

Office of the County Auditor
Auditor's Analysis

Council Bill No. 34-2020

Introduced: May 27, 2020

Auditor: Edward Shulder

Fiscal Impact:

Council Bill 34-2020 amends the County's Fiscal Year 2020 budget to allow the County to receive \$64.3 million in Federal grant funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. As a result, County revenue will increase up to the total value of the grants. The grants include \$28.4 million received by the Howard County Health Department, \$28.4 million received directly by the County, and up to \$7.4 million for transportation related expenditures. As a result, County expenditures may increase by a similar amount. The bill also establishes appropriation authority within the Department of Finance (Finance) to record COVID-19 related expenditures.

Purpose:

This bill updates the County's FY 2020 budget to provide for the receipt of Federal grant funds not included in the original adopted FY 2020 budget.

Other Comments:

- Finance and relevant departments will be responsible for tracking the related expenditures.
- Expenditures must be incurred due to the public health emergency, including medical expenses (such as COVID-19 expenses for testing and telemedicine), public health expenses (such as costs for communications and enforcement of public health orders), payroll costs supporting COVID-19 services, economic support in connection with the COVID-19 public health emergency, etc.
- Costs must be incurred during the period of March 1, 2020 through December 30, 2020 except as noted below for transit related costs.
- The CARES Act funds may not be used to cover shortfalls in government revenue.
- The transit award may be used to fund routine current and future operating expenses along with capital projects normally eligible under Federal programs. However, the Office of Transportation (OOT) advised that the award funds may be needed to offset a State funding reduction in FY 2021 and the Maryland Transit Administration has only guaranteed 50% of the award.

- The transit award does not have a termination date, although OOT has advised that funds should be spent by March 2023.
- The grant awards do not require any County matching.
- The CARES Act does not require any specific reporting to the Federal government other than the County warranting that the County complies with the terms of the Act.
- The County stated that to date, COVID-19 related expenditures (excluding transit) total \$9.3 million.