets as of March 27, 2020. For administrative convenience, public health and public safety personnel expenditures incurred from March 1, 2020 were considered categorically eligible in that expenditures in those categories were assumed to be related to the COVID-19 response. CRF funds can also be used to meet the 25% local match requirement for expenditures reimbursed through the Federal Emergency Management Agency's Stafford Act program. The CARES Act initially provided for a period of availability that ended December 30, 2020 – this was subsequently extended to December 31, 2021.

The Hospital Assistance Partnership Program representing \$95 million of assistance payments to hospitals was the largest category of expenditure. Public Safety and Public Health personnel costs totaling \$76 million and \$42 million, respectively, were the next largest categories of CRF expenditures in fiscal 2020.

Coronavirus Relief Fund (CRF)	
Federal authorization	CARES Act
CFDA #	CFDA 21.019
Award amount	\$1,250,000,000
Period of Availability	March 1, 2020 to December 31, 2021
State matching requirement	none
Types of expenditures eligible for reimbursement	Public safety, public health, and incremental costs of pandemic response that were initially unbudgeted.
Expenditures through June 30, 2020	\$267,424,145



FEMA - Federal Emergency Management Agency – Disaster Assistance - Stafford Act	
Federal authorization	Stafford Act
CFDA #	CFDA 97.036
Award amount	n/a
Period of Availability	January 20, 2020 to end of declaration of the public health emergency.
State matching requirement	25%
Types of expenditures eligible for reimbursement	Response to public health emergency (e.g., surge/field hospitals and personal protective equipment).
Expenditures through June 30, 2020	Approximately \$100 million of expenditures were submitted to FEMA for potential reimbursement pending review and award of federal funds.

Federal Emergency Management Agency (FEMA) disaster assistance funds were made available to the states to address COVID-related expenditures incurred in responding to the pandemic. FEMA disaster assistance funds are not awarded in advance but are provided in reimbursement of eligible expenditures after submission and review by FEMA. If approved, FEMA reimburses 75% of the eligible cost and the remaining 25% is funded locally. Amounts received by the State under the Coronavirus Relief Fund may be used to meet the 25% local match and the State plans to fund the local share in that manner.

Until FEMA reviews and approves requests for reimbursement, expenditures are reported as funded by State sources. Consequently, the awards and receipts for amounts ultimately determined by FEMA to be reimbursable will be reported in a subsequent period. Amounts incurred through June 30, 2020 as well as amounts incurred during FY 2021 have been submitted to FEMA and are in various stages of review. A significant portion of the fiscal 2020 claimed amounts have been received from FEMA subsequent to June 30, 2020.

Of the approximately \$100 million in expenditures from FY 2020 that are pending review and reimbursement by FEMA, one of the larger categories of expenditure (\$27.3 million) includes costs for the establishment of three field hospitals – Providence (Convention Center), Cranston (Sockanosset Cross Road) and North Kingstown (Quonset). Expenditures include lease charges and the costs to convert the space to operational field hospitals (construction, furnishings, specialized ventilation, etc.). Two of the field hospital sites (Providence and Cranston) became operational in fiscal 2021. The North Kingstown site was decommissioned.

Approximately \$55.2 million relates to acquisition of personal protective equipment (masks, gowns, gloves, etc). Remaining FEMA costs are primarily personnel related.

The following unemployment assistance programs were newly authorized by the CARES Act in response to the COVID-19 pandemic.

Unemployment Insurance (UI)		
Federal authorization	CARES Act	
CFDA #	CFDA 17.225	
Award amount and period of availability	Categorical benefits are funded for defined periods. Specific amounts are awarded for program administration.	
State matching requirement	None	
CARES Act – Unemployment Assistance	Fiscal 2020 expenditures (in millions)	Program Description
PUA	\$ 106.4	The Pandemic Unemployment Assistance (PUA) program helps individuals who are not eligible for regular state UI benefits and who are unemployed, partially unemployed, unable to work, or unavailable to work as a direct result of a COVID-19 related reason.
FPUC	860.9	Federal Pandemic Unemployment Compensation (FPUC) is an emergency program to increase unemployment benefits for those out of work because of the COVID-19 pandemic. This program added up to \$600 in additional weekly benefits while also extending unemployment benefits to a maximum of 39 weeks instead of the typical 26 weeks.
PEUC	7.4	Pandemic Emergency Unemployment Compensation (PEUC) covers individuals who have exhausted all rights to regular unemployment compensation - the program provides an extra 13 weeks of benefits after regular state UI benefits run out.
First Week	24.5	The CARES Act reimburses states which provide unemployment compensation to individuals for their first week of regular unemployment (i.e., without a one-week waiting period) – this is referred to as the <b>First Week program</b> .
Reimbursable Employer	9.7	The CARES <b>Reimbursable Employer</b> program covers 50% of the amount of benefits paid for certain employers (e.g., non-profit entities electing the reimbursement method would typically reimburse 100% of the benefits paid for their employees).
CARES Act administrative	6.4	
<b>CARES Act subtotal</b>	<b>\$ 1,015.3</b>	
<b>UI Trust Fund</b>	<b>392.9</b>	
<b>Other</b>	<b>13.2</b>	
<b>Regular administrative</b>	<b>15.5</b>	
<b>Total all UI</b>	<b>\$ 1,436.9</b>	

These CARES Act benefit programs are funded through federal appropriations whereas regular unemployment benefits are typically funded through the State's Unemployment Insurance Trust account which receives employer tax payments. An unprecedented number of fraudulent unemployment claims have been filed in Rhode Island (and other states) concurrent with the rapid increase in applications for benefits due to the pandemic and the expansion of benefit programs as outlined above.

