



Committee: Directly to Council
Committee Review: N/A
Staff: Craig Howard, Deputy Director
Gene Smith, Legislative Analyst
Purpose: Receive briefing and discuss – no vote expected
Keywords: Revenues, Fiscal Plan

AGENDA ITEM #14
December 14, 2021
Briefing

SUBJECT

Update: Fiscal Plan and Federal Funding

EXPECTED ATTENDEES

Mike Coveyou, Director, Department of Finance (Finance)
Jennifer Bryant, Director, Office of Management and Budget (OMB)
Nancy Feldman, Finance
Josh Watters, OMB
David Platt, Chief Economist, Finance
Chris Mullin, Budget Manager, OMB

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

Each December the Council receives an update from Executive staff about the County's fiscal plan. The fiscal plan provides a high-level overview of the County's fiscal condition and position based on current revenue and expenditure assumptions. The December 2021 update includes revisions to the County's revenues based on actual collections to-date and estimated annual expenditures based on Quarter 1 spending for the County Government (©1-5).

An update on the Federal funding received by the County, including the CARES Act, ARPA, and FEMA will follow Council staff's overview of the updated fiscal plan.

UPDATED FISCAL PLAN

- Overall, the County's fiscal position weathered the pandemic better than expected due to significant one-time Federal funding and actual FY21 tax revenue collections exceeding the budget projections from March 2020.
 - **Total tax revenues in FY21 were \$131.4 million greater than budgeted.** This allowed the County to end with general fund reserve levels greater than the 10.0% policy level.
 - Current estimates indicate that the **County will meet its fiscal policy goals for OPEB contributions, PAYGO, and reserves in FY23.**
 - **Fiscal pressures remain, however, as the U.S. recovers from the pandemic.** These pressures could change the outlook in FY22 and/or FY23 as fiscal details become clearer.

Revenues

- Finance has updated the FY22 tax supported revenues to reflect actual collections through November. **In summary, Executive staff estimates that FY22 total revenues will be \$40.5 million greater than the FY22 approved budget.** Below are more details about the specific components of this revised estimate.
- 1) Finance estimates that tax revenues will be **\$71.4 million greater** than the FY22 approved budget. Most of this increase is due to the increase in collections from the County's excise taxes (e.g., energy, recordation, and transfer taxes).
 - Property Tax Revenues. Finance estimates that property tax revenues will be **\$13.4 million greater** than the FY22 approved budget. The County's personal property taxes are the main reason for this revision due to the increase in assessable base compared to the approved budget.
 - Income Tax Revenues. Finance estimates that income tax revenues will be **\$5.5 million less** than the FY22 approved budget. This slight decrease is due to actual distributions to-date from the State being less than estimated.
 - Transfer and Recordation Tax Revenues. Finance estimates that these tax revenues will be **\$44.1 million greater** than the FY22 approved budget. This increase is due to the actual volume of sales and median sales price exceeding the assumptions in the approved budget.
 - Other Tax Revenues. Finance estimates that these tax revenues will be **\$19.4 million greater** than the FY22 approved budget. **Most of this increase is from the energy tax.** The energy usage for commercial properties has increased more than estimated in March 2021.
- 2) Executive staff estimate that other revenues will be **\$30.9 million less** than the FY22 approved budget. This decrease is due to the continued fare holiday for Ride On buses (about \$12.0 million) and the elimination of assumed FEMA reimbursements that have not been received yet (about \$19.0 million).

Expenditures

- OMB estimates that the County Government's expenditures will be **\$84.1 million greater** than the FY22 approved budget. Most of this increase is from County's ongoing response to the pandemic through the Department of Health and Human Services. This estimate is based on the County's actual expenditures through Quarter 1 of FY22.
- OMB estimates that the County Government could **add approximately \$37.5 million in new expenditures** in FY22. This estimate is based on the supplemental and special appropriations that have been introduced or acted on since the approved budget in May 2021.
- OMB has included a \$15.0 million expenditure placeholder for snow removal, as it does most years.

Reserves

- The County's FY22 general fund reserves are currently estimated to end at 10.6% based on the current revenue and expenditure estimates noted above.
 - FY21 Ending Reserves. The County ended FY21 at 11.0% for general fund reserves. FY21 tax revenues exceeding the budgeted estimates was the primary reason the County's reserves exceeded budget estimates.
 - FY22 Estimated Ending Reserves. Executive staff estimates that the County's general fund reserves will end at 10.6% in FY22 based on current assumptions. **This includes the need to use approximately \$59.4 million of the general fund reserves to address additional and new expenditures in FY22 compared to the approved budget.**
- If the County's general fund reserves end at 10.6%, the fiscal plan estimates that \$24.4 million of resources from reserves will support the FY23 Capital and/or Operating Budgets since the actual reserve level is greater than the 10.0% policy level.

Compensation Sustainability

- As part of [Resolution 19-753](#), the Council formally adopted a compensation sustainability policy that indicates annual total compensation costs should be similar to the annual growth rate of tax supported revenues.
- **The fiscal update estimates tax supported revenue growth of 2.5% in FY23.** While several components of compensation costs are not yet known, including the Executive's proposed pay adjustments, a similar 2.5% growth rate in total County Government tax supported wage and benefit costs for FY23 would equate to approximately \$26.9 million.

Fiscal Pressures

- The updated fiscal plan is only a snapshot in time; therefore, there are still many variables that could impact the actual FY22 values, including the ending reserve estimate.
 - Ongoing pandemic response. The County has utilized significant one-time Federal funding to support its response to the pandemic. Should the response continue beyond the Federal funding allotted, the County must utilize its own resources to support these efforts.
 - Inflation. The cost of goods has increased as the U.S. recovers from the pandemic. This factor has already impacted construction cost estimates for schools in the County, and it could place additional pressure on the County's capital and operating budgets as the County's assumptions adjust to the current market prices.
 - Revenues. **The County's tax revenues, though greater than budgeted, are not anticipated to continue to increase at the same rates indefinitely as the economy adjusts following the pandemic recovery.** In addition, the updated fiscal plan does not include any revisions based on policies still before the Council, such as the changes stipulated by Bill 44-21 or a continuation of the fare holiday for Ride On in FY23.

FEDERAL FUNDING UPDATE

Coronavirus Relief Funds

- Montgomery County received \$183.3 million in Federal Coronavirus Relief Funds (CRF) from the CARES Act to cover expenditures incurred do to the COVID-19 public health emergency. The Council received an update from the CAO on the status of CRF expenditures on November 5, 2021 (©6-13). These funds initially were required to be spent by December 30, 2020, but Congress extended the spending deadline to December 31, 2021.
- The Council has appropriated a total of \$187.9 million in CRF dollars – \$72.3 million for special appropriations for a variety of pandemic related programs and services and \$115.6 million to the CRF NDA to reimburse the general fund for specific types of expenditures.
- Based on actual expenditures and updated CRF eligibility, the CAO recommends that the Council authorize the use of CRF dollars for two previously approved general fund appropriations – Winterization for Streeteries (\$1.25 million) and Conference Center Assistance (\$2.5 million). These appropriations were originally considered ineligible for CRF funding based on timing or content, but with changed CRF eligibility timelines and additional guidance from the Federal Government, the Executive Branch has determined that they are CRF eligible expenses.

