



Committee: Directly to Council
Staff: Marlene Michaelson, Executive Director
Purpose: Receive briefing and have discussion - no vote expected
Keywords: CARES Act, CRF, Coronavirus Relief Fund

AGENDA ITEM #9
October 13, 2020
Discussion

SUBJECT

Update on the Federal Coronavirus Relief Fund

EXPECTED ATTENDEES

- Rich Madaleno, Chief Administrative Officer
- Dr. Earl Stoddard, Director, Office of Emergency Management and Homeland Security

COUNCIL DECISION POINTS AND COMMITTEE RECOMMENDATION

None

DESCRIPTION/ISSUE

The Council will receive a status report on appropriations and expenditures from the Coronavirus Relief Fund (CRF).

SUMMARY OF KEY DISCUSSION POINTS

- On March 27, 2020 the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted. The CARES Act established the CRF and appropriated \$150 billion to the fund. Under the CARES Act, the fund is to be used to make payments for specified uses to States and certain local governments. Montgomery County received \$183,336,953 from the Federal CRF.
- Since all funds must be used by December 31, 2020, it is important to track the County's use of the funds and whether any reallocations or additional appropriations are necessary.
- The attached staff report also provides an update on expenditures for the pay differential provided to certain employees, which could use a significant amount of CRF and General Fund dollars

This report contains:

Council Staff Report	1-6
Staff Report Attachments	©1-12

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M E M O R A N D U M

October 13, 2020

TO: County Council

FROM: Marlene Michaelson, Executive Director
Craig Howard, Deputy Director

SUBJECT: Update on the Federal Coronavirus Relief Fund

This memorandum provides a status report on appropriations and expenditures from the Coronavirus Relief Fund (CRF). Since all funds must be used by December 31, 2020, it is important to track the County's use of the funds and whether any reallocations or additional appropriations are necessary. In addition, this memorandum updates the Council on expenditures for the pay differential provided to certain employees, which could use a significant amount of CRF and General Fund dollars. Attached on ©1-6 are materials provided by Executive Branch staff in response to Council staff questions.

Background

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 billion to the fund. Under the CARES Act, the fund is to be used to make payments for specified uses to States and certain local governments, and Montgomery County received \$183,336,953 from the Federal CRF. Initially the Council approved special appropriations using the General Fund to address the emergency situation immediately. Once CRF funding became available the Council used that funding to repay the General Fund for expenditures allowed under the CARES Act and for all subsequent eligible expenditures.

Appropriations

Since the onset of the Pandemic, the Council has approved 31 special appropriations to address the needs of residents and businesses impacted by COVID-19, many of which were eligible for CRF funding. On June 16, 2020 the Council approved a Special Appropriation for \$80 million (M) both to reimburse previous expenditures from the General Fund for eligible COVID-19 expenditures (\$49M) and an additional approximately \$31M to be spent on one of a number of specific categories listed in the resolution approving the Special Appropriation. Use of the remaining balance required future Council appropriations. On July 28, the Council amended the resolution approving the Special Appropriation to allow additional uses of the CRF, consistent with new guidance from the federal government.

As the summary chart on ©2 indicates, \$100.6M has been appropriated in COVID-19 related special appropriations this calendar year, with \$10M assumed for municipal/outside agency reimbursements. An additional \$82.2M is expected to be spent during the remainder of the year for “placeholder” expenses, primarily for items that will not be funded (or not funded in full) by the Federal Emergency Management Agency (FEMA), as discussed further below. The Council has already appropriated approximately \$31M for these operational expenditures via the June 16 special appropriation described above. It is possible that these expenditures could be significantly greater than \$88.2M. Even assuming that the placeholder costs will not exceed \$88.2M, the total estimated expenditures exceed the CRF funding by approximately \$9.4M. The list of placeholders also includes \$17.8M for the County Match for the pay differential, which is discussed in greater detail below.

Expenditures

The chart on ©3-5 provides information on the expenditures and encumbrances for each of the special appropriations approved by the Council. Some of these appropriations have been entirely spent and others are on track to be spent by the end of the year. Staff recommends that the Council ask Executive Staff to provide information on each appropriation for which expenditures are significantly less than the amount appropriated to understand whether there has been insufficient demand for the program or a problem with implementation. Executive staff notes indicate that some of these are expected to be fully encumbered by the end of the year, but the Council may still want additional discussion to confirm that will occur. These appropriations are listed below. Status notes are taken directly from the attached chart.

