

M E M O R A N D U M

March 16, 2023

TO: County Council

FROM: Craig Howard, Deputy Director

SUBJECT: Update: American Rescue Plan Act (ARPA) and FEMA Reimbursement

PURPOSE: To receive a briefing

Expected Participants:

- Earl Stoddard, Assistant Chief Administrative Officer
- Corey Orlosky, Office of Management and Budget
- Thomas Tippet, Office of Management and Budget

A. FEMA Reimbursement

Background. As part of the FY21 and FY22 budgets, the Executive included FEMA reimbursements as a resource for the first time due to anticipated reimbursements for COVID-19 pandemic related expenditures. When the Council approved the FY22 budget, it included an assumption that the County would receive \$83.7 million in FEMA reimbursement in FY21 and \$23.9 million in FY22. Dating back to the onset of the pandemic, the Council and Executive had several conversations about the likelihood of FEMA reimbursement for different types of expenditures, most notably the COVID-19 pay differential (which FEMA determined was not eligible for reimbursement other than a small portion).

Halfway through FY22, as part of the December 2021 fiscal update, the Executive Branch reported that the County has received a total of \$36.2 million in FEMA reimbursements to date (\$31.8 million in FY21 and \$4.4 million in FY22). Based on the slow pace of reimbursement, the updated FY22 fiscal plan reduced the FEMA reimbursement assumption to the \$4.4 million already received.

The FY23 budget approved by the Council did not assume any resources for FEMA reimbursement, and included a provision in the budget resolution clarifying that and FEMA reimbursements received are one-time resources and should fund one-time expenditures per the County's fiscal policies. Similar to FY23, the Executive's FY24 recommended budget does not include any assumption for FEMA reimbursement.

Reimbursement Status Update. On March 16, Executive Branch staff provided a FEMA reimbursement update (©1-3). To date, the County has submitted \$64.9 million for FEMA reimbursement. Of that amount:

- The County has received \$54.5 million (including \$14.6 million received to date in FY23 from Submission #9); and
- \$10.4 million has been obligated by FEMA and awaiting the County is awaiting payment from the State.

Additionally, the County currently has another \$91.5 million in potential reimbursement submissions:

- \$38.9 million is in variously stages of the FEMA pre-approval process; and
- \$50.9 million is current under review and documentation for potential submittal.

B. ARPA Funding and Expenditures

Background. 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 received \$204.1 million in two equal tranches – one tranche was received in June 2021 and the second tranche in June 2022. Jurisdictions have until December 31, 2024 to obligate ARPA funds and until December 31, 2026 to spend them.

Since receiving notice of its ARPA allocation, 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.

Expenditure Update. To date, the Council has appropriated \$193,135,611 in ARPA funds, and set-aside (but not yet appropriated) \$10,950,000 for specific uses. In February 2023, as requested by the Council during its December fiscal update discussion, the Office of Management and Budget provided an update on status of appropriated ARPA funds (©4). Table 1 on the next page summarizes the expenditure status of ARPA appropriations, as well as the ARPA funding set-aside by the prior Council.

Key takeaways from the update are summarized below:

- **Projected unspent funds.** OMB projects that there will be \$1,363,458 in unspent funds projected unspent ARPA funds from prior appropriations (excluding Working Families Income Supplement). This is primarily due to projected unspent funds in the Hotel Assistance (\$952K) and Business Rental Assistance (\$340K) appropriations. These funds can be re-allocated by the Council.
- **Working Families Income Supplement.** The Council appropriated \$50 million in ARPA funds to support the expansion of this supplement, \$25 million each in FY22 and FY23. OMB reports that the FY22 appropriation was underspent by \$3,173,902, but the FY23

appropriation is expected to be overspent by \$4,473,902. The Executive Branch cannot use unspent FY22 appropriation towards FY23 expenditures unless authorized by the Council. On March 15, the Executive transmitted a supplemental appropriation request to fund the additional \$4.4 million in FY23 expenditures with remaining ARPA funding (the \$3.1 million in unspent FY22 funds and \$1.3 million in unspent funds from other ARPA-funded appropriations, see ©5-8). If the Council supports the Executive's recommendation, it would use up all of the projected unspent funds from existing appropriations.