These funding switches are scheduled for action as a separate item on the December 14 agenda (#20W) per the CAO's recommendation.

- The Executive Branch will provide the Council with a CRF closeout report once all the expenditures have been reconciled in January 2022.

American Rescue Plan Act (ARPA)

- President Biden signed into law the American Rescue Plan Act (ARPA) on March 11, 2021 to support the country's recovery from the COVID-19 pandemic. The County Government is expected to receive \$204.1 million in two equal tranches – one tranche was received in June 2021 and the second tranche is expected in May or June 2022.
- **To date, the Council has appropriated \$141.79 million in ARPA funds and set aside \$28.5 million to fund specific pandemic response programs in FY23 and \$20.0 million to fund unanticipated needs in FY22 or beyond – leaving \$13.81 million in unallocated ARPA funds.**
- A November 19 memorandum from then-Council President Hucker and Vice-President Albornoz (©14-15) outlines the suggested next steps for the Council's consideration of ARPA funding, which would continue the Council's people-centered approach that focuses on assisting those most impacted by the pandemic while also critically analyzing spending alternatives through a racial equity and social justice lens. Since then, the Council has approved additional ARPA funding for food security, the Por Nuestra Salud y Bienestar initiative, and the African American Health Initiative.
- Under this approach, Council staff will work with Executive Branch staff and county partners to develop funding options within seven broad priority areas (listed below) that meet ARPA eligibility requirements and align with the County's racial equity and social justice goals:
 - Workforce Development
 - Business Assistance Programs

- Stormwater Infrastructure (focus on climate resilience)
- Mental Health and Mentorship Resources (focus on youth and students)
- Services to Seniors Impacted by the Pandemic
- Public Safety and Health Issues in Silver Spring/US 29 Corridor
- Rental Assistance/Legal Aid for Evictions/Affordable Housing (consider after current federal funding streams run out)

FEMA Reimbursement

- The Council received a FEMA reimbursement update from the Executive Branch on November 23, 2021 (©16-17).
- The County has received approximately \$36.2 million in FEMA reimbursement as of November 23, 2021 (\$31.8 million in FY21 and \$4.4 million in FY22) and identified approximately \$65.9 million of expenses for future submissions.
- Recently, President Biden extended FEMA reimbursement eligibility through April 2021 which will likely result in additional submissions from the County.
- While the approved FY22 Operating Budget included an assumption of \$23.7 million in FEMA reimbursement revenue, the updated fiscal plan only assumes the \$4.4 million already received. **As a result, any additional FEMA reimbursements received in FY22 will be accrue to the general fund reserve as a one-time revenue per the Council’s fiscal policies.**

This report contains:

Fiscal Update Transmittal Memo (December 10, 2021)	©1-3
2021 December Fiscal Plan Update	©4-5
Coronavirus Relief Fund Update Memo (November 5, 2021)	©6-13
ARPA Funding Memo (November 19, 2021)	©14-15
FEMA Reimbursement Update (November 23, 2021)	©16-17

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OFFICE OF MANAGEMENT AND BUDGET


Marc Elrich
County Executive

Jennifer Bryant
Director

MEMORANDUM

December 10, 2021

TO: Marlene Michaelson, Executive Director, County Council

FROM: Jennifer R. Bryant, Director 

SUBJECT: Fiscal Plan Update

Attached please find the Updated Fiscal Plan and supporting documents. The Department of Finance's Updated Revenue Forecast has been incorporated in the Fiscal Plan. The Plan also reflects FY21 Preliminary Year-End Results, FY22 expenditure projections based on the results of first quarter analysis, FY22 tax supported pending and approved supplemental appropriations, revenue adjustment to Transit Ride-On revenue collections based on the free Ride-On policy through the remainder of FY22, and a set-aside in FY22 for snow-related expenses as described below. FEMA reimbursements assumed in the Updated Fiscal Plan only reflect actual reimbursements received by the County to date and do not include projections on future reimbursements. Other assumptions in the Fiscal Plan, including funding for the Capital Improvements Program and other non-agency spending have not changed. Because this is a limited update to fiscal assumptions, the projections are preliminary and reflect many unknowns, and the Fiscal Plan included as part of the County Executive's recommended budget next March will inevitably differ from the updated plan. However, this Fiscal Update is critical for the County Executive's budget formulation process and will provide context for the many difficult decisions needed in developing his Recommended FY23 Operating Budget and regarding spending decisions for the remainder of FY22.

The Updated Fiscal Plan reflects an upward revision in FY22 and FY23 revenues of \$160.6 million (FY22 up \$72.0 million, FY23 up \$88.6 million) compared to the FY22 Approved Fiscal Plan. The FY21 Preliminary Year-End Closeout results in an increase of approximately \$87.3 million in anticipated reserves compared to estimates in the approved fiscal plan. This results in FY21 preliminary actual reserves at 11.0 percent, exceeding the County's 10 percent reserve policy by \$55.5 million. FY22 projected year-end expenditures based on the first quarter analysis are significantly more than the FY22 Approved Budget mainly due to the County's continued response to the COVID-19 pandemic; the County is continuing to aggressively seek Federal Reimbursement for all eligible COVID-19 expenditures. Also, a FY22 set aside of \$15 million for snow and other storm related expenses has been assumed. The increase in FY21 reserves carry forward to FY22 and, along with an upward revision of tax revenues and FY22 spending assumptions, currently projects FY22 estimated reserves to be 10.6 percent of Adjusted Governmental Revenue (AGR), higher than the 9.6 percent assumed in the Approved Fiscal Plan. Due to these revised estimates, the County's reserves are estimated to remain at the 10 percent policy level in FY23 and beyond. Montgomery County Public Schools (MCPS) and Montgomery College (MC) are assumed at Maintenance of Effort (MOE) in FY23. County Government

budgets and the Maryland-National Capital Park and Planning Commission (M-NCPPC) show increases in available resources of 4.5 percent, compared to the Approved Budget. However, if Bill 44-21 passes and diverts 10 percent of Energy Tax revenues from the County's General Fund to the Montgomery County Green Bank and Free Ride-On is extended into FY23, then the available resources for County Government and M-NCPPC budgets would decrease accordingly, resulting in only a 1.6 percent increase for those budgets to meet all other needs.

Update to Revenue Projection and Reserves

In addition to the revised revenue forecast, the Updated Fiscal Plan includes revisions to the required reserve contributions, and a set aside for snow/storm-related spending in FY22. These changes are outlined in greater detail below:

1. Revenues:

The Department of Finance's December 2021 Revenue Update and Economic Indicators reflects an upward revision in FY22 tax revenues of \$72.0 million from the approved fiscal plan. This revision is based on updated economic assumptions and recent tax collections data and reflects the state of most tax revenues through November 2021. The taxes most affected are the income tax (down \$5.5 million from the approved fiscal plan); the property tax (up \$13.4 million); the transfer tax (up \$27.4 million); the recordation tax (up \$16.6 million); and the fuel energy tax (up \$13.0 million). FY23 revenues are \$88.6 million more than estimated in the approved fiscal plan due to upward revisions of \$7.2 million in the income tax, \$32.2 million in the property tax, and \$32.5 million for combined transfer and recordation taxes. Details on revenue forecast will be included in the Revenue Estimating Group report that will be submitted to the County Executive and County Council by December 15 as required in Section 20-84 of the Montgomery County Code.