Res. #	Purpose	Approp. Amount	Total Spent and Encumbered	Status Notes
19-439	Emergency Assistance Relief Payment (EARP) Program	\$5,000,000	\$0	This will be Phase 4 of EARP and will provide direct financial assistance to residents who were not eligible in previous phases.
19-499	3R Program (Reopen, Relaunch, Reimagine) – Economic Development	\$500,000	\$142,500	MCEDC confirms that this appropriation will be expended by the end of the year.
19-506	Food Assistance/ Security	\$10,300,000	\$5,052,209	The Task Force finalized the list of awardees of the Capacity Building Grants. \$1,025,880 was awarded to 28 local Food Assistance Providers to improve their infrastructure and expand their capacity to provide food access to hard-to-reach communities in Montgomery County. To date, the Task Force has spent a total of \$5,052,209 to implement the response strategy. This funding will be completely expended by the end of the year as the needs exceeds the appropriation (and will be supported by FEMA reimbursements as well).

19-523	Reopen Montgomery Initiative	\$14,000,000	\$1,431,538	To date, the Reopen Montgomery program has received 3,169 applications. It has conducted three lottery selections (the most recent was 9/16/20) and has approved 422 applications in the total amount of \$1,431,538. This program will be emphasized for completion to ensure spend down over the next month.
19-535	Business Assistance for Medical and Dental Clinics	\$3,000,000	\$0	Executive Staff is reviewing the details of the program for medical and dental practices.
19-557	Rental Assistance and Eviction/Homelessness Prevention	\$20,000,000	\$607,508	The online portal received 2,200 applicants as of end of September – 50% were from targeted areas. To date, 145 checks have been issued totaling \$436,788.

There are also several special appropriations recently approved by the Council or for which a contract was just initiated. The Council may want to get an update as to whether Executive staff believes the allocated funds can be spent before the end of the year.

Res. #	Purpose	Approp. Amount	Total Spent and Encumbered	Status Notes
19-490	Unemployment Insurance Outreach	\$40,000	\$0	Amended contract with WorkSource Montgomery has been finalized.
19-524	Maryland Tech Council – Business Continuity Task Force	\$250,000	\$0	Contract has been finalized and signed.
19-551	Assistance to Distressed, Affordable Common Ownership Communities	\$2,025,000	\$0	Contract is in the process of being finalized with the organization who will manage the program.
19-556	Permanent Supportive Housing for Veterans and Unsheltered Adults	\$355,000	\$0	Contract is in the process of being finalized.
19-560	Hospitality and Tourism Support	\$200,000	\$30,492	Contract was finalized week of September 7. The amount shown represents the first invoice received and paid.
15-589	Countywide Program – Youth Sports Initiative	\$1,000,000	\$0	Adopted 9/15/20
19-590	Youth Sports Initiative	\$550,000	\$0	Adopted 9/15/20
19-611	School-Age Child Care During Distance Learning	\$7,687,000	\$0	Adopted 9/29/20

Finally, the Council may wish to discuss whether those special appropriations that are expected to be fully encumbered by the end of year to determine whether they will provide enough funding through the end of 2020, particularly for the most critical needs such as food security and early care and education.

FEMA Reimbursements

Executive staff are in the process of preparing submissions to FEMA for eligible expenditures. At this point they estimate that total submission could range from \$70M to \$125M. They also estimate that approximately \$50M in CRF dollars will be needed for expenditures rejected by FEMA and for the required local match, which is included in the list of placeholders on ©2. If FEMA rejects more than expected, the costs will be covered by CRF funding (if there is any remaining and the County learns of the rejection before December 31). They anticipate submitting a request for the first \$24M within the next two weeks and hope for a response six weeks later. The complicated process of submitted a FEMA request has led the County to hire contractors to help with the process. Due to the length of time required to prepare submissions and receive a response, we are unlikely to know whether the County will be reimbursed for most expenditures that appear to be eligible for FEMA funding before the end of the year.

COVID-19 Pay Differential

On April 5, the Chief Administrative Officer announced that the County had reached an agreement with the three employee unions to provide a pay differential for staff whose jobs cannot be performed remotely during the COVID-19 health crisis. The CAO also extended the same differential to non-represented employees on the general salary schedule (GSS). The differential does not apply to MLS, PLS, or Fire management employees. The details of the pay differential include:

- The differential pay is uniform for FOP and IAFF members. For MCGEO-represented and GSS employees, the differential distinguishes between front-facing onsite and back office onsite work.
- The front-facing onsite employees receive an additional \$10/hour and the back-office onsite receive \$3/hour.
- Represented employees also received one week of compensatory time for the period from March 22-28.

The agreements cover six pay periods starting March 29, or until the Maryland State of Emergency is lifted. The agreements also stated that if the State of Emergency is still in effect at the end of the six pay periods, the agreements will be revisited. **As the State of Emergency is still in place, and the Executive and the unions have not renegotiated the agreements, the full differential pay remains in effect.**

Cost of Differential. As detailed on ©6, the Executive Branch reports that through the pay period ending on September 26, 2020 the pay differential has cost \$49.2M. **Additionally, the Executive Branch estimates that if the pay differential were to continue through December 31 without any changes the total cost would increase to approximately \$72M.**¹ If the differential were paid for a full year, the total cost projects to approximately \$100M. The table on the next page shows the total cost to date broken out by employee group.

