

AGENDA ITEM #2(D)  
July 21, 2009

**ACTION**

**MEMORANDUM**

July 14, 2009

TO: County Council

FROM: Linda McMillan, Senior Legislative Analyst   
Susan Farag, Legislative Analyst 

SUBJECT: **Action: Amendment to FY10 County Government Operating Budget Resolution to allow use of the Future Federal, State, or Other Grant Non-Departmental Account as an appropriation mechanism for certain stimulus funding**

Attached at © 1-2 is a resolution to amend Budget Provision No. 8 of the FY10 County Government Operating Budget appropriation resolution to allow a grant awarded under the American Recovery and Reinvestment Act of 2009 (ARRA) to be appropriated by a transfer from the Future Federal, State, or Other Grant Non-Department Account to the appropriate department or office if no new County position will be created or funded by the grant award. Currently, a new grant may not be appropriated by a transfer if it exceeds \$200,000. The grant must not require any new FY10 tax-supported appropriation or future tax-supported County funds.

**An amendment to a resolution can be introduced and acted upon in the same Council session and does not require the Council to waive its rules of procedure.**

**Background**

On Tuesday, June 30<sup>th</sup>, the Council received an update on the grant applications the County has submitted for funding. The summary indicated that the County has submitted almost \$37 million in formula grant allocations and another \$65.5 million in competitive grant awards. To date, \$14 million has been awarded. Some grants, such as the DHCA weatherization and

rapid re-housing grants have already been appropriated by the Council via the Council's regular appropriation process.

The Council will be on recess from July 28<sup>th</sup> to mid-September. There is concern that some grant awards will be made during this time period and that the inability to obtain Council action on a supplemental appropriation could slow down the process. Stimulus dollars are generally expected to be spent within two years.

Council staff and OMB have discussed this issue and proposed to Council President Andrews and MFP Chair Trachtenberg that the Council amend Budget Provision No. 8 of the FY10 County Government Operating Budget Resolution to allow certain stimulus grants to be appropriated through a transfer from the Future Federal, State, or Other Grant NDA. Council President Andrews and MFP Chair Trachtenberg are in agreement with this approach. The following shows the current language and the proposed amendment (which is in bold and underlined.)

This resolution appropriates \$20,000,000 for the Future Federal, State, or Other Grant Non-Departmental Account in the County Government Grant Fund to fund specific programs or activities designated in a grant, donation, contribution, reimbursement, or other non-County funding source received in FY10. When the County receives funds for a program from a non-County source, the County Executive may transfer appropriation from this Account to the appropriate fund for a department or office to support the program. The following conditions apply to the use of this transfer authority:

- (A) The program must not require any new FY10 tax-supported appropriation or future tax-supported County funds.
- (B) Subject to the balance in the account, any amount can be transferred in FY10 for any program which meets at least one of the following four conditions: (1) the amount is \$200,000 or less; (2) the program was funded in FY09; (3) the program was included in the FY10 budget; (4) the program was funded by the Council in a supplemental or special appropriation in FY10; **(5) the funding was awarded under the authority of the American Recovery and Reinvestment Act of 2009 and no new County position will be created under or funded by the grant award.** Any program that does not meet one of these [four] **five** conditions must be funded by a supplemental or special appropriation.
- (C) The Executive must notify the Council within 30 days after each transfer.

The Department of Finance may transfer appropriation to the Restricted Donation Special Revenue Fund on a quarterly basis. The Council must approve a transfer for any individual donation which exceeds \$200,000 unless the donation meets one of the conditions in subparagraph (B) of this paragraph.

The Executive must approve each transfer under this paragraph and must forward to the Council a copy of a monthly list prepared by the Office of Management and Budget of

each grant for which this transfer process has been used. The Office of Management and Budget must maintain a record to ensure that the total appropriation is not exceeded.

The Executive may also transfer an appropriation from a specific department or office grant appropriation in the County Government Grant Fund to the Future Federal, State, or Other Grant Non-Departmental Account when a specific grant is less than the amount appropriated. The amount of the transfer must equal the difference between the amount appropriated and the grant award.

This amendment will allow the Executive branch to move forward with grants that are all operating expenses, capital outlay, or where personnel funding can be applied to the cost of existing personnel, without the need for separate Council action. For example, if the County receives the awards to purchase replacement mobile radios or mobile computers, the full amount of the awards would be able to be transferred from the NDA. If approved, this amendment will be effective for all of FY10 and, while it is being recommended to address times when the Council is in recess, this method of appropriation can be used at any time the conditions are met.

