



Committee: Directly to Council

Committee Review: N/A

Staff: Marlene Michaelson, Executive Director

Craig Howard, Deputy Director

Purpose: To receive testimony/final action - vote expected

Keywords: #CARES Act, coronavirus, COVID-19

AGENDA ITEM #10.6

December 8, 2020

Introduction/Public

Hearing/Action

SUBJECT

Special Appropriation to the Fiscal Year 2021 Operating Budget, Montgomery County Government Federal Coronavirus Relief Fund (NDA), \$9,934,156 (Source of Funds: Federal Grant Funds) and Amendment to Resolution 19-498 Special Appropriation to the Fiscal Year 2020 Operating Budget Montgomery County Government Federal Coronavirus Relief Fund (NDA)

COUNCIL DECISION POINTS

The Council will review and consider action on a special appropriation to the COVID NDA.

DESCRIPTION/ISSUE

This special appropriation would appropriate \$9.9 million in federal CARES funding to the County Government COVID NDA. Based on current spending patterns and demands, the County Executive anticipates that \$9.9 million will be unspent in previously approved CARES-funded appropriations.

SUMMARY OF KEY DISCUSSION POINTS

- This appropriation would allow any unspent funding from eight appropriations (listed on page 2) to be spent on selected Council priority uses by further amending Resolution 19-498.
- The appropriation request does not require that the \$9.9 million in projected unspent funds be reallocated, but provides the County Executive with the authority to do so if some or all of those expenditures are not spent on their original purpose by the Congressionally-mandated deadline. All CRF funds must be spent by December 30, and any unspent funds after that date must be returned to the Federal government.
- **The purpose of this resolution is to ensure that all remaining CRF funds can be spent and to direct any reallocated funding toward Council priority areas that benefit residents and businesses most in need to the maximum extent possible.**

DETAILED SUMMARY

Based upon passage of the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, Montgomery County received \$183,336,953 in Federal grant funding to be used for eligible COVID-19 related expenditures incurred between March 1 and December 30, 2020.

CRF monies received by Montgomery County must be spent on costs incurred on or before December 30, 2020. Since March 2020, the County Council has enacted special appropriations to help Montgomery County residents and businesses endure the pandemic and its effects. Due to the restrictions on spending imposed by Congress, the Administration expects that \$9,934,156 in CRF

dollars will be unspent based on current spending patterns and demands. The list below details the special appropriations where funds will likely go unspent.

Resolution	Abbreviated Purpose	Estimated Unspent
19-523	Support for COVID-19 Response – Reopen Montgomery	\$500,000
19-551	Short-Term Assistance to Distressed, Affordable Common Ownership Communities	\$1,934,654
19-556	Permanent Supportive Housing for Veterans and Unsheltered Adults	\$78,335
19-564	COVID-19 Support Mental Health Hotline and Youth Suicide Prevention Hotline (EveryMind)	\$49,500
19-565	Latino Health Initiative COVID Response - Por Nuestra Salud y Bienestar Program	\$423,300
19-582	African American Health Program Executive Committee Targeted COVID Response	\$1,369,298
19-589	Countywide Program - Youth Sports Initiative	\$400,000
19-611	COVID-19 School-Age Child Care During Distance Learning	\$5,179,069

This resolution appropriates an additional \$9.9 million to the COVID NDA, in alignment with the potential unspent funds, and provides the Executive with the authority to redirect any unspent funds prior to December 30 for specific expenditures types (detailed on the next page). However, the resolution does not disappropriate or take away funding from the original purpose if it can still be spent. **Instead, the resolution effectively double-appropriates the \$9.9 million– meaning the implementing departments or organizations still could spend as much of their original appropriation as possible in advance of the December 30 deadline.**

Additionally, as described in more detail below, the resolution provides as much expenditure flexibility as possible to Council priority programs like the Por Nuestra Salud y Bienestar Program and the African American Health Program. So while some programs show up on both the list of potential unspent funding and the Council priority area, that is because Executive Branch staff, non-profit partners, and Council staff are working to remove any barriers that may be currently preventing full spending.

As a result, the Executive Branch will only need to implement this authority to the extent that funds need to be reallocated. This resolution is not intended to require or allow expenditures on CRF eligible programs in excess of the \$183 million allocation. Additionally, if Congress were to extend the CRF expenditure deadline past December 30, then the Executive Branch staff would not implement this additional expenditure authority.