¹ Assuming service delivery levels do not change, there are no events requiring significant public safety response or outreach, that staffing availability remains constant, and that there is no change to the rate of the pay differential.

Summary of Pay Differential Cost by Employee Group (as of 9/26/20)

Employee Group	Total Cost
MCGEO	\$21,970,851
Fire	\$14,979,858
Police	\$9,830,704
Non-Represented	\$2,452,405
Total	\$49,233,818

Additionally, as the County reopens more programs and facilities and staff return to the workplace in front-facing positions the cost of the differential could increase if more employees become eligible.

Potential FEMA Reimbursement. Previously, the Executive Branch had indicated that the pay differential would likely be eligible for FEMA reimbursement – meaning that the County might only be required to cover 25% of the total cost. However, the County has yet to apply for or receive FEMA reimbursement for these costs. In preparation for this briefing, the Executive Branch provided the following update on the status of FEMA reimbursement for the pay differential: “These remain pending. There were changes in the FEMA reimbursement guidelines on September 15 and other reimbursement rulings that created significant questions about some personnel cost eligibility. We met with FEMA representatives on Monday, October 5 to clarify some of these questions and are proceeding with data collection for reimbursement. We have added a large number of staff to this effort to address the increasing data collection burden.” Based on the updated guidance from FEMA, even in the best-case scenario, it is likely that the County will need to cover much more than 25% of the total cost of the pay differential.

Pay Differentials in Other Jurisdictions. In response to a request for additional information, Council staff prepared a research memo that details pay differential policies implemented in Maryland jurisdictions and selected neighboring jurisdictions during the COVID-19 health emergency (attached at ©7-12). Notable findings include:

- 11 local jurisdictions, including the State of Maryland and Washington DC, implemented some form of a pay differential policy during the pandemic. Of these jurisdictions, the pay differential policies remain in effect in five and have expired in six.
- In all jurisdictions, eligibility for the pay differential focused on “essential” or “front-facing” employees that could not work remotely.
- The structure of pay differentials vary among jurisdictions, with some providing a per hour differential and others providing a fixed dollar amount.
- Applying the pay differential to a common 80 hour pay period, the jurisdiction with the highest maximum pay differential that an employee could receive is Montgomery County with \$800. The lowest maximum was Baltimore City and Baltimore County with \$100 per 80 hour pay period.
- Some jurisdictions tied their policy to the duration of the County/State declared State of Emergency, while others limited their policy to a specific number of pay periods, a set termination date, or fiscal capacity.

Fiscal Context. As noted previously, the County Executive and the employee unions have not renegotiated the original pay differential despite the public health emergency extending beyond the initial anticipated length of six pay periods. **If no or limited FEMA reimbursement is received, the County will have to pay for the cost of the differential with existing resources from the CARES Act and/or the General Fund.**

With no end in sight for the health pandemic, the pay differential may result in a significant ongoing fiscal impact during a continued period of fiscal uncertainty. In July, the Executive recommended and the Council approved an FY21 Savings Plan totaling \$72M to deal with the evolving fiscal impact of the COVID-19 public health crisis on the county's economy, coincidentally the same estimated costs of the differential pay in 2020.

Additionally, data and information provided by the Executive Branch indicates that continued fiscal caution is warranted. Data presented as part of the Executive's FY22 Virtual Capital Budget forum² notes projected revenue reductions of \$190M in FY21 and over \$1 billion in the next six years. Further, in a letter to the Council regarding Bill 29-20, the Executive cautioned against potential revenue reductions "at a time when we're struggling to fund county services, where the outlook for the next couple of years is uncertain at best, and where full recovery from this pandemic may take as much as ten years...."

Staff suggests that the Council ask the Executive Branch how it plans to fund differential pay costs in calendar year 2020 if they are not eligible for FEMA reimbursement and beyond December 31 should the state of emergency remain in effect but no additional federal funding (beyond the current CARES Act funding) becomes available.