2. FY23 Expenditures:

The fiscal plan assumes MCPS and MC at Maintenance of Effort (MOE) and an increase in available resources for County Government budgets and M-NCPPC at 4.5 percent, compared to the FY22 budget. Again, it should be noted that the 4.5 percent increase in available resources does not assume a 10 percent diversion in Energy Tax revenue from the General Fund to the Montgomery County Green Bank (as proposed in Bill 44-21) and does not assume continuation of the free Ride-On fare in FY23. If those policy assumptions are included, the increase in available resources for County Government budgets and M-NCPPC would decrease accordingly. **It should be noted that this version of the fiscal plan does not yet account for potential cost increases for FY23, including adjustments to compensation, increased benefits costs, Maintenance of Effort adjustments due to updated school enrollment estimates, the County's continued response to the COVID-19 pandemic, and annualization of new programs, among other cost pressures likely to reduce available resources for the FY23 budget. These funding decisions will be considered as part of the County Executive's Recommended Budget and will be transmitted to the Council in March.**

In addition to the expenditures assumed in the Updated Fiscal Plan, it does not include additional assumptions for continued budget pressures for human services programming and other expenditures necessary throughout the remainder of FY22 and in FY23 as the County continues its pandemic recovery efforts. For example, the Updated Fiscal Plan assumes additional expenditures for the Department of Health and Human Services (DHHS) of \$29.4 million beyond what was budgeted in FY22 to respond to the pandemic. It is likely that the actual amount needed by DHHS will be higher than what is assumed in the plan. OMB will be transmitting a supplemental appropriation to Council early in 2022 to recognize the additional pandemic related expenditures to date.

3. Reserves:

Due to the FY21 closeout and current projections for FY22 spending and revenues, the updated fiscal plan currently projects total reserves to be 10.6 percent of AGR at the end of FY22. As stated earlier, FEMA reimbursements in this updated plan are actual reimbursements to date and do not include projections going forward. The County continues to aggressively seek reimbursements for all eligible COVID-19 expenditures. FY23 reserves are assumed to be at the 10 percent policy level.

The fiscal plan assumes that in FY23 and beyond, the General Fund reserve will be funded at the Charter limit and contributions to the RSF will be made consistent with the County's fiscal policies and RSF law. Total reserves are projected to be at 10 percent in FY24 and beyond in accordance with the County's fiscal policies.

Looking Ahead

As you know, the County Executive will update the fiscal plan in March as part of his Recommended FY23 Operating Budget and FY23-28 Public Services Program. The March update will include several changes that are not part of the attached fiscal plan because the information is currently not available or is dependent on events that will occur subsequent to this transmittal, including:

1. the County Executive's recommendations for the FY23-28 CIP and the FY23 Operating Budget;
2. the mid-December update by the State Board of Revenue Estimates on its economic forecast;
3. the February 2022 income tax distribution and data on the County's excise taxes for November 2021 through February 2022;
4. revisions to estimates of the assessable base by the State Department of Assessments and Taxation expected in January 2022; and
5. Federal and State budget decisions that may affect the County's budget including FEMA reimbursements.

In summary, the fiscal plan reflects an increase in anticipated resources for FY22 and FY23. Since this version of the Fiscal Plan contains only limited updates, there are additional changes that will be incorporated into the County Executive's Recommended Budget and Fiscal Plan. The County Executive will need to balance the needs of the community while maintaining the fiscal health of the County. As the County continues to respond to the evolving nature of the pandemic, the County Executive and County Council will need to maintain fiscal flexibility for response and recovery efforts. At this time, OMB would continue to encourage fiscal restraint in order to maintain that level of flexibility.

JRB:cm

Attachment: December Fiscal Plan

c: Richard S. Madaleno, Chief Administrative Officer
Fariba Kassiri, Deputy Chief Administrative Officer
Michael J. Coveyou, Director, Department of Finance
Craig Howard, Deputy Director, County Council
Gino Renne, President UFCW Local 1994
Jeff Buddle, President, International Association of Fire Fighters, Local 1664
Torri Cooke, President, Fraternal Order of Police, Lodge 35

Fiscal Plan December 2021 Tax Supported Fiscal Plan Summary

(\$ in Millions)