The objective of the ESSER Fund is to provide state educational agencies with emergency relief funds to address COVID-19 impacts on elementary and secondary schools. The State Educational Agency (RIDE) distributed funds, as required, based on federal Fiscal 2019 Title I, Part A allocations. In fiscal 2020, awards of ESSER funds were made to local education agencies (LEA), including charter schools, following the required formula.

State education aid appropriations for fiscal 2020 were reduced by the amount of ESSER funds awarded. LEA's were required to provide support to RIDE for ESSER allowable COVID-19 related costs.

Elementary and Secondary School Emergency Relief (ESSER) Fund	
Federal authorization	CARES Act
CFDA #	CFDA 84.425(D)
Award amount	\$46,350,444
Period of Availability	March 13, 2020 to September 30, 2022
State matching requirement	none
Types of expenditures eligible for reimbursement	COVID-19 related costs incurred by local educational agencies including charter schools
Expenditures through June 30, 2020	\$41,715,400

Enhanced Federal Medicaid Assistance Percentage (FMAP) for Medicaid	
Federal authorization	Families First Coronavirus Response Act
CFDA #	CFDA 93.778
Award amount	N/A – federal entitlement program
Period of Availability	January 1, 2020 to end of declaration of the public health emergency.
State matching requirement	Decreases the required state matching share of Medicaid allowable costs by 6.2%.
Types of expenditures eligible for reimbursement	Enhanced FMAP generally allowed for Medicaid allowable costs excluding Medicaid administrative expenditures and costs already reimbursed at an enhanced FMAP rate (e.g., individuals eligible under the Medicaid expansion provisions).
Expenditures through June 30, 2020	\$70,671,156

**Other COVID-19 related assistance** - federal CARES Act awards included additional awards for some existing federal programs including the Children’s Health Insurance Program, Federal Transit Cluster, Child Nutrition Cluster, WIC, CDBG, and Election Security Grants. The COVID-19 specific federal award component is tracked separately within the State’s accounting system. Such expenditures totaled approximately \$10 million for the fiscal year ended June 30, 2020.

**Amounts likely available in fiscal 2021 for COVID-related eligible costs** - Due to the nature of the pandemic, guidance on allowable expenditures, periods of availability, and amounts ultimately available continues to evolve. Unspent portions of federal funds made available during fiscal 2020 to address COVID-related expenditures are available in fiscal 2021 for the same purposes. More recently, additional funding is available through subsequent federal appropriations. The federal Bipartisan-Bicameral Omnibus COVID Relief Deal enacted in December 2020 provided additional COVID-19 related funding to the states including temporary and targeted rental assistance, additional education funding, and assistance for testing and vaccine distribution. The following table is a current estimate of amounts likely available in fiscal 2021.

COVID-19 Federal Assistance:	Amounts likely available in fiscal 2021 for COVID-related eligible costs
Coronavirus Relief Fund (CRF)	\$982,575,855 (\$1,250,000,000 less \$267,424,145 expended through June 30, 2020). The enacted budget for FY 2021 includes information regarding the planned use for the remaining CRF funds.
FEMA – Federal Emergency Management Agency – Disaster Assistance - Stafford Act	Claims to FEMA for disaster relief include, or will also include, expenditures incurred in fiscal 2021. Identification and submission of claims is ongoing.
Unemployment Insurance (UI)	Awards for related expansion and funding of UI benefits due to COVID-19 extended into fiscal 2021. Benefits were further extended and awarded through the more recent enactment of the federal Bipartisan-Bicameral Omnibus COVID Relief Deal in December 2020. This included supplemental UI benefits of \$300 per week.
ESSER - Elementary and Secondary School Emergency Relief Fund	Approximately \$5 million remains from first allocation – RI received an additional allocation of \$185 million authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021
Enhanced Federal Medicaid Assistance Percentage (FMAP) for Medicaid	Enhanced FMAP extends through the period of the public health emergency – estimated to continue through at least the quarter ending March 31, 2021.

**Audit and Accountability Measures for COVID-19 related funding** - The federal government and State of Rhode Island have implemented efforts to enhance transparency and accountability for the use of these funds. (see links below)

State of Rhode Island transparency website: <http://www.transparency.ri.gov/COVID-19/>

US Treasury: [The CARES Act Provides Assistance for State, Local, and Tribal Governments | U.S. Department of the Treasury](#)

Expenditures of federal awards under these programs will be included in our Fiscal 2020 Single Audit Report which must be submitted to the federal government as a condition of continued federal assistance. That audit is ongoing and will be completed later this year. The focus of the federal Single Audit includes compliance with federal requirements unique to each program. The federal government may additionally conduct its own audits and reviews of federal programs administered by the states. The U.S. Treasury Office of Inspector General has outlined detailed desk audit and other audit procedures for its CRF program. These follow robust quarterly reporting requirements on the use and programming of CRF funds which will continue until all funds have been expended.