² https://montgomerycountymd.gov/OMB/Resources/Files/omb/pdfs/fy21/CIP_CAB_PowerPoint.pdf

Council Staff Questions and Executive Branch Responses in Advance of October 13 Update of Federal Coronavirus Relief Fund

1. What is the status of CRF supplemental/special appropriations? Answered by the attached.
2. How much of each appropriation has been spent thus far and what is expected to be spent by the end of the 2020? Attached, but it's hard to project how much will be spent by the end of the year. There are a couple of the appropriations (namely the one where we're putting up frontline workers in hotels) that can be repurposed, but they've over committed so much, that doesn't make a difference.
3. To ensure all funds are spent, we need to appropriate the remaining funds and determine whether any funds need to be reallocated ASAP. To that end:
 - a. Is the full CRF funding expected to be spent by the Dec. 31 federal deadline? Given that we don't know how much of the differential will be reimbursed, there is a high probability that the CRF will need to absorb the difference, to the extent those costs are eligible.
 - b. Is an additional appropriation of CRF funding needed to enable the spending of all the funds by the federal deadline? At this time, it's hard to say. We need to see what portion of the differential and what other costs we've assumed are FEMA eligible are actually covered by FEMA.
 - c. Are there any allocations that need to be adjusted by the Council (i.e. are there appropriations unlikely to be spent that should be reallocated to another purpose)? We have over-allocated such that cost savings will only reduce the amount that isn't being taken from General Fund Reserves than present additional opportunities for investment.
4. Are any changes in program implementation needed to ensure the expenditure of appropriations not recommended to be reallocated? None identified at this time, but this will be an area of increased emphasis over the coming weeks.
5. What is the status of FEMA reimbursement submissions, and what is the timeline to receiving notification/decisions on FEMA reimbursement requests? \$24,000,000 in PPE and other non-personnel costs are being reviewed by our Public Assistance contract support, Witt O'Brien, and will be submitted shortly. An additional \$13,000,000 in PPE and other non-personnel costs is in queue for contractor review immediately upon completion of the current round. Given the size of these submissions, we are expecting FEMA review to take at least 6 weeks from the date of submission.
6. What is the status of FEMA reimbursement for the COVID-19 pay differential? These remain pending. There were changes in the FEMA reimbursement guidelines on September 15 and other reimbursement rulings that created significant questions about some personnel cost eligibility. We met with FEMA representatives on Monday, October 5 to clarify some of these questions and are proceeding with data collection for reimbursement. We have added a large number of staff to this effort to address the increasing data collection burden.

Federal Coronavirus Relief Fund Status

October 8, 2020

(\$ in Millions)

Beginning Balance	\$183.3
Special Appropriations	
PHEG Program (19-409 & 19-425) ¹	-\$21.0
Local PPE Production Special Appropriation (19-426)	-\$0.1
Telework Assistance Program (19-438 & 19-454)	-\$1.5
3R Program (19-499)	-\$0.5
ECEI Assistance to Childcare Providers (19-500)	-\$10.0
Assistance to Arts Organizations (19-522)	-\$3.3
Reopen Montgomery (19-523)	-\$14.0
Assistance to Medical and Dental Clinics (19-535)	-\$3.0
Assistance to Distressed, Affordable Common Ownership Communities (19-551)	-\$2.0
Permanent Supportive Housing for Veterans and Unsheltered Adults (19-556)	-\$0.1
Hospitality and Tourism Support (19-560)	-\$0.2
Rental Assistance & Eviction/Homelessness Prevention (19-557 & 19-432)*	-\$22.0
COVID-19 Mental Health Hotline (19-564)	-\$0.3
Por Nuestra Salud (19-565)	-\$4.6
AAHP COVID Response (19-582)	-\$3.4
Youth Sports Initiative (19-590)	-\$0.6
Countywide - Youth Sports Initiative for CUPF (19-589)	-\$0.5
COVID-19 School Age Child Care During Distance Learning (19-611)	-\$7.7
Local Share for FEMA Eligible Special Appropriations ²	-\$5.8
Subtotal	-\$100.6
County Operations	
Placeholder - Disallowed Reimbursements from FEMA - incurred/future expenses (20% of Dept. Requested)	-\$24.6
Placeholder - Local FEMA Match Through End of CY20 - incurred/future expenses (25% of Allowed Costs)	-\$24.6
Placeholder - County Match for Pay Differential Through End of CY20	-\$17.8
Placeholder - Other Operating Expenses	-\$8.9
County Telework Expenditures	-\$3.1
Homeless Shelter Modifications	-\$1.6
Cost of Obtaining and Maintaining Line of Credit (Finance)	-\$1.1
Administrative Costs for Special Appropriations Programs ³	-\$0.6
Subtotal	-\$82.2
Municipal / Outside Agency Reimbursements	
Placeholder Municipal and Outside Agency Reimbursements from CRF NDA	-\$10.0
Subtotal	-\$10.0
Total Spent or Allocated	-\$192.8
Remaining Amount	-\$9.4

1. \$4 M transferred to 19-523

2. Resolutions 19-411, 19-437, 19-506, 19-407, 19-408, 19-410, 19-427

3. Includes \$501,100 for PHEG Contractors, \$63,316 for PC related to County Employees reviewing PHEG apps + \$50,000 for CCOC (19-551) spec app

*Some expenditures might be excluded from CRF funding and will be charged to the General Fund.