	App. FY22	Est. FY22	% Chg. FY22-23	% Chg. FY22-23	Projected FY23	% Chg. FY23-24	Projected FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28
	5-27-21	12-14-21	App/Proj	Est/Proj	12-14-21										
Total Revenues															
1 Property Tax	1,884.7	1,898.1	4.2%	3.4%	1,963.2	3.7%	2,036.5	3.2%	2,102.1	3.0%	2,166.1	2.7%	2,224.3	2.4%	2,278.6
2 Income Tax	1,708.8	1,703.3	3.9%	4.3%	1,776.3	5.5%	1,874.1	5.0%	1,967.2	4.3%	2,051.1	5.0%	2,154.6	5.3%	2,267.8
3 Transfer/Recordation Tax	169.8	213.9	23.9%	-1.6%	210.5	3.8%	218.5	3.8%	226.7	3.7%	235.0	3.7%	243.7	3.6%	252.5
4 Other Taxes	244.4	263.8	9.0%	0.9%	266.3	0.1%	266.6	1.0%	269.4	0.4%	270.3	0.0%	270.2	0.0%	270.1
5 Other Revenues	1,208.4	1,177.5	-6.4%	-4.0%	1,131.0	0.2%	1,133.4	0.2%	1,135.6	0.3%	1,139.4	0.3%	1,143.1	0.3%	1,146.7
6 Total Revenues	5,216.1	5,256.6	2.5%	1.7%	5,347.3	3.4%	5,529.0	3.1%	5,700.9	2.8%	5,861.8	3.0%	6,035.8	3.0%	6,215.7
7															
8 Net Transfers In (Out)	10.6	10.6	2.0%	2.0%	10.8	2.5%	11.1	2.4%	11.4	2.4%	11.6	2.3%	11.9	2.2%	12.2
9 Total Revenues and Transfers Available	5,226.7	5,267.2	2.5%	1.7%	5,358.1	3.4%	5,540.1	3.1%	5,712.3	2.8%	5,873.5	3.0%	6,047.7	3.0%	6,227.9
10															
11 Non-Operating Budget Use of Revenues															
12 Debt Service	427.4	427.4	3.5%	3.5%	442.4	-0.5%	440.1	2.8%	452.6	1.2%	458.0	0.9%	462.0	0.0%	462.0
13 PAYGO	15.5	15.5	118.7%	118.7%	33.9	-9.1%	30.8	-8.4%	28.2	-3.5%	27.2	0.0%	27.2	0.0%	27.2
14 CIP Current Revenue	78.4	85.6	36.2%	24.8%	106.8	-11.7%	94.4	-21.0%	74.6	4.7%	78.1	0.0%	78.1	0.0%	78.1
15 Change in Other Reserves	-24.0	-47.7	100.8%	100.4%	0.2	5.2%	0.2	-4.8%	0.2	-1.4%	0.2	-9.9%	0.2	-1.8%	0.2
16 Contribution to General Fund Undesignated Reserves	13.3	-59.4	-284.2%	58.9%	-24.4	119.9%	4.9	39.9%	6.8	11.1%	7.6	-7.8%	7.0	10.6%	7.7
17 Contribution to Revenue Stabilization Reserves	27.5	27.7	-89.1%	-89.2%	3.0	344.1%	13.3	-18.2%	10.9	-8.3%	10.0	15.1%	11.5	-4.3%	11.0
18 Set Aside for other uses (supplemental appropriations)	0.0	45.3	n/a	-55.8%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
19 Total Other Uses of Resources	538.2	494.4	8.1%	17.7%	581.9	3.7%	603.7	-1.7%	593.3	1.3%	601.1	0.8%	606.0	0.0%	606.2
20 Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)	4,688.6	4,772.7	1.9%	0.1%	4,776.2	3.4%	4,936.5	3.7%	5,119.0	3.0%	5,272.4	3.2%	5,441.7	3.3%	5,621.6
21															
22 Agency Uses															
23															
24 Montgomery County Public Schools (MCPS)	2,551.6	2,551.6	0.3%	0.3%	2,558.4										
25 Montgomery College (MC)	265.5	265.5	-1.3%	-1.3%	262.0										
26 MNCPPC (w/o Debt Service)	143.8	143.8	4.5%	4.5%	150.2										
27 MCG	1,727.8	1,811.9	4.5%	-0.4%	1,805.6										
28 Agency Uses	4,688.6	4,772.7	1.9%	0.1%	4,776.2	3.4%	4,936.5	3.7%	5,119.0	3.0%	5,272.4	3.2%	5,441.7	3.3%	5,621.6
29 Total Uses	5,226.7	5,267.2	2.5%	1.7%	5,358.1	3.4%	5,540.1	3.1%	5,712.3	2.8%	5,873.5	3.0%	6,047.7	3.0%	6,227.9
30 (Gap)/Available	0.0	0.0			0.0		0.0		0.0		0.0		0.0		0.0

Assumptions:

- Property taxes are at the Charter Limit with a \$692 credit. Other taxes are at current rates.
- Reserve contributions are consistent with legal requirements and the minimum policy target.
- PAYGO, debt service, and current revenue reflect the Amended FY21-26 Capital Improvements Program.
- State Aid, including MCPS and Montgomery College, is not projected to increase from FY23-28.
- Projected FY23 allocations for MCPS and Montgomery College assume funding at maintenance of effort. The allocations do not include potential increases to State Aid or other possible agency resources, such as use of additional fund balance. Additional State Aid or use of fund balance would increase the rate of growth for MCPS and Montgomery College.
- MCG FY22 projected expenditures include the results of first quarter analysis.

Fiscal Plan December 2021
Tax Supported Fiscal Plan Summary

(\$ in Millions)

	App. FY22	Est. FY22	% Chg. FY22-23	% Chg. FY22-23	Projected FY23	% Chg. FY23-24	Projected FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28
Beginning Reserves															
Unrestricted General Fund	82.1	169.4	34.0%	-35.1%	110.0	-22.2%	85.5	5.7%	90.4	7.5%	97.2	7.8%	104.8	6.7%	111.8
Revenue Stabilization Fund	403.8	444.6	17.0%	6.2%	472.3	0.6%	475.3	2.8%	488.6	2.2%	499.5	2.0%	509.5	2.3%	521.0
Total Reserves	485.9	614.0	19.8%	-5.2%	582.3	-3.7%	560.9	3.2%	579.1	3.1%	596.8	2.9%	614.3	3.0%	632.8
Additions to Reserves															
Unrestricted General Fund	13.3	-59.4	-284.2%	58.9%	-24.4	119.9%	4.9	39.9%	6.8	11.1%	7.6	-7.8%	7.0	10.6%	7.7
Revenue Stabilization Fund	27.5	27.7	-89.1%	-89.2%	3.0	344.1%	13.3	-18.2%	10.9	-8.3%	10.0	15.1%	11.5	-4.3%	11.0
Total Change in Reserves	40.8	-31.7	-152.6%	32.4%	-21.4	184.9%	18.2	-2.6%	17.7	-0.8%	17.6	5.3%	18.5	1.3%	18.7
Ending Reserves															
Unrestricted General Fund	95.3	110.0	-10.3%	-22.2%	85.5	5.7%	90.4	7.5%	97.2	7.8%	104.8	6.7%	111.8	6.9%	119.5
Revenue Stabilization Fund	431.3	472.3	10.2%	0.6%	475.3	2.8%	488.6	2.2%	499.5	2.0%	509.5	2.3%	521.0	2.1%	532.0
Total Reserves	526.7	582.3	6.5%	-3.7%	560.9	3.2%	579.1	3.1%	596.8	2.9%	614.3	3.0%	632.8	3.0%	651.6
Reserves as a % of Adjusted Governmental Revenues	9.6%	10.6%			10.0%		10.0%		10.0%		10.0%		10.0%		10.0%
Other Reserves															
Montgomery College	27.7	27.7	0.0%	0.0%	27.7	0.0%	27.7	0.0%	27.7	0.0%	27.7	0.0%	27.7	0.0%	27.7
M-NCPPC	4.9	4.9	4.0%	4.0%	5.1	3.7%	5.3	3.1%	5.4	3.0%	5.6	2.6%	5.7	2.5%	5.9
MCPS	0.0	0.0	n/a	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
MCG Special Funds	0.9	0.9	0.8%	0.8%	0.9	2.9%	0.9	4.2%	0.9	3.8%	1.0	3.4%	1.0	3.6%	1.0
MCG + Agency Reserves as a % of Adjusted Govt Revenues	10.2%	11.2%			10.6%		10.6%		10.6%		10.6%		10.6%		10.6%
Retiree Health Insurance Pre-Funding															
Montgomery County Public Schools (MCPS)	73.0	73.0			66.2		60.5		53.9		53.9		53.9		53.9
Montgomery College (MC)	5.6	5.6			5.4		5.3		5.2		5.2		5.2		5.2
MNCPPC	2.7	2.7			2.7		2.7		2.8		2.8		2.7		2.7
MCG	10.8	10.8			7.5		4.2		0.7		0.0		0.0		0.0
Subtotal Retiree Health Insurance Pre-Funding	92.2	92.2			81.9		72.8		62.6		61.8		61.8		61.8
Adjusted Governmental Revenues															
Total Tax Supported Revenues	5,214.7	5,255.2	2.5%	1.8%	5,347.3	3.4%	5,529.0	3.1%	5,700.9	2.8%	5,861.8	3.0%	6,035.8	3.0%	6,215.7
Capital Projects Fund	131.7	131.7	-7.8%	-7.8%	121.5	1.1%	122.8	6.6%	130.9	0.3%	131.3	0.0%	131.3	0.0%	131.3
Grants	129.2	129.2	2.0%	2.0%	131.7	2.4%	134.9	2.4%	138.2	2.4%	141.6	2.4%	145.0	2.4%	148.6
Total Adjusted Governmental Revenues	5,475.6	5,516.1	2.3%	1.5%	5,600.5	3.3%	5,786.8	3.2%	5,970.0	2.8%	6,134.7	2.9%	6,312.2	2.9%	6,495.6



