

# CORONAVIRUS STATE FISCAL RECOVERY FUND



## Return-to-Work Program

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 the Return-to-Work Incentive Program (Program), which makes up to \$150 million in immediate CSFRF funds available to eligible individuals who return to the workforce before September 4, 2021. Of this allocation, up to \$50 million is available to eligible individuals returning to Restaurant and Bars, up to \$20 million for the Hospitality industry, up to \$50 million for the agriculture sector, and up to \$30 million for the Construction industry.

As Puerto Rico moves past the COVID-19 lockdowns, these industries are vitally important to revitalizing tourism and ensuring Puerto Rico can meet its nutritional needs. To help eligible individuals transition from unemployment to the workforce, the Program will provide a financial incentive.

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. For more information on compliance standards expected from recipients of CSFRF funds, please refer to the [Compliance and Reporting Guidance](#).

## 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 Treasury (Hacienda), the Puerto Rico Department of Labor and Human Resources (DTRH), and AAFAF.

## Eligibility Criteria

Eligible employers must meet all the following criteria:

- Employers must be duly registered in the Merchants Registry of the Department of the Treasury and be an active business at the moment of applying for the grant and have at least one of the following NAICS Codes as their main trade or business activity: 72231, 72232, 72233, 72241, 72251, 72111, 72112, 72119, 11111, 11112, 11113, 11114, 11115, 11116, 11119, 11121, 11131, 11132, 11133, 11141, 11142, 11191, 11192, 11193, 11194, 11199, 11211, 11212, 11213, 11231, 11232, 11233, 11234, 11239, 11241, 11242, 11251, 11291, 11292, 11293, 11299, 11511, 11521, 11411, 11531, 48411, 48412, 48423, 23611, 23621, 23622, 23711, 23712, 23713, 23731, 23799, 23812, 23891, 33661.
- Employers must have filed a 2020 Puerto Rico Income Tax Return or a Request for Extension of Time to File the Income Tax Return (Form AS 2644) for taxable year 2020.

Eligible employees must meet all the following criteria:

- Individual receiving Pandemic Unemployment Assistance (PUA) up until the start of a new position in an eligible industry;
- Stopped claiming unemployment benefits upon receiving offer of employment in an eligible industry.
- Start with a new employer with an eligible NAICS code;
- Secure part-time or full-time employment with an eligible employer between July 1, 2021 and September 4, 2021 ("Eligible Period").
- Commit to abiding by the Program's terms and conditions; and,
- Agree to return the Program funds, if it is determined that they did not comply with any of the Program eligibility requirements.

## Allowable Expenditures

Allowable expenses under this award must be:

- Return-to-work incentives to employees meeting the Program's eligibility criteria.

For further guidance please refer to the [Interim Final Rule](#) 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 [AAFAF website](#) 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:

- Return to Work incentive 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, other pandemic assistance from federal or local sources or from FEMA;

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

## Process Overview

The following is intended to outline the process by which funds from the CSFRF will be distributed to Applicants of the Program.

Approximately August 30, 2021	Award Announced (retroactive employment starting July 1 or later)
Approximately August 30, 2021	Application Period Opens
September 30 <sup>th</sup> , 2021	End of Application Period
30 days from Application submission, or September 30 <sup>th</sup> , 2021, whichever is latest	Initial Award Payment of \$500 to Eligible Employees will Begin
90 days from disbursement of Initial Award Payment, or November 30 <sup>th</sup> , 2021, whichever is earliest	Final Proof of Employment due
No later than December 6 <sup>th</sup> , 2021	Final Award Payment of \$1,500 to Eligible Employees will Begin
December 31, 2021	Deadline for Award Funds to be Paid to Eligible Employeee
January 1, 2022 – May 15, 2022	Program Audits Use of Funds Compliance and Recovery
May 31, 2022	Program Close

### *Application*

Applications will be submitted through the SURI system administered by the Puerto Rico Department of Treasury. Upon submission, Applicants will receive a confirmation via electronic mail.



### *Evaluation*

Employees will qualify for an Initial Award Payment when proof of employment is submitted by employer and DOL information is corroborated.

Employees will qualify for a Final Award Payment when proof of continued employment is submitted by the employer on or after 90 days after the commencement of employment. Continuous work by the employee for the employer is required for qualification to receive the Final Award Payment.

### *Available Awards*

The Program provides Back to Work Incentive in two tranches of payment. Initial Award Payment will occur once the initial proof of employment is submitted and corroborated. Initial Award Payment will consist of \$500 payable directly to the employee.

Final Award Payment will occur when final proof of employment is submitted on or after 90 days after the commencement of employment, starting from December 6, 2021. Final Award Payment will consist of \$1,500 payable directly to the employee.

### *Award and Funding*

Employers will be notified electronically of funding decisions. Subsequent Award funding opportunities (including expansion of eligible employees) will be determined based on availability of Award funds remaining after completion of initial awards.

Upon notification of an affirmative funding decision, the recipient will agree to the Program's terms and conditions. The acceptance of the terms and conditions as well as the subsequent receipt of the Award funds will constitute a legally binding agreement between the recipient and the Government of Puerto Rico and lays out the terms and restrictions for the use of Award funds.

### *Compliance*

Any employer receiving Program funds will be required to retain evidence of payment for a period of ten (10) years. Furthermore, by accepting CSFRF funds, the recipient is 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.

On a quarterly basis, the Program must also submit performance reports detailing the progress and impact of the use of CSFRF funds. These Recovery Plan Performance Reports 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.

Employers will retain evidence submitted to Hacienda for the purpose of certifying with Program requirements for disbursement of incentives. Such evidence includes eligible employee's records and whichever document that certifies employer's compliance with Program requirements. Employers acknowledge and agree to audits of those records at the discretion of the Government of Puerto Rico or other federal authorities with jurisdiction in this matter.