COVID RESPONSE SPECIAL APPROPRIATIONS

Resolution	Purpose	Appropriation Amount	Source of Funds	Dept/NDA	Amount Spent as of 9/30/2020	Amount Encumbered as of 9/30/2020	Total Spent and Encumbered as of 9/30/2020	Status Notes
1 19-407	Food Security - Manna Food	\$260,000	GF Reserves*	HHS	\$260,000	\$0	\$260,000	All funds dispersed.
2 19-408	Hotel/Motel Rooms for Medical and Front Line Staff	\$250,000	GF Reserves*	Conference and Visitors Bureau NDA	\$37,700	\$0	\$37,700	Program is closed.
3 19-409	PHEG Grant Program	\$20,000,000	GF Reserves*	Finance	\$20,000,000	\$0	\$20,000,000	All funds dispersed.
4 19-410	Hospital COVID Response Aid	\$10,000,000	GF Reserves	COVID-19 Hospital Response NDA	\$10,000,000	\$0	\$10,000,000	All funds dispersed.
5 19-411	Emergency Assistance Relief Payment Program and Food Security	\$6,000,000	GF Reserves	COVID-19 Human Services and Community Assistance NDA	\$5,361,300	\$635,276	\$5,996,576	EARP Phase 1: Completed as of 06/01/2020. Total number of checks 1,361. Total spending \$1,430,700. Phases 2,3: residents will be served through non-profits. Applications opened May 18. E-mail notifications for Phases 2,3 sent to 900 contacts. Payments to non-profit partners will be administered through the Community Foundation. As of 09/30/2020, total number of checks 3,920 and total spending \$3,930,600. Expanded EARP program to be implemented beginning 10/5/2020.
6 19-425	PHEG Grant Program	\$5,000,000	GF Reserves*	Finance	\$847,165	\$69,287	\$916,452	\$916,452 of the additional \$5M appropriated for the PHEG program has been awarded to approximately an additional 95 applicants. A total of \$20,916,452 was awarded through the PHEG program, including \$6.7M to 720 restaurant and retail businesses. The remaining \$4,083,548 were transferred to 19-523 and this appropriation will closeout when the encumbered total are spent down.
7 19-426	Local PPE Production	\$100,000	GF Reserves*	MCEDC NDA	\$100,000	\$0	\$100,000	All funds dispersed.
8 19-427	PPE Purchase by DGS	\$250,000	GF Reserves*	DGS	\$250,000	\$0	\$250,000	All funds expended.
9 19-432	Emergency Eviction Prevention and Rental Assistance	\$2,000,000	GF Reserves	COVID-19 Human Services and Community Assistance NDA	\$1,071,247	\$0	\$1,071,247	494 Rental Assistance and Emergency Housing payments made as of 09/30/20. Remaining funds have been fully accounted for through the COVID rent relief program intake process.
10 19-437	Food Assistance/Security	\$750,000	GF Reserves*	COVID-19 Human Services and Community Assistance NDA	\$750,000	\$0	\$750,000	All funds dispersed.
11 19-438	Telework Assistance Program - County Businesses	\$250,000	GF Reserves*	MCEDC NDA	\$250,000	\$0	\$250,000	All funds dispersed.
12 19-439	Emergency Assistance Relief Payment Program	\$5,000,000	GF Reserves	COVID-19 Human Services and Community Assistance NDA	\$0	\$0	\$0	This will be Phase 4 of EARP and will provide direct financial assistance to residents that were not eligible in previous phases.
13 19-454	Telework Assistance Program - County Businesses	\$1,250,000	GF Reserves*	MCEDC NDA	\$1,041,900	\$208,100	\$1,250,000	All funds dispersed or encumbered.
14 19-490	Unemployment Insurance Outreach	\$40,000	GF Reserves	Worksource Montgomery NDA	\$0	\$0	\$0	Amended contract with WorkSource Montgomery has been finalized.