Table 1: Status of APRA Expenditures

Project Name	Dept/NDA	Appropriation Amount	Remaining Allocation	Amount Projected Unspent
Appropriations Fully Expended				
FY21 Revenue Loss Factor Recognition	FIN	\$91,950,000	\$0	--
FiberNet2	TBS	\$500,000	\$0	--
Cable FiberNet3	TBS	\$700,000	\$0	--
Cable Digital Equity	TBS	\$100,000	\$0	--
Latino Health Initiative PNS	HHS	\$2,946,776	\$0	--
African American Health Initiative	HHS	\$1,701,809	\$0	--
African American Health Initiative	HHS	\$3,163,910	\$0	--
Asian American Health Initiative	HHS	\$1,150,000	\$0	--
Adult Medical Day Care	HHS	\$1,200,000	\$0	--
AHCMC Arts Grants	REC/CUPF	\$2,750,000	\$0	--
Rapid Rehousing	HHS	\$490,000	\$0	--
Worksource Montgomery	CEX	\$3,000,000	\$0	--
Appropriations Anticipated to be Fully Expended in FY23 or FY24				
Therapist Recreation Services	REC/CUPF	\$750,000	\$561,350	--
Remote Proceeding	CCT	\$273,308	\$7,524	--
Rental Assistance	HHS	\$4,438,875	\$3,443,104	--
Mobile Health Clinic	HHS	\$1,379,218	\$970,234	--
Service Hubs TPE	HHS	\$6,900,000	\$841,079	--
Mental Health Services for MCPS	HHS	\$250,000	\$250,000	--
Food Security	HHS	\$669,000	\$229,000	--
Wellness Centers	HHS	\$3,000,000	\$3,000,000	--
Youth Development	REC/CUPF	\$250,000	\$250,000	--
Youth Out of School	REC/CUPF	\$125,000	\$125,000	--
Violent Crime Info Center	POL	\$471,875	\$208,235	--
Gun Violence Intervention Initiative	POL	\$156,250	\$156,250	--
Youth and Family Violence Prevention	POL	\$37,500	\$10,496	--
Midnight Madness Activities	POL	\$65,500	\$62,769	--
Storm Drain General	DGS	\$2,275,000	\$1,757,734	--
Bridge Renovation	DGS	\$800,000	\$800,000	--
Appropriations with Projected Unspent Funds				
Working Families Income Supplement (FY22/FY23)	FIN	\$50,000,000	\$3,173,902	See text
Hotel Assistance	CEX	\$2,690,000	\$952,500	\$952,500
Business Rental Assistance	CEX	\$2,000,000	\$500,000	\$340,000
Food Fresh Produce	HHS	\$1,710,000	\$33,752	\$33,752
Operating Aid to Conference and Visitors Bureau	CVB NDA	\$804,200	\$22,749	\$22,749
Latino Health Initiative PNS	HHS	\$4,437,390	\$68	\$68
Funding Set-Aside by Council				
Affordable Housing	\$4,500,000			
Food Security	\$6,450,000			

Funding Set-Asides. As noted above, the prior-Council had set aside \$10.95 million in ARPA funds for two purposes:

- **Affordable Housing.** The \$4.5 million for affordable housing was set-aside as part of the Council's April 19, 2022 discussion on [ARPA spending options](#). On March 2, Councilmembers Friedson, Fani-González, Albornoz, Balcombe, Katz, and Luedtke put forth a proposal to utilize the \$4.5 million in ARPA funding set aside for affordable housing to provide \$3 million in additional funding for down payment assistance programs and \$1.5 million in additional funding the Design for Life program that provides accessibility upgrades for low-income seniors and individuals with differing abilities (©9). Council staff has confirmed with Executive Branch staff that these proposed uses are ARPA-eligible, and is working on preparing the information that would be needed for the Council to move forward with consideration of special appropriation resolutions.
- **Food Security.** The \$6.45 million for food security was initially set-aside in case FEMA reimbursement was not provided for food security appropriations. At the time, the Council was unsure in projected revenues would be sufficient to cover several COVID-related expenditures. However, by using General Fund revenues first the County could maximize potential FEMA reimbursements. Since the federal disaster declaration (and therefore FEMA reimbursement eligibility) will end on May 11, 2023, staff suggest that the Council consider appropriating these remaining funds as part of the FY24 budget – either for food security expenditures as originally envisioned or for other ARPA-eligible expenditures.