OFFICE OF THE COUNTY EXECUTIVE


Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

November 5, 2021

TO: Tom Hucker, President
County Council

FROM: Richard S. Madaleno, Chief Administrative Officer 

SUBJECT: Update – Coronavirus Relief Fund

As the Department of Finance and the Office of Management and Budget (OMB) finalize the Fiscal year 2021 closeout, I would like to update the Council on the County's uses of the Federal Coronavirus Relief Funds (CRF). As you know, the County received \$183.3 million in CRF funds from the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act to cover necessary expenditures incurred due to the COVID-19 public health emergency. Initially the funds were required to have been spent by December 30, 2020; Congress subsequently extended the deadline to incur costs until December 31, 2021.

Attachment 1 shows the status of special appropriations funded with CRF dollars. OMB has reached out to all departments with the remaining capacity to determine if any CRF dollars could remain unspent by the December 31, 2021 deadline. As shown in the table and considering repurposed dollars, Council appropriated a net of \$72,284,176 to these programs. Of that amount, \$62,902,209 has been booked to the CRF to date. Of the remaining amount to be spent, department staff estimate that \$2,888,337 will not be spent before the end of the calendar year and can be repurposed for CRF related expenditures that have already been incurred.

Attachment 2 shows the status of the \$115,636,325 appropriated by Council in Resolution 19-498 (\$80,000,000) and Resolution 19-659 (\$35,636,325) for the CRF Non-Departmental Account. In those resolutions, Council specifically authorized a number of to spend funds including those pandemic-related special appropriations passed by Council early on in the pandemic and funded by the General Fund. Of the total amount appropriated under these resolutions, \$107,836,598 has been booked to the CRF to-date or, in the instance of the appropriation for eviction prevention and rental assistance, will be booked to the CRF by the end of the calendar year.

Attachment 3 shows the status of the appropriation authority provided by the Council to spend CRF dollars. Considering dollars repurposed by Council, Council appropriated a total of \$187.9 million in CRF dollars, while the County received \$183.3 million. Based on the spending assumptions shown in Attachment 1 and Attachment 2, as well as current spending patterns, the amount to be spent by

December 31, 2021 is estimated to be \$177,259,437. This would leave \$6,077,516 in funds that could be allocated to eligible expenditures that have already been incurred.

Since providing the last update to Council on CRF dollars, it has been determined that expenditures related to maintaining the COVID-19 related lines of credit will not be eligible for reimbursement from our American Rescue Plan Act (ARPA) dollars. I have directed OMB and Finance to charge these expenditures to the CRF dollars through the end of this calendar year (\$722,292) under the authority previously approved by the Council. In addition, Council previously approved two pandemic-related appropriations and funded them through General Fund dollars – Resolution 19-690 Winterization for Streeteries and Resolution 19-709 Conference Center assistance. In total \$3,382,243 has been spent between these two appropriations that could be booked to the CRF. Therefore, we are requesting that Council adopt the attached resolution to allow us to use CRF dollars for these already incurred expenditures. Of the estimated remaining \$1,972,981, these funds will be allocated under Resolution 19-498 and subsequent resolutions for currently authorized pandemic-related expenditures that have already been incurred that are not eligible for reimbursement from the Federal Emergency Management Agency (FEMA).

Since the last FEMA-related update, the County has received an additional \$4.4M in reimbursements from FEMA. Additionally, FEMA extended the eligibility period for reimbursable expenses to the end of the current calendar year and issued new guidance that expanded the eligibility of PPE and cleaning supplies used in the reopening of facilities that will permit the County to re-submit an additional \$2.0M that was initially rejected. The majority of the current work resides with the County's contractor responsible for processing, reviewing, and packaging final submissions. There has been some additional complexity, as the contractor is using an approach that breaks apart previously defined submissions into pieces that can be submitted sooner versus those that require additional documentation (so as not to bog the process down completely), and also combines other pieces of submissions to comply with FEMA's revised set of project categories.

OMB will continue to monitor expenditures of the funds authorized under the CRF related special appropriations to ensure that funds are spent by the December 31 deadline. After expenditures have been reconciled in the new year, we will provide the Council with a closeout report.

RSM:jw

Attachments

Cc: Jennifer R. Bryant, Director, Office of Management and Budget
Michael Coveyou, Director, Department of Finance
Marlene Michaelson, Executive Director, Office of the County Council

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

SUBJECT: Amendment to Resolution 19-498 Special Appropriation #20-464 to the
Fiscal Year 2020 Operating Budget
Montgomery County Government Federal Coronavirus Relief Fund (NDA)

Background

1. 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 was to be used to make payments for specified uses to States and certain local governments, and Montgomery County was 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 31, 2021. The full \$183,336,953 Federal grant has been received by the County.
2. On June 16, 2020 the County Council adopted Resolution 14-498, a Special Appropriation to the FY20 Operating Budget for Montgomery County Government. This Special Appropriation allocated \$80,000,000 from the funds received under the CRF to the Federal Coronavirus Relief Fund Non-Departmental Account (NDA). In a subsequent action (Resolution 19-659) Council appropriated an additional \$35,636,325 for the NDA. The resolutions stated that the funds in the NDA may be used to pay for any County or municipal expenditure that is eligible under the CARES Act related to the specified purposes listed in the resolutions. Any COVID-19 related expenditure not listed in the resolutions would require the approval of the County Council.
3. The County Executive is requesting additional allowed uses for the funds in the NDA. This will allow the County to recognize CRF allowable expenditures that have previously been paid for with General Fund dollars.

Action

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

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

The General Fund was designated as the source of funding for the following previously approved special appropriations. Funds in the COVID NDA may be used to reimburse the General Fund for the following special appropriations:

Resolution 19-690: Special Appropriation to the Fiscal Year 2021 Operating Budget Montgomery County Government, Community Engagement Cluster, Support for COVID-19 Response – Winterization for Streeteries (\$1,250,000); and

Resolution 19-709: Special Appropriation to the FY 2021 Operating Budget, Montgomery County Government, Conference Center Non-Departmental Account (\$2,500,000).