Resolution	Purpose	Appropriation Amount	Source of Funds	Dept/NDA	Amount Spent as of 9/30/2020	Amount Encumbered as of 9/30/2020	Total Spent and Encumbered as of 9/30/2020	Status Notes
15 19-499	3R Program (Reopen, Relaunch, Reimagine) - Economic Development	\$500,000	Unused funds from 19-438 & 19-454	MCEDC NDA	\$26,363	\$116,138	\$142,500	MCEDC confirms that this appropriation will be expended by EOY.
16 19-500	Early Care and Education Initiative Recovery Fund (assistance to childcare providers)	\$10,000,000	Federal Grant Funds	Early Care and Education Initiative NDA	\$9,987,668	\$0	\$9,987,668	As of September 30, 2020, 392 checks have been issued totaling \$9,987,668.
17 19-506	Food Assistance/Security	\$10,300,000	Federal Grant Funds	COVID-19 Human Services and Community Assistance NDA	\$5,052,209	\$0	\$5,052,209	The Task force finalized the list of awardees of the Capacity Building Grants. \$1,025,880 was awarded to 28 local Food Assistance Providers to improve their infrastructure and expand their capacity to provide food access to hard-to-reach communities in Montgomery County. To date, that Task Force has spent a total of \$5,052,209 to implement the Response Strategy. This funding will be completely expended by the end of the year as the need exceeds the appropriate (and will be supported via FEMA reimbursement as well).
18 19-522	COVID-19 Arts Relief Fund	\$3,250,000	Federal Grant Funds	Arts and Humanities Council NDA	\$0	\$3,250,000	\$3,250,000	All funds have been encumbered.
19 19-523	Reopen Montgomery Initiative	\$14,000,000	Federal Grant Funds and Unused PHEG Funds	Economic Development Fund	\$220,189	\$1,211,349	\$1,431,538	To date, the Reopen Montgomery program has received 3,169 applications. It has conducted three lottery selections (the most recent was 9/16/2020) and has approved 422 applications in the total amount of \$1,431,538. This program will be emphasized for completion to ensure spend down over the next month.
20 19-524	Maryland Tech. Council - Business Continuity Task Force	\$250,000	Federal Grant Funds	County Executive's Office	\$0	\$0	\$0	Contract has been finalized and signed.
21 19-535	Business Assistance for Medical and Dental Clinics	\$3,000,000	Federal Grant Funds	COVID-19 Human Services and Community Assistance NDA	\$0	\$0	\$0	Executive Staff is reviewing the details of the program and evaluating options for how best to implement the grant program for medical and dental practices.
22 19-551	Assistance to Distressed, Affordable Common Ownership Communities	\$2,025,000	Federal Grant Funds	COVID-19 Human Services and Community Assistance NDA	\$0	\$0	\$0	Contract is in the process of being finalized with the organization who will manage the program.
23 19-556	Permanent Supportive Housing for Veterans and Unsheltered Adults	\$355,000	Federal Grant Funds (\$118,335) / General Fund Reserves (\$236,665)	HHS	\$0	\$0	\$0	Contract is in the process of being finalized.
24 19-557	Rental Assistance and Eviction/Homelessness Prevention	\$20,000,000	Federal Grant Funds	COVID-19 Human Services and Community Assistance NDA	\$436,788	\$170,720	\$607,508	The online portal received 2,200 applicants as of end of September - 50% were from targeted areas. To date, 145 checks have been issued totaling \$436,788.
25 19-560	Hospitality and Tourism Support	\$200,000	Federal Grant Funds	Conf. & Visitors Bureau NDA	\$30,942	\$0	\$30,942	Contract amendment finalized week of September 7 - the amount shown represents the first invoice received and paid.

	Resolution	Purpose	Appropriation Amount	Source of Funds	Dept/NDA	Amount Spent as of 9/30/2020	Amount Encumbered as of 9/30/2020	Total Spent and Encumbered as of 9/30/2020	Status Notes
26	19-564	COVID-19 Support Mental Health Hotline (EveryMind)	\$395,000	Federal Grant Funds (\$300,000) / General Fund Reserves (\$95,000)	HHS	\$0	\$0	\$0	Purchase order has been created and is expected to be executed by Procurement imminently.
27	19-565	Latino Health Initiative - Por Nuestra Salud y Bienestar	\$5,596,115	Federal Grant Funds (\$4,643,567) / General Fund Reserves (\$952,548)	COVID-19 Human Services and Community Assistance NDA	\$797,076	\$3,368,576	\$4,165,652	Project has completed most of the processes to build the required infrastructure. Efforts are now focused on the implementation phase, with special concentration on outreach, education, and case management. Start-up testing efforts continue, with major emphasis on the identification of venues in high-risk areas.
28	19-582	African American Health Program COVID Response	\$3,354,084	Federal Grant Funds	COVID-19 Human Services and Community Assistance NDA	\$0	\$3,354,084	\$3,354,084	Contract with The National Center for Children and Families (NCCF) has been finalized. All funds for this initiative have been encumbered. HHS is working with the African American Health Program Executive Committee (AAHP-EC) and NCCF to finalize Standard Operating Procedures (SOPs).
29	19-589	Countywide Program - Youth Sports Initiative	\$1,000,000	Federal Grant (\$500,000)/General Fund Reserves (\$500,000)	Recreation	\$0	\$0	\$0	Adopted 9/15/2020.
30	19-590	Youth Sports Initiative	\$550,000	Federal Grant Funds	COVID-19 Human Services and Community Assistance NDA	\$0	\$0	\$0	Adopted 9/15/2020.
31	19-611	School-Age Child Care During Distance Learning	\$7,687,000	Federal Grant Funds	Early Care and Education Initiative NDA	\$0	\$0	\$0	Adopted 9/29/2020.
Note: * Denotes special appropriation that is eligible for CRF funding under 19-498									