FEMA Reimbursement Update:

As of March 16, 2023, Montgomery County has submitted approximately \$64.9 million for FEMA reimbursement. Of that \$63.6 million:

- \$54.5 million has been received by the County
- \$10.4 million has been obligated by FEMA and awaiting payment from the State.
- \$38.9 million is in various stages of the FEMA pre-approval process
- \$52.6 million is currently under review and in documentation steps

The COVID-19 FEMA reimbursement team continues to review, prepare, and collaborate with FEMA to submit costs incurred in response to COVID-19. In December 2022, Montgomery County received a 90-day extension to submit costs incurred up to June 30, 2022 and receive 100% of eligible costs. The disaster declaration will end on May 11, 2023, which is the last day that costs can be incurred. There is no final date yet to submit costs incurred from July 1, 2022, onward. Those eligible costs will be reimbursed at 90%.

Below is more specific details on status of projects:

Submission Number	Submission Description	Documented Amount as of 3/16/2023	Estimated Latest Date submitted to FEMA for Pre-Submission Review (dates subject to change)	Pre-Submission for FEMA Review and Feedback	Final Submission to FEMA Portal	Actual Reimbursement or Current Status Update as of 3/16/2023
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	\$5.6M	11/30/2021	\$2.369M	\$924,508 9/8/2022	\$924,508 11/17/22
2.5	Operating Expenses from various Departments excluding DGS from March - August 2020	\$5.9M	11/23/2021	\$3.3M 5/27/2022	\$2.7M on 11/4/2022	\$2,739,479 12/31/2022
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
4.0	Personnel Costs from Non-FOP and Non-IAFF represented Employees and other departments from March - August 2020	\$9.4M	3/2/2022	\$383K 10/13/2022	\$38K 3/17/2023	
5.0	Operating Expenses and Personnel Costs from September - October 2020	\$1.3M	3/2/2022	\$4.9M 11/4/2022	\$1.1M 2/23/2023	In FEMA approval process
5.0C	PPE & Testing Expenses from March to August 2020	\$8.8M	3/2/2022	\$46K 10/20/2022	Date TBD	Most expenses moved to 5.0 Operating.
6.0	Operating Expenses and Personnel Costs from November - December 2020	\$14.7M	3/1/2022	\$9.2M	\$8.8M 10/7/2022	\$8.8M Awaiting Payment
2.5A,5.0A,6.0A	Non-Congregate Sheltering Expenses from March - December 2020	\$4.7M	9/12/2022	\$4.7M 12/12/2022	\$4.9M Est. 3/22/2023	
6.0C	PPE & Testing Expenses from November - December 2020	\$7.0M	3/1/2022	\$320K 9/13/2022	\$320K 12/13/2022	\$320K Awaiting Payment

7.0	Operating Expenses and Personnel Costs from January - February 2021	\$3.1M	1/6/2022	\$2.27M 1/6/2022	\$2.27M Est. 3/22/2023	Currently in final documentation
7.0C	PPE & Testing Expenses from January - February 2021	\$9.7M	1/6/2022	\$9.7M 1/6/2022	\$9.7M Est. 3/22/2023	Currently in final documentation
8.0	Operating Expenses and Personnel Costs from March-December 2021	\$3.2M	2/11/2022	\$3.1M 1/27/2022	\$3.1M Est. 3/22/2023	Currently in final documentation
8.0C	PPE & Testing Expenses from March-December 2021	\$31.0M	2/11/2022	NA	\$31M Est. 3/22/2023	Currently in final documentation
7.0A,8.0A	Non-Congregate Sheltering Expenses from January - December 2021	\$3.8M	1/20/2022	NA	\$3.0M Est. 3/22/2023	Currently in final documentation
9.0	Test Kit Purchases - February 2022	\$25.0M	2/11/2022	\$14.6M	\$14.6M 7/5/2022	\$14.6M 2/1/2023
10.0	Operating Expenses and Personnel Costs from January - June 2022	\$5.9M	NA	1/27/2022	Date TBD	Currently in final documentation
10.0A	Non-Congregate Sheltering Expenses from January-June 2022	\$2.1M	NA	NA	Date TBD	Currently in final documentation
10.0C	PPE & Testing Expenses from January-June 2022	\$20.4M	NA	NA	Date TBD	Currently in final documentation
11.0	School Health Personnel Costs March 2020-March 2021	\$964K	NA	NA	\$964K 3/17/2023	Currently in final documentation
12.0	Food Distribution March 2020-June 2022	TBD	NA	NA	Date TBD	Currently in final documentation

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 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 2021, 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.