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council

**Attachment 1
CRF Funded Special Appropriations**

Resolution	Purpose	Source of Funds	Dept/NDA	Full Appropriation Amount	Final CRF Allocation	Amount Spent	Remaining Allocation	Department Estimated Remaining 12/31/2021	Notes
19-499	3R Program (Reopen, Relaunch, Reimagine) - Economic Development	Unused funds from 19-438 & 19-454	MCEDC NDA	\$500,000	\$500,000	\$500,000	\$0	\$0	
19-500	Early Care and Education Initiative Recovery Fund (assistance to childcare providers)	Federal Grant Funds	Early Care and Education Initiative NDA	\$10,000,000	\$10,000,000	\$9,999,336	\$664	\$664	
19-506	Food Assistance/Security	Federal Grant Funds	COVID-19 Human Services and Community Assistance NDA	\$10,300,000	\$300,000	\$299,660	\$340	\$340	Of this appropriation, \$10M is directly related to food security and is eligible for FEMA reimbursement. Of the total appropriation, \$300,000 in administrative and development costs for the Food Security Fund administrative organization is not eligible for FEMA reimbursement and will be paid with CRF dollars.
19-522	COVID-19 Arts Relief Fund	Federal Grant Funds	Arts and Humanities Council NDA	\$3,250,000	\$3,250,000	\$3,250,000	\$0	\$0	
19-523	Reopen Montgomery Initiative	Federal Grant Funds and Unused PHEG Funds	Economic Development Fund	\$14,000,000	\$7,938,844	\$7,941,969	(\$3,125)	\$0	Of the initial \$14M appropriation, \$5,050,000 was repurposed for 19-646 the Tourism Stabilization Grant Program (all spent) and \$1,011,156 for 19-782 the Small Business Rental Assistance Program (all spent) - leaving the remaining appropriation of \$7,938,844 for Reopen Montgomery.
19-524	Maryland Tech. Council - Business Continuity Task Force	Federal Grant Funds	County Executive's Office	\$250,000	\$250,000	\$250,000	\$0	\$0	
19-535	Business Assistance for Medical and Dental Clinics	Federal Grant Funds	COVID-19 Human Services and Community Assistance NDA	\$3,000,000	\$3,000,000	\$2,756,528	\$243,472	\$225,412	\$2.5M in direct assistance to clinics has been spent. Of the remaining \$500,00 for Montgomery Cares community clinics, DHHS estimates that \$225,412 will be unspent. The Montgomery Cares program is utilization based driven by County residents needed/seeking access to health care services. The unused funding results from underutilization of the program by residents. HHS is working with OEMHS to determine if any of the remaining expenditures could be eligible for FEMA reimbursement.
19-551	Assistance to Distressed, Affordable Common Ownership Communities	Federal Grant Funds	COVID-19 Human Services and Community Assistance NDA	\$2,025,000	\$2,025,000	\$69,996	\$1,955,004	\$1,955,004	Program is closed. DHCA contracted with LEDC to distribute the funds to associations. Nine associations received funds under the program.
19-556	Permanent Supportive Housing for Veterans and Unsheltered Adults	Federal Grant Funds (\$118,335) / General Fund Reserves (\$236,665)	HHS	\$355,000	\$118,335	\$66,326	\$52,009	\$0	OMB will continue monitoring - the Department has indicated there is a possibility of some unspent funds as a result of the vendor administering the program.
19-557	Rental Assistance and Eviction/Homelessness Prevention	Federal Grant Funds	COVID-19 Human Services and Community Assistance NDA	\$20,000,000	\$20,000,000	\$17,542,696	\$2,457,304	\$0	The overall program has provided \$32M in rent relief across all sources. The Department is still working on tracking down the breakdown of assistance by funding source, but given the need for eviction prevention and rental assistance, the remaining funds should be spent by the end of the CY21.

Resolution	Purpose	Source of Funds	Dept/NDA	Full Appropriation Amount	Final CRF Allocation	Amount Spent	Remaining Allocation	Department Estimated Remaining 12/31/2021	Notes
19-560	Hospitality and Tourism Support	Federal Grant Funds	Conf. & Visitors Bureau NDA	\$200,000	\$200,000	\$200,000	\$0	\$0	
19-564	COVID-19 Support Mental Health Hotline (EveryMind)	Federal Grant Funds (\$300,000) / General Fund Reserves (\$95,000)	HHS	\$395,000	\$300,000	\$300,000	\$0	\$0	
19-565	Latino Health Initiative - Por Nuestra Salud y Bienestar	Federal Grant Funds (\$4,643,567) / General Fund Reserves (\$952,548)	COVID-19 Human Services and Community Assistance NDA	\$5,596,115	\$4,643,567	\$4,146,372	\$497,195	\$0	HHS is working with OEMHS to ensure that all FEMA reimbursable costs are submitted for FEMA reimbursement. There is a possibility that some remaining costs are eligible for FEMA, thus freeing up CRF dollars to be repurposed for other already incurred expenditures.
19-582	African American Health Program COVID Response	Federal Grant Funds	COVID-19 Human Services and Community Assistance NDA	\$3,354,084	\$3,354,084	\$2,788,989	\$565,095	\$0	HHS is working with OEMHS to ensure that all FEMA reimbursable costs are submitted for FEMA reimbursement. There is a possibility that some remaining costs are eligible for FEMA, thus freeing up CRF dollars to be repurposed for other already incurred expenditures.
19-589	Countywide Program - Youth Sports Initiative	Federal Grant (CUPF) (\$500,000)/General Fund Reserves (REC) (\$500,000)	CUPF / Recreation	\$1,000,000	\$500,000	\$377,772	\$122,228	\$0	CUPF expects the remainder will be used in the fall in conjunction with HHS and MCPS funding to pay for out of school youth sports and recreational programming events that occur during days that MCPS is not scheduled for full instructional day.
19-590	Youth Sports Initiative	Federal Grant Funds	COVID-19 Human Services and Community Assistance NDA	\$550,000	\$550,000	\$550,000	\$0	\$0	
19-611	School-Age Child Care During Distance Learning	Federal Grant Funds	Early Care and Education Initiative NDA	\$7,687,000	\$7,687,000	\$4,195,219	\$3,491,781	\$706,917	There are approved payments totaling \$6,980,083, which can be billed through the end of October since this includes brokers to finish the work. The Department estimates \$706,917 will not be spent by the end of CY21.
19-644	Educational Enrichment and Equity Hubs	Federal Grant Funds (\$1.2M) / General Funds (\$600k)	Children's Opportunity Fund	\$1,800,000	\$1,200,000	\$1,200,000	\$0	\$0	
19-645	COVID-19 Arts Relief Fund	Federal Grant Funds	Arts and Humanities Council NDA	\$406,190	\$406,190	\$406,190	\$0	\$0	
19-646	Tourism Stabilization Grant Program	Unused Reopen Montgomery Grant Funds	CEX	\$5,050,000	\$5,050,000	\$5,050,000	\$0	\$0	
19-782	Small Business Rental Assistance	Federal Grant	CEX	\$1,011,156	\$1,011,156	\$1,011,156	\$0	\$0	
Total				\$90,729,545	\$72,284,176	\$62,902,209		\$2,888,337	