Summary - COVID Hazard Pay (including FICA) through Pay Period ending 9-26

By Period

	Hours	Pay
Period 1	339,415.12	\$3,422,116
Period 2	340,901.45	\$3,513,601
Period 3	335,403.60	\$3,451,916
Period 4	341,581.53	\$3,473,960
Period 5	351,363.41	\$3,605,610
Period 6	368,198.67	\$3,698,407
Period 7	360,430.86	\$3,579,356
Period 8	380,064.51	\$3,666,552
Period 9	392,596.20	\$3,826,123
Period 10	396,776.81	\$3,844,949
Period 11	406,327.65	\$3,967,944
Period 12	404,856.51	\$4,027,963
Period 13*	512,845.98	\$5,155,320
Total	4,930,762.30	\$49,233,818
Average	379,289.41	\$3,787,217

Summary - COVID Hazard Pay (including FICA) through Pay Period ending 9-26

By Unit

	Hours	Pay
Fire	1,304,573.75	\$14,979,858
Police	892,769.25	\$9,830,704
MCGEO	2,394,817.90	\$21,970,851
Non-rep	338,601.40	\$2,452,405
Total	4,930,762.30	\$49,233,818

* Period 13 data for MCGEO contains retro pay for additional front office hazard pay for prior periods

Summary - COVID Hazard Pay (including FICA) through Pay Period ending 9-26

By Period, By Unit

Fire	Hours	Pay
Period 1	98,814.68	\$1,102,460
Period 2	104,320.99	\$1,190,931
Period 3	105,002.55	\$1,219,259
Period 4	104,431.11	\$1,211,590
Period 5	103,478.35	\$1,206,791
Period 6	103,706.43	\$1,198,793
Period 7	97,435.86	\$1,114,238
Period 8	98,040.23	\$1,122,081
Period 9	97,642.17	\$1,119,308
Period 10	96,242.34	\$1,096,141
Period 11	99,808.74	\$1,151,580
Period 12	96,588.88	\$1,105,830
Period 13	99,061.42	\$1,140,854
Total	1,304,573.75	\$14,979,858

Police	Hours	Pay
Period 1	69,776.25	\$760,685
Period 2	68,653.27	\$754,911
Period 3	68,266.66	\$748,340
Period 4	68,174.00	\$745,329
Period 5	75,453.33	\$848,633
Period 6	70,186.58	\$775,237
Period 7	65,338.00	\$722,695
Period 8	64,335.00	\$706,861
Period 9	65,945.25	\$727,234
Period 10	64,955.16	\$711,910
Period 11	69,259.25	\$761,978
Period 12	69,938.50	\$768,960
Period 13	72,488.00	\$797,933
Total	892,769.25	\$9,830,704

MCGEO	Hours	Pay
Period 1	147,419.20	\$1,381,649
Period 2	144,263.36	\$1,386,467
Period 3	139,387.86	\$1,308,527
Period 4	145,390.43	\$1,339,781
Period 5	149,324.12	\$1,373,408
Period 6	168,325.14	\$1,531,209
Period 7	171,922.81	\$1,554,259
Period 8	189,363.13	\$1,643,187
Period 9	200,438.71	\$1,779,231
Period 10	207,162.26	\$1,841,582
Period 11	208,965.82	\$1,856,442
Period 12	210,686.69	\$1,960,119
Period 13*	312,168.37	\$3,014,990
Total	2,394,817.90	\$21,970,851

Non-Represented	Hours	Pay
Period 1	23,404.99	\$177,323
Period 2	23,663.83	\$181,292
Period 3	22,746.53	\$175,790
Period 4	23,585.99	\$177,260
Period 5	23,107.61	\$176,778
Period 6	25,980.52	\$193,169
Period 7	25,734.19	\$188,165
Period 8	28,326.15	\$194,422
Period 9	28,570.07	\$200,350
Period 10	28,417.05	\$195,316
Period 11	28,293.84	\$197,943
Period 12	27,642.44	\$193,054
Period 13	29,128.19	\$201,544
Total	338,601.40	\$2,452,405

Note: Figures anticipated to change slightly as timesheet corrections are processed. Each period represents the totals pulled specifically from those periods, and totals are not updated to reflect any timesheet corrections that have occurred.

MEMORANDUM

October 7, 2020

TO: County Council
FROM: Carlos Camacho, Legislative Analyst
SUBJECT: COVID-19 Pay Differential Policy Research

Executive Summary

Local governments in at least 20 states or territories have implemented [pay differentials or other benefit enhancements](#) for front line workers during the COVID-19 pandemic in an effort to compensate employees that risk exposure to COVID-19 to provide communities with essential services. Montgomery County instituted a pay differential policy on April 5, 2020 (applied retroactively to eligible employees on March 26, 2020), which is still in effect..