11. Projects 10.0 (A, B, C), and 11.0 are currently under review by FEMA team. Current amounts are expenses that were charged to the FEMA project code before review by FEMA team. The team will work with departments to add justifications. These will be sent to FEMA for pre-submission review in January.

12. On 2/1/2023, the Office of Emergency Management and Homeland Security received final approval from FEMA for **\$14,618,352.9** in reimbursement for Rapid Test Kits Distributed to residents.

13. On 3/15/2023 and 3/17/2022, a combined **\$1,002, 632.79** of personnel cost was submitted to FEMA. Expenses are comprised of Personnel Costs from Non-FOP and Non-IAFF represented Employees from various departments from 2020-2021.

ARPA Tracking - 1/10/23

Resolution	Project Name	Project	Dept/NDA	Full Appropriation Amount	Amount Spent as of 1/10/23	Amount Encumbered as of 1/10/23	Total Spent and Encumbered as of 1/10/23	Remaining Allocation	Status Notes 1/10/23
19-926	FY21 Revenue Loss Factor Recognition	2004010	FIN	\$91,950,000.00	\$91,950,000.00		\$91,950,000.00	\$0	Fully expended.
19-872	HHS Therapist Recreation Services	2004395	REC/CUPF	750,000.00	188,400.00	250.00	188,650.00	\$561,350	The department anticipates spending the full amount in FY23.
19-872	CCT Remote Proceeding	2004396	CCT	273,308.00	265,784.38	-	265,784.38	\$7,524	The Court will reallocate the remaining funds to a different employee under the Remote Scheduling/Zoom team.
19-872	Operating Aid to Conference and Visitors Bureau	2004397	CVB NDA	804,200.00	781,451.01	-	781,451.01	\$22,749	All funds expended, remaining balance is available.
19-872	HHS Rental Assistance	2004398	HHS	4,438,875.00	995,771.00	-	995,771.00	\$3,443,104	The department anticipates spending the full amount by FY24.
19-872	Working Families Income Supplement E	2004399	FIN	50,000,000.00	46,826,097.55	-	46,826,097.55	\$3,173,902	The balance shown in the spreadsheet is left over from FY22 and unable to be used to address overspend in FY23.
19-872	DTS FiberNet2	2004401	TBS	500,000.00	439,198.13	60,801.87	500,000.00	\$0	All funds expended
19-872	Cable FiberNet3 BOut	2004402	TBS	700,000.00	617,387.01	82,612.99	700,000.00	\$0	All funds expended
19-872	Cable Digital Equity	2004403	TBS	100,000.00	71,509.60	28,490.40	100,000.00	\$0	All funds expended
19-872	HHS Rapid Rehousing	2004405	HHS	490,000.00	654,460.48	-	654,460.48	-\$164,460	Fully expended, there is a pending journal entry to remove the overspend.
19-872	HHS Mobile Health Clinic	2004406	HHS	1,379,218.00	258,350.00	150,634.00	408,984.00	\$970,234	The department expects the full remaining allocation to be spent down, but is dependent on receiving vehicle orders to proceed.
19-872	HHS Service Hubs TPE	2004407	HHS	6,900,000.00	4,242,100.10	1,816,820.49	6,058,920.59	\$841,079	The department expects the full remaining allocation to be spent down by June 30, 2023.
19-872	HHS Mental Health Services for MCPS	2004408	HHS	250,000.00	-	-	-	\$250,000	The department is reconciling charged accounts, but anticipates the full amount spent by June 30, 2023.
19-964	HHS Latino Health I. PNS	2004490	HHS	2,946,776.00	2,946,776.00	-	2,946,776.00	\$0	All funds expended