Council staff notes that while the County's normal policy is not to move forward with advertising for new positions or issuing a request for proposal or invitation for bid until there is an approved appropriation, should a grant award be received during the Council's recess that does not meet the conditions for use of transfer from the NDA, the Executive branch could move forward with a procurement or hiring process as long as it is advertised as being subject to appropriation.

Resolution No: \_\_\_\_\_

Introduced: \_\_\_\_\_

Adopted: \_\_\_\_\_

COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND

---

By: County Council

---

SUBJECT: Amendment to Resolution No. 16-970, FY 2010 Operating Budget of the Montgomery County Government, Budget Provision No. 8 Use of the Future Federal, State, or Other Grant Non-Departmental Account as an appropriation mechanism for certain stimulus grants

**Background**

1. On May 21, 2009, the County Council approved Resolution No. 16-970, Approval and Appropriation for the FY 2010 Operating Budget of the Montgomery County Government.
2. Budget Provision No. 8 appropriated \$20,000,000 for the Future Federal, State, or Other Grant Non-Departmental Account in the County Government Grant Fund. When the County receives funds for a program from a non-county source, the County Executive is authorized to transfer appropriation from the Account to the appropriate department or office if the non-county funding meets certain conditions. For a new grant, the program must not require any new FY 2010 tax-supported appropriation or future tax-supported County funds and must be \$200,000 or less.
3. The County has applied for Federal funding available as a part of the American Recovery and Reinvestment Act of 2009 (ARRA). In many cases ARRA funding, if awarded, is to be spent within two years. In order to expedite the appropriation and procurement process, the Council was asked to consider whether it would be appropriate to allow certain ARRA grants that are in excess of \$200,000 to be appropriated by a transfer from the Future Federal, State, and Other Grant Non-Departmental Account.
4. The Council President and Chair of the Management and Fiscal Policy Committee have reviewed this issue and recommend that the Council approve an amendment to Resolution No. 16-970 to allow a grant awarded under the ARRA to be appropriated by a transfer from this Account if no new County position is created under or funded by the grant award. The grant must still comply with the condition that the program must not require any new FY10 tax-supported appropriation or future tax-supported County funds.

Action

The County Council for Montgomery County, Maryland, approves the following action:

Budget Provision No. 8 of Resolution No. 16-970 is amended as follows:

This resolution appropriates \$20,000,000 for the Future Federal, State, or Other Grant Non-Departmental Account in the County Government Grant Fund to fund specific programs or activities designated in a grant, donation, contribution, reimbursement, or other non-County funding source received in FY10. When the County receives funds for a program from a non-County source, the County Executive may transfer appropriation from this Account to the appropriate fund for a department or office to support the program. The following conditions apply to the use of this transfer authority:

- (A) The program must not require any new FY10 tax-supported appropriation or future tax-supported County funds.
- (B) Subject to the balance in the account, any amount can be transferred in FY10 for any program which meets at least one of the following four conditions: (1) the amount is \$200,000 or less; (2) the program was funded in FY09; (3) the program was included in the FY10 budget; (4) the program was funded by the Council in a supplemental or special appropriation in FY10; **(5) the funding was awarded under the authority of the American Recovery and Reinvestment Act of 2009 and no new County position will be created under or funded by the grant award.** Any program that does not meet one of these [four] **five** conditions must be funded by a supplemental or special appropriation.
- (C) The Executive must notify the Council within 30 days after each transfer.

The Department of Finance may transfer appropriation to the Restricted Donation Special Revenue Fund on a quarterly basis. The Council must approve a transfer for any individual donation which exceeds \$200,000 unless the donation meets one of the conditions in subparagraph (B) of this paragraph.

The Executive must approve each transfer under this paragraph and must forward to the Council a copy of a monthly list prepared by the Office of Management and Budget of each grant for which this transfer process has been used. The Office of Management and Budget must maintain a record to ensure that the total appropriation is not exceeded.

The Executive may also transfer an appropriation from a specific department or office grant appropriation in the County Government Grant Fund to the Future Federal, State, or Other Grant Non-Departmental Account when a specific grant is less than the amount appropriated. The amount of the transfer must equal the difference between the amount appropriated and the grant award.

This is a correct copy of Council action.

\_\_\_\_\_  
Linda Lauer, Clerk of the Council