Attachment 2 CRF NDA Uses

Resolution	Purpose	Source of Funds	Dept/NDA	Full Appropriation Amount	Final CRF Allocation	Amount Spent/Will be Spent by December 31	Notes
19-498	CRF NDA Appropriation				\$80,000,000		
19-659	CRF NDA Appropriation				\$35,636,325		
19-407	Food Security - Manna Food	GF Reserves*	HHS	\$260,000	\$260,000	\$0	Food security expenditures are eligible for FEMA reimbursement and not booked to CRF.
19-408	Hotel/Motel Rooms for Medical and Front Line Staff	GF Reserves*	Conference and Visitors Bureau NDA	\$250,000	\$250,000	\$37,700	Program is closed. Remaining funds in the appropriation can be repurposed.
19-409	PHEG Grant Program	GF Reserves*	Finance	\$20,000,000	\$20,000,000	\$19,999,999	Of total provided in the PHEG Grant Program (via Resolution 19-409 & 19-425), 6,751 total applications were received; 2,344 grants were awarded for a total of \$20,916,451 (includes \$646,125 in telework grants); Average grant award was \$8,923; and \$6.7 Million was awarded to 720 retail and restaurant establishments.
19-425	PHEG Grant Program	GF Reserves*	Finance	\$5,000,000	\$916,452	\$916,452	All funds dispersed.
19-426	Local PPE Production	GF Reserves*	MCEDC NDA	\$100,000	\$100,000	\$100,000	All funds dispersed.
19-427	PPE Purchase by DGS	GF Reserves*	DGS	\$250,000	\$250,000	\$0	PPE related expenditures are eligible for FEMA reimbursement and not booked to CRF.
19-432	Emergency Eviction Prevention and Rental Assistance	GF Reserves*	COVID-19 Human Services and Community Assistance NDA	\$2,000,000	\$2,000,000	\$2,000,000	To date, HHS has applied \$1,061,323 of CRF dollars toward this appropriation. Given the need for eviction prevention and rental assistance, HHS advises that all of these funds will be spent by the CRF deadline.
19-437	Food Assistance/Security	GF Reserves*	COVID-19 Human Services and Community Assistance NDA	\$750,000	\$750,000	\$0	Food security expenditures are eligible for FEMA reimbursement and not booked to CRF.
19-438	Telework Assistance Program - County Businesses	GF Reserves*	MCEDC NDA	\$250,000	\$250,000	\$250,000	All funds dispersed
19-454	Telework Assistance Program - County Businesses	GF Reserves*	MCEDC NDA	\$1,250,000	\$791,000	\$791,000	Funds have been disbursed. The remaining \$459,000 was transferred to the 3R program per Council resolution 19-499.
19-490	Unemployment Insurance Outreach	GF Reserves*	Worksource Montgomery NDA	\$40,000	\$40,000	\$0	Will not be needed before end of CRF grant period.
19-498	Coronavirus Relief Fund NDA - Montgomery County Government Operations	Federal Grant Funds	CRF NDA	\$115,636,325	\$88,832,173	\$82,571,747	The Revised Allocation amount reflects only the portion of the appropriation under 19-498 that was allocated for County government operations plus the amount allocated by Council under 19-659, and not for earlier appropriations initially funded with General Fund Reserves (those appropriations above this line). \$70 million in hazard pay differential that is ineligible for FEMA reimbursement has been moved to the CRF. The amount remaining will be used to cover any additional administrative costs associated with other CRF funded programs created by Council. The hazard pay differential ended 2/13/21 at a total cost of \$88.7 million.
19-659	Essential Provider Childcare Supplement			\$1,196,700	\$1,196,700	\$1,196,700	
Total					\$115,636,325	\$107,863,598	

Attachment 3			
Status of Appropriation Authority			
		Amount	
Federal Allocation		\$183,336,953	
	Appropriation Authority	Amount Booked and to be Booked by Dec 31	Remaining Authority
CRF NDA	\$115,636,325	\$107,863,598	\$7,772,727
Other Apps	\$72,284,176	\$69,395,839	\$2,888,337
Total	\$187,920,501	\$177,259,437	\$10,661,064
		Amount	
To be Allocated		\$6,077,516	

MEMORANDUM

November 19, 2021

TO: County Council

FROM: Tom Hucker, Council President
Gabe Albornoz, Council Vice-President

SUBJECT: ARPA Funding

Since President Biden signed the American Rescue Plan Act (ARPA) into law last March and Montgomery County received notice that it would receive an allocation of \$204 million, the Council has taken a people-centered approach focused on assisting those most impacted by the pandemic while also critically analyzing spending alternatives through a racial equity and social justice lens.

Specifically, the Council adopted a targeted strategy that addressed specific needs immediately while still allowing for longer-term planning for a portion of the ARPA funds to ensure the most effective use. Specifically, the Council has:

- Approved \$25 million for the Working Families Income Supplement expansion in FY22 and reserved an additional \$25 million to continue the expansion in FY23.
- Approved \$10.74 million for other critical needs as part of the FY22 budget, including continued funding for the service hubs created during the pandemic, additional funding for mental health services for MCPS students, and new funding for mobile health services.
- Approved \$5.8 million in additional funding in July for the BIPOC health initiatives.
- Approved \$91.95 million to address COVID-related revenue shortfalls, allowing the County to maintain its fiscal stability and preserve full funding for critical service areas such as MCPS, HHS and safety net services, Montgomery College, transportation services, and environmental programs key to addressing the impacts of climate change.

In total, the Council has appropriated \$133.49 million in ARPA funds to date and set aside \$28.5 million to fund specific pandemic response programs in FY23 and \$20.0 million to fund unanticipated needs in FY22 or beyond – leaving \$22.09 million in unallocated ARPA funds.

Suggested ARPA Next Steps

As part of a next round of ARPA funding, we recommend that the Council allocate \$14.6 million to provide funding for adult medical day care providers, food security, and the BIPOC health initiatives. Adult medical day care providers have had a significant negative impact from the COVID-19 pandemic, and unlike other areas have not received dedicated assistance from the State. Funding of \$1.2 million will help address this critical and demonstrated need.

In addition, the County Executive has recommended additional funding for food security (\$6.8 million in total, with \$5.8 million ARPA-eligible) and for Por Nuestra Salud y Bienestar (\$4.4 million) and has indicated that an additional funding request for the African American Health Initiative (~\$3.2 million) is forthcoming. These items are eligible for ARPA funding, are targeted towards the residents and communities most impacted by the COVID-19 pandemic, have already shown a positive impact, and align with the Council’s priority funding considerations for ARPA. As a result, we support using ARPA funds for these items, which would leave approximately \$27.5 million in remaining funding to allocate in FY22, FY23, or FY24.

Prior to considering further ARPA allocations in the winter timeframe, we suggest that the Council endorse the following list of seven broad priority areas. These represent areas that have consistently come up as part of Council and Committee discussions on the ongoing negative impacts of COVID-19 pandemic and needs for recovery. If the Council supports this concept, we will ask Council staff to work with Executive Branch staff and county partners to develop funding proposals within each area that are: 1) ARPA eligible; and 2) align with the Council’s racial equity and social justice goals.