19-965	HHS African American Health	2004491	HHS	1,701,809.00	1,701,809.00	-	1,701,809.00	\$0	All funds expended
19-1082	HHS Food Security	2004567	HHS	669,000.00	239,913.15	200,086.85	440,000.00	\$229,000	Total amount encumbered is anticipated to be spent by June 30, 2023
19-966	HHS Asian American Health Initiative	2004576	HHS	1,150,000.00	1,111,939.19	38,060.81	1,150,000.00	\$0	All funds expended
19-1222	HHS Food Fresh Produce	2004741	HHS	1,710,000.00	1,660,090.19	16,157.80	1,676,247.99	\$33,752	Project completed, remaining allocation will go unspent.
19-1221	HS Wellness Centers	2004745	HHS	3,000,000.00	-	-	-	\$3,000,000	The department is reconciling charged accounts, but anticipates the full amount spent by June 30, 2023.
19-1246	Adult Med Day Care	2004752	HHS	1,200,000.00	259,086.01	940,940.98	1,200,026.99	-\$27	Total amount encumbered is anticipated to be spent by June 30, 2023
19-1273	Hotel Assistance	2004773	CEX	2,690,000.00	1,737,500.00	-	1,737,500.00	\$952,500	Project completed, remaining allocation will go unspent.
19-1272	Worksource Montgomery	2004779	CEX	3,000,000.00	46,576.35	3,703,423.65	3,750,000.00	-\$750,000	Total amount encumbered is anticipated to be spent by Dec 31, 2024
19-1273	CEX Business Rental Assistance	2004786	CEX	2,000,000.00	1,500,000.00	-	1,500,000.00	\$500,000	Pending invoice of approximately \$160,000. The remaining balance of approximately \$340,000 is projected to go unspent.
19-1305	REC Arts Grant	2004795	REC/CUPF	2,750,000.00	2,750,000.00	-	2,750,000.00	\$0	All funds expended
19-1268	Youth Development	2004834	REC/CUPF	250,000.00	-	-	-	\$250,000	The department anticipates spending the full amount in FY23.
19-1269	Youth Out of School	2004835	REC/CUPF	125,000.00	-	-	-	\$125,000	The department anticipates spending the full amount in FY23.
19-1085	DHHS Latino Health	2004836	HHS	4,437,390.00	4,437,321.73	-	4,437,321.73	\$68	Project completed, remaining allocation will go unspent.
19-1083	DHHS -African American Health	2004837	HHS	3,163,910.00	3,163,910.00	-	3,163,910.00	\$0	All funds expended
1003989	Violent Crime Inf Center	2004838	POL	471,875.00	39,449.94	224,190.00	263,639.94	\$208,235	The department anticipates spending the full amount by the end of FY24
1003989	Gun Violence Intervention Initiative	2004839	POL	156,250.00	-	-	-	\$156,250	The department anticipates spending the full amount by the end of FY24
1003989	Youth and Family Violence Prevention	2004840	POL	37,500.00	27,000.00	4.00	27,004.00	\$10,496	The department anticipates spending the full amount in FY23.
1003989	Midnight Madness Activities	2004841	POL	65,500.00	2,730.71	-	2,730.71	\$62,769	The department anticipates spending the full amount by the end of FY24
1003989	Storm Drain General	500320	DGS	2,275,000.00	17,366.35	499,900.00	517,266.35	\$1,757,734	The department anticipates spending the full amount by the end of FY24
1003989	Bridge Renovation	509753	DGS	800,000.00	-	-	-	\$800,000	The department anticipates spending the full amount by the end of FY24
Total Allocation				\$193,135,611.00					
Original Amount to be Allocated				\$204,100,000.00					
Remaining Unallocated				\$10,964,389.00					




