

Office of the County Auditor
Auditor's Analysis

Council Bill No. 3-2021

Introduced: January 4, 2021

Auditor: Owen Clark

Fiscal Impact:

The fiscal impact of this legislation is:

- In Fiscal Year 2021, an increase of \$6.5 million in non-departmental appropriations to provide pandemic support as noted below.
- A \$6.5 million decrease in the General Fund's available fund balance that could be utilized as PayGo in future fiscal years.

Per our Office's request, the Administration provided a funds availability memo to certify that \$6.5 million in the General Fund's prior year fund balance is available for this appropriation. See Attachment A.

We have open inquiries with the Administration regarding:

- The potential adverse fiscal impact on the County that may be incurred if this legislation were not passed.
- The potential timeline between this emergency appropriation's approval and the spending of these relief funds.

We will provide their response to the Council upon its receipt.

Purpose:

The purpose of this legislation is to provide an emergency appropriation of \$6.5 million from the General Fund's prior year revenues to counter financial hardships brought on by the COVID-19 pandemic. The Administration has noted the funding priorities below:

- \$2 million for the Howard County Economic Development Authority (HCEDA) to issue grants and low interest loans;
- \$1 million for Howard County General Hospital (HCGH) to create infrastructure for ICU and bed capacity;
- \$1 million in housing assistance to prevent evictions and foreclosures;
- \$1 million for food and utility bill assistance; and
- \$1.5 million for educational support and childcare programs.

The Administration has provided supplemental information on each of these priorities, which can be found in Attachment B.

Other Comments:

According to the Administration, this appropriation is a one-time initiative in response to the State of Emergency and, therefore, it complies with the Charter requirements for emergency legislation.

The Administration has confirmed:

- The second round of Federal stimulus is not currently expected to have a major impact on plans for this funding because the Federal stimulus does not include new CARES Act funding for state and local governments.
 - The Administration noted they will continue to monitor this situation and keep the legislative branch updated.
- In the General Fund, there is a \$7 million assigned fund balance for pandemic/economic assistance in the FY 2020 CAFR (Comprehensive Annual Financial Report), which is the source of this \$6.5 million appropriation. Of note, the FY 2020 CAFR indicates a \$121.2 million fund balance that is available for use.
 - The Administration will monitor its spending needs and communicate with the County Council if there is any new legislative need to appropriate more funding.
- There is no timing overlap between this appropriation and previous CARES Act funding (or other federal and state grants) because the prior funding was primarily used in Calendar Year 2020, while this proposed appropriation will fill an anticipated service gap for the rest of FY 2021.



HOWARD COUNTY DEPARTMENT OF FINANCE

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January 4, 2021

To: Lonnie R. Robbins
Chief Administrative Officer

From: Rafiu Ighile *R.I.*
Director of Finance

Re: **CB 3-2021 Certification**

I hereby certify that funds are unencumbered and available for transfer as follows:

From:

1000000000 – 1310 – 304017

General Fund, Prior Year Fund Balance

\$6,500,000

To:

9000000000 – 9000 – 9000000000

Non-Departmental Expenses

\$6,500,000

**Attachment B
Emergency Appropriation Priorities
Supplemental Information**

Priority	Amount	Supplemental Information from Administration
Howard County Economic Development Authority (HCEDA) to issue grants and low interest loans	\$2 Million	<ul style="list-style-type: none"> - Low Interest Business Loans will not be provided at this time. - Business Grants will be awarded in amounts of approximately \$5,000 to \$10,000. - The State has already provided funding to restaurants and hotels so the County funding will not apply to those businesses. - The County funding would go to other businesses with fewer than 25 employees that have commercial space who have not received any other HoCo RISE assistance. - Examples would be home based businesses, event based businesses, senior living facilities and others.
Howard County General Hospital (HCGH) to create infrastructure for ICU and bed capacity	\$1 Million	<ul style="list-style-type: none"> - The pandemic revealed that certain renovations are needed to improve patient flow and keep patients and staff safe. - The funding supports the Behavioral Health (BH) relocation. - The plan is to update old BH space vacated when the new BH building was constructed to allow for more capacity for BH patients (not in-patient psych, these are patients in the ED with BH issues) and to do so from an infection control and safety perspective so they can keep patients and staff safe and provide better care. - ICU capacity hovers at about 73%. While BH is the priority, there is flexibility should other needs to support surge capacity be needed.
Housing assistance to prevent evictions and foreclosures	\$1 Million	<ul style="list-style-type: none"> - Residents will complete an application with selected nonprofit providers. - Residents with household income below 80% of HC AMI are eligible for up to 6 months of past due rent or mortgage payment assistance. - The providers will verify past due balances and provide assistance to bring accounts current and keep residents housed. - For example, if average assistance is \$5,000, funding would assist 200 residents.
Food and utility bill assistance	\$1 Million	<ul style="list-style-type: none"> - The preliminary plan is to use \$500,000 for utility assistance and \$500,000 for food assistance; we will continue to identify and respond to the areas of greatest need and make adjustment where needed. - The average utility assistance so far has been about \$300 and the average food assistance per distribution has been \$100. - There is no eligibility requirement for the food distribution. - We utilize the CAC energy assistance eligibility requirements for those applicants. CAC takes the application, processes and approves it.
Educational support and childcare programs	\$1.5 Million	<ul style="list-style-type: none"> - \$635,000 will subsidize the RecZone program, helping families address the childcare needs created by the pandemic. - The funding will allow RecZone childcare program to be extended to June. If HCPSS virtual learning remains the same, current program in 8 schools will continue until mid-June or end of the last week of school. - If HCPSS moves to a hybrid model, RecZone will continue at locations TBD until mid-June to support both A and B day students when they are not attending in-person school. - \$865,000 will support the HoCo Scholars program, providing supplemental support to virtual learning through social and emotional development and enrichment activities. - The HoCo Scholars program current ending date is January 29, 2021. - The proposed funding will allow the program to be extended to June 18, 2021 (end of the last week of school unless dates are extended). It will continue to operate across the current 4 sites.