- | |
|---|
| <p>Suggested Council APRA Priority Areas</p> <ol style="list-style-type: none">1. Workforce Development2. Business Assistance Programs3. Stormwater Infrastructure (focus on climate resilience)4. Mental Health and Mentorship Resources (focus on youth and students)5. Services to Seniors Impacted by the Pandemic6. Public Safety and Health Issues in Silver Spring/US 29 Corridor7. Rental Assistance/Legal Aid for Evictions/Affordable Housing (consider after current federal funding streams run out) |
|---|

While the timeframes for developing proposals within each area may vary based on multiple factors, we will ask staff to provide an update in February to ensure the Council has sufficient time to plan out how remaining funds should be allocated – including whether additional funds need to be reserved for FY23 and beyond.

We appreciate the Council’s continued commitment to maximize the impact of our federal funding while focusing on critical needs of our residents. We believe that the approach outlined above will continue these efforts.

FEMA Reimbursement Update: 11.23.2021

On November 9, 2021, the Federal Government announced that the pandemic emergency declaration was being extended and the period for which reimbursable expenditures could be documented and submitted to FEMA for 100% reimbursement is extended until April 1, 2022. Members of the “FARS” team that had been formed to handle the documentation of the County’s emergency-related expenditures incurred in response to the pandemic, in the highly organized and detailed manner required by FEMA, have largely returned to their home departments as the level of spending has been reduced as the pandemic’s worst impacts have appeared to be brought under control. The work continues but with a smaller core team working closely with the County’s contractor responsible for processing the projects submitted to FEMA. The chart below displays the current progress of documenting, reviewing, and submitting emergency-related expenditures.

Submission Number	Submission Description	Documented Amount as of 11/23/2021	Estimated Date submitted to FEMA	Initial Submission to FEMA	Final Submission to FEMA	Actual Reimbursement
1.0	Personal Protective Equipment and other related purchases by DGS from March - August 2020	\$31.8M	10/23/2020	\$31.8M 10/23/2020	\$31.8M 10/23/2020	\$31.8M 75% on 1/22/2021 25% Approved on 4/1/21
2.0	Personnel Costs from FOP and IAFF represented Employees, ECC, DOT, and HHS from March - August 2020	\$31.2M	Tentative 9/1/2021	\$31.2M 11/25/2020	\$1.5M 11/30/2021	
2.5	Operating Expenses from various Departments excluding DGS from March - August 2020	\$3.6M	Tentative 9/1/2021	\$22.0M 1/7/2021	\$3.6M 11/23/2021 (Note 8)	
2.5A	Non-Congregate Sheltering Expenses from March - August 2020	\$961K	11/30/2021	\$961K		
2.5B	Food & Delivery Expenses from March - August 2020	\$369K	11/30/2021	\$369K		
2.5C	PPE & Testing Expenses from March to August 2020	\$2.3M	11/30/2021	\$2.3M		
3.0	Personal Protective Equipment and other related purchases by DGS from September - October 2020	\$9.9M	1/5/2021	\$8.6M 1/5/2021	\$4.4M 7/2/2021	\$4.4M 9/23/2021 (Note 9)
4.0	Personnel Costs from Non-FOP and Non-IAFF represented Employees and other departments from March- August 2020	\$9.4M	12/7/2021		Documentation being reorganized based on new FEMA guidance (Note 7)	
5.0	Operating Expenses and Personnel Costs from September - October 2020	\$9.0M	12/14/2021		Documentation being reorganized based on new FEMA guidance (Note 7)	
6.0	Operating Expenses and Personnel Costs from November - December 2020	\$19.6M	12/21/2021		Documentation being reorganized based on new FEMA guidance (Note 7)	
7.0	Operating Expenses and Personnel Costs from January - February 2021	\$19.2M	12/28/2021		Documentation being reorganized based on new FEMA guidance (Note 7)	
8.0	Operating Expenses and Personnel Costs from March-October 2021	TBD	1/4/2022			

Submission Notes:

1. On 10/23/2020 the Office of Emergency Management and Homeland Security submitted **\$ 31,837,949.02** for reimbursement for Personnel Protective Equipment and other related purchases by the Department of General Services from March-August 2020.
2. On 11/25/2020 the Office of Emergency Management and Homeland Security submitted **\$31,177,824.82** for reimbursement for Personnel Costs from FOP and IAFF represented Employees, ECC, DOT, and HHS from March-August. Feedback from FEMA indicates that approximately \$1.5M of this amount is eligible for the final submission. Any amount not reimbursed by FEMA for differential pay in this submission could be booked to the CRF.
3. On 1/5/2021 the Office of Emergency Management and Homeland Security submitted **\$8,648,331.47** for reimbursement for Personnel Protective Equipment and other related purchases by the Department of General Services from September-October 2020.
4. On 1/22/2021 the Office of Emergency Management and Homeland Security received final approval from FEMA for **\$23,878,461.77** in reimbursement for Personnel Protective Equipment and other related purchases by the Department of General Services from March-August 2020. A recent Executive Order has directed FEMA to increase the federal match from 75% to 100% of eligible expenditures. No further action needs to be taken by MCG regarding prior submissions.
5. On 4/1/2021 the Office of Emergency Management and Homeland Security received final approval from FEMA for **\$7,963,072.08** in reimbursement for the remaining 25% of the Personnel Protective Equipment and other related purchases by the Department of General Services from March-August 2020.
6. On 7/2/2021 the Office of Emergency Management and Homeland Security submitted **\$4,354,315.03** for reimbursement for Personnel Protective Equipment and other related purchases by the Department of General Services from September-October 2020. An additional approx. \$1.3M of expenditures made prior to 9/15/2020 will be added to a future submission as per FEMA; other expenditures from the initial submission have been disallowed by FEMA based on mid-pandemic policy changes.
7. The required documentation for submissions 2.0, 2.5, 4.0, 5.0, and 6.0 are being revised based on new (June 2021) guidance from FEMA; eligible expenses are to be grouped into nine distinct categories split out by a combination of both "policy period" and activity type, as described in the table below, resulting in extensive revisions by OEMHS currently in process for a planned final submission on or around 11/1/2021:

	1/20/2020 – 9/14/2020	9/15/2020 – 1/20/2021	1/21/2021 – 9/30/2021
Feeding / Food Distribution			
Non-Congregate Sheltering			
Emergency Medical Care and All Other Expenditures			

8. \$14.3M of the original amount requires additional documentation, \$10M of which were grants provided to hospitals from whom documentation on their related expenses is needed; Approx. \$300k of the original amount is ineligible. Approximately \$3.7M has been separated out into Submission 2.5A, B, and C to conform with FEMA guidance.
9. In September, FEMA issued new guidance changing the eligibility of PPE and cleaning costs used in the opening of facilities from ineligible to eligible. This will allow the County to re-submit an additional \$2.0M that was initially rejected as part of this submission.
10. Submission 5.0 and 6.0 may be combined into a single submission of the County costs that are not related to feeding, sheltering, and testing. Of the remaining operating expenditures, \$10.3M are eligible for reimbursement under a future submission under the revised FEMA categories outlined in Note 7 above; \$3.4M require additional documentation or have been deemed ineligible; and \$7.0M in PC costs are still under review.