Specifically, the resolution authorizes some or all of the \$9.9 million to be reallocated if needed in the five areas listed below:

1. **Expenses for food distribution and delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions. Funds may be used for CRF eligible expenses associated with the community-based service consolidation Hubs and the non-profit partners that support the work of the Hubs.** While certain Hub expenses were previously authorized in Resolution 19-498, this language provides additional expenditure flexibility for eligible services associated with the Community Hubs that were not previously included.
2. **Costs related to eviction and homelessness prevention programs addressing tenants at risk of eviction or homelessness due to COVID-19 impacts.** This provision was previously authorized in Resolution 19-498. Council staff has confirmed that the existing eviction prevention language can also be used to cover expenditures for assistance programs provided by non-profit partners as well as government entities, which may result in additional funds being used to help residents at risk of eviction.
3. **Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.** This provision was previously authorized in Resolution 19-498, and may provide an opportunity to expend additional CRF dollars on this priority area.
4. **Any additional costs related to four key programs enacted by the Council to assist businesses or residents in need: the Public Health Emergency Grant Program, the Early Care and Education Initiative Recovery Fund, the Por Nuestra Salud y Bienestar Program, and the African American Health Program Executive Committee Targeted COVID Response.** Council staff notes that it is unlikely that these programs would be able to expend funds beyond their original appropriation before December 30. However, Council staff and Executive Branch staff are exploring all options and believe that including these programs in the list of authorized programs makes sense in case viable options are found.
5. **If any of the unspent spends are not able to be reallocated to the priority programs and uses identified above, the resolution would then allow funds to be used for any eligible expense previously authorized by the Council by Resolution 19-498.** This final provision will help ensure that all CRF dollars are spent and no funds are returned to the Federal government. However, it will only be used as a last resort after maximizing funding for the priority uses.

This report contains:

Draft Special Appropriation Resolution

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Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead sponsor: Council President

SUBJECT: Special Appropriation to the Fiscal Year 2021 Operating Budget
Montgomery County Government
Federal Coronavirus Relief Fund (NDA)
\$9,934,156 (Source of Funds: Federal Grant Funds) and
Amendment to Resolution 19-498 Special Appropriation to the Fiscal Year 2020
Operating Budget Montgomery County Government Federal Coronavirus Relief
Fund (NDA)

Background

1. Section 308 of the County Charter provides that a special appropriation is an appropriation which states that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. Each special appropriation shall be approved by not less than six Councilmembers. The Council may approve a special appropriation at any time after public notice by news release. Each special appropriation shall specify the source of funds to finance it.
2. On March 27, 2020 the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted. The CARES Act established the Coronavirus Relief Fund (CRF) and appropriated \$150,000,000,000 to the fund. Under the CARES Act, the fund is to be used to make payments for specified uses to States and certain local governments, and Montgomery County is eligible to receive \$183,336,953 from the Federal CRF. On April 14, 2020 the County submitted an application to access the CRF funds. As required by the CARES Act, the County Executive certified that the funds would only be used to cover costs that: are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); were not accounted for in the County budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act); and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. The full \$183,336,953 Federal grant has been received by the County.

3. CRF monies received by Montgomery County must be spent on costs incurred on or before December 30, 2020. Since March 2020, the County Council has enacted special appropriations to help Montgomery County residents and businesses endure the pandemic and its effects. Due to the restrictions on spending imposed by Congress, the Administration expects that \$9,934,156 in CRF dollars will be unspent based on current spending patterns and demands from the funds appropriated by Resolutions 19-523, 19-551, 19-556, 19-564, 19-565, 19-582, 19-589, 19-611.
4. This appropriation provides \$9,934,156 in appropriation authority to the Federal Coronavirus Relief Fund NDA to be spent on eligible costs incurred on or before December 30, 2020.
5. Public notice of the special appropriation was provided by news release and specified the source of funds as Federal Grant Funds.

Action

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

A special appropriation to the FY20 Operating Budget of the Montgomery County Government, in the amount of \$9,934,156 is approved to the Federal Coronavirus Relief Fund NDA (COVID NDA) as follows:

	<u>Personnel Expense</u>	<u>Operating Expense</u>	<u>Total</u>	<u>Source of Funds</u>
COVID NDA	\$0	\$9,934,156	\$9,934,156	Federal Grant Funds

The Council approves the following amendment to Resolution 19-498 which authorized uses for funds in the Federal Coronavirus Relief Fund NDA (COVID NDA).

\$9,934,156 in funds appropriated to the COVID NDA are limited to the following Council priority uses:

Expenses for food distribution and delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions. Funds may be used for CRF eligible expenses associated with the community-based service consolidation Hubs and the non-profit partners that support the work of the Hubs.

Costs related to eviction and homelessness prevention programs addressing tenants at risk of eviction or homelessness due to COVID-19 impacts.

Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.

Any additional costs associated with the COVID-19 relief and response programs funded by the following Resolutions: 19-409: Public Health Emergency Grant Program, 19-500: Early Care and Education Initiative Recovery Fund, 19-565: Latino Health Initiative COVID Response - Por Nuestra Salud y Bienestar Program, and 19-582: African American Health Program Executive Committee Targeted COVID Response.

If any of the \$9,934,156 is unable to be spent on the Council priority uses identified above in advance of the deadline established by Congress, these funds may also be used for any eligible expense previously authorized by the Council by Resolution 19-498.

This appropriation is needed in response to a public health emergency and to act without delay is in the public interest.

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council