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

March 15, 2023

TO: Evan Glass, President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Supplemental Appropriation #23-95 to the FY23 Operating Budget
Montgomery County Government
Non-Departmental Accounts
Working Families Income Supplement (WFIS), \$4,473,902

I am recommending a supplemental appropriation to the FY23 Operating Budget of the Non-Departmental Account (NDA) for the Working Families Income Supplement (WFIS) in the amount of \$4,473,902. This appropriation will fund the expanded program through the end of FY23.

This increase is needed because insufficient appropriation exists in the current fiscal year due to a higher number of recipients than anticipated.

For FY22, the Council appropriated \$25 million in American Rescue Plan Act (ARPA) funds to pay for the first year of the expanded WFIS program. Of that amount, \$3,173,902 was not used that year and can be reallocated for other purposes. In addition, approximately \$1,300,000 in ARPA funds appropriation for Fresh Produce (Resolution 19-1222), hotel assistance (Resolution 19-1273), and Business Rental Assistance (Resolution 19-1273) will not be needed for the intended purposes and can be repurposed. The combined amount available of unneeded, previously appropriated ARPA funds that can be repurposed totals \$4,473,902. In addition, the Office of Management and Budget estimates that approximately \$11 million in ARPA funds have not yet been appropriated by Council.

I recommend that the County Council approve this supplemental appropriation in the amount of \$4,473,902 and specify the source of funds as Federal Grant – American Rescue Plan Act (ARPA).

Supplemental Appropriation #23-95, Working Families Income Supplement (WFIS), \$4,473,902

March 15, 2023

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I appreciate your prompt consideration of this action.

ME:ar

Enclosure: Supplemental Appropriation #23-95

cc: Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive
Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive
Jennifer Bryant, Director, Office of Management and Budget
James Bridgers, Acting Director, Department of Health and Human Services
Michael Coveyou, Director, Department of Finance

Resolution: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Supplemental Appropriation #23-95 to the FY23 Operating Budget
Montgomery County Government
Non-Departmental Accounts
Working Families Income Supplement, \$4,473,902

Background

1. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of six Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of seven Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation, as if it were an item in the annual budget.
2. The County Executive has requested the following FY23 Operating Budget appropriation increases for the Non-Departmental Account of Working Families Income Supplement (WFIS):

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$4,473,902	\$4,473,902	Federal Grant (ARPA)

3. This increase is needed because insufficient funds exist in the current FY23 appropriation due to a higher number of recipients than anticipated.
4. The County Executive recommends a supplemental appropriation to the FY23 Operating Budget in the amount of \$4,473,902 for the NDA- Working Families Income Supplement and specifies that the source of funds will be Federal Grant funds– American Rescue Plan Act (ARPA)
5. Notice of public hearing was given and a public hearing was held.

Action

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

A supplemental appropriation to the FY23 Operating Budget of the Non-Departmental Account Working Families Income Supplement (WFIS) is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$4,473,902	\$4,473,902	Federal Grant (ARPA)

This is a correct copy of Council action.

Judy Rupp, Clerk of the Council



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

MEMORANDUM

TO: Montgomery County Councilmembers

FROM:

Andrew Friedson
Natali Fani-Gonzalez
Gabe Albornoz

Marilyn Balcombe
Sidney Katz
Dawn Luedtke

Date: March 2, 2023

SUBJECT: Proposal for the Appropriation of \$4.5 Million in ARPA Funds for Affordable Homeownership

In April 2022, the County Council designated \$4.5 million in unallocated American Rescue Plan Act funds for affordable housing initiatives. As part of the Tenant Assistance and Protection Package (TAPP) we propose investing the full amount in homeownership opportunities that help historically underserved communities build generational wealth.

Specifically, we recommend appropriating \$3 million to the Montgomery Homeownership Program and \$1.5 million to the Design for Life Program. The Montgomery Homeownership Program provides down payment assistance of up to \$25,000 to first time homebuyers who meet income restrictions. This \$3 million doubles the investment made by the County Council for fiscal year 2023, helping approximately 120 additional renters become homeowners. The Montgomery County Department of Housing and Community Affairs (DHCA) provides oversight while the Maryland Department of Housing and Community Development and Montgomery County Housing Opportunities Commission directly administer the program to residents.

The Design for Life Program provides accessibility upgrades in owner-occupied residences focusing on the incorporation of design for life features for low-income seniors and individuals with differing abilities. DHCA contracts with Habitat for Humanity and Rebuilding Together to offer these services. The current FY23 budget is \$300,000 with awards of \$10,000 to \$20,000 per household. An investment of \$1.5 million will significantly increase their capacity to serve owners most at risk of losing their homes.

Homeownership and the racial wealth gap are inextricably linked. We learned in a recent [Racial Wealth Gap Simulation](#) that White households have a net worth 13 times the net worth of black households. It's no secret that homeownership boosts net worth over time, allowing homeowners to pass that wealth onto future generations. Throughout history, significant segments of our population have been denied these benefits.

The U.S. Department of the Treasury [reports](#) that in the second quarter of 2022, the homeownership rate for White households was 75 percent compared to 45 percent for Black households, 48 percent for Hispanic households, and 57 percent for non-Hispanic households of any other race. This racial disparity is striking, yet not suprising. Treasury also shares that the Black-white gap in homeownership rates was the same in 2020 as it was in 1970. This is unconscionable. We must act now to increase access and reduce disparities.

We look forward to discussing this further with you.