Following-up on requests for additional information from Councilmembers, this research details pay differential policies implemented in other Maryland jurisdictions as well as selected neighboring jurisdictions during the COVID-19 health emergency. The report also briefly details policies implemented outside of Maryland, DC, and Virginia, however in less detail than for the regional jurisdictions.

Notable findings include:

- 11 local jurisdictions, including the State of Maryland and Washington DC, implemented some form of a pay differential policy during the pandemic. Of these jurisdictions, the pay differential policies remain in effect in five and have expired in six.
- In all jurisdictions, eligibility for the pay differential focused on “essential” or “front-facing” employees that could not work remotely.
- The structure of pay differentials vary among jurisdictions, with some providing a per hour differential and others providing a fixed dollar amount.
- Applying the pay differential to a common 80 hour pay period, the jurisdiction with the highest maximum pay differential that an employee could receive is Montgomery County with \$800. The lowest maximum was Baltimore City and Baltimore County with \$100 per 80 hour pay period.
- Some jurisdictions tied their policy to the duration of the County/State declared State of Emergency, while others limited their policy to a specific number of pay periods, a set termination date, or fiscal capacity.

Regional Jurisdictions with a Pay Differential
Ongoing
<ul style="list-style-type: none">• Anne Arundel County• Baltimore City• Frederick County• Montgomery County• Prince George’s County
Expired
<ul style="list-style-type: none">• Baltimore County• Cecil County• Charles County• Howard County• State of Maryland• Washington, D.C.

COVID-19 Pay Differential Policies in Regional Jurisdictions

The table starting on page four details pay differential policies for 23 different jurisdictions within the region. The information on county differential pay policies - also known as hazard pay, premium pay, or response pay - stems from a survey done by the Maryland Association of Counties (MACo).¹ In addition to the counties and cities included in the survey, staff was able to obtain similar information from the State of Maryland, Washington, DC, and Fairfax County.

Eligibility. Jurisdictions have applied COVID-19 pay differential eligibility policies to cover similar groups of employees. For example, Baltimore City, Baltimore County, Cecil County, and Charles County all specify that “essential employees,” “essential public facing,” or “mission critical” employees are to receive the specified pay differential. The term “public facing” to denote employees that come in close contact with the public is also used to determine eligibility in Anne Arundel, Frederick, Montgomery, and Prince George’s Counties. Other eligibility criteria specified involves employees having to be present on-site in order to perform their job functions. This criterion was specifically mentioned in Washington, DC, Howard County, Montgomery County, and Cecil County but was certainly part of the eligibility criteria for other jurisdictions, as many essential and public facing employees must be physically present at their worksite in order to perform their job functions. Both Howard and Charles Counties did not provide a pay differential to department heads, deputies, appointing authorities, and other senior or executive management staff.

Amount. The amount of pay differential given to employees varied among jurisdictions, however commonalities among the policies do exist. Staff sought to normalize the maximum pay differential an employee could receive per an 80 hour work week to better show a comparison among jurisdictions.² The maximum pay differential per 80 hour work week varied from a low of \$100 given to mission critical employees in Baltimore County and Baltimore City to a high of \$800 given to front facing employees in Montgomery County. Washington, DC and Howard County took different approaches in calculating employee pay differentials. Washington, DC fixed the pay differential at \$14 per day (\$140 per 10-day pay period), while Howard County paid eligible employees a one-time bonus of either \$1,500 or \$600 depending on their need to be on-site for work.

Duration. The duration of the outlined pay differential policies was similar in policy but different in practice. Four jurisdictions - Anne Arundel, Baltimore, Montgomery, and Prince George’s Counties - tied the pay differential to the duration of the County/State declared State of Emergency. Baltimore and Prince George’s Counties limited their policy in other ways, such as to a fixed number of pay periods (five in Baltimore County) or to a specific date (June 28, 2020 in the case of Prince George’s County). In Montgomery County, while the agreement struck between the County Executive and County employee’s labor unions limited the policy to the duration of the Maryland State of Emergency it did not expressly limit the policy in any other way but instead allows for renegotiation of the policy after six pay periods. Cecil County’s pay

¹ Follow-up calls and emails were made to counties and cities implementing pay differential policies in order to further examine these policies. No follow up was made to those jurisdictions that indicated that they had not implemented a pay differential policy as it was unlikely that they would institute such a policy at this time.

² This calculation assumes the employees receives the full differential for the entire 80 hours.

differential policy expired in June when County offices re-opened. Charles County and the State of Maryland both gave specific end dates for their pay differential policies, June 30, 2020 and May 5, 2020, respectively. Washington, DC took a different approach and specified that their policy would be in place during the COVID-19 health emergency “as long as the city is financially able to provide.”

Notably, Baltimore County, Baltimore City, Charles County, Frederick County, and the State of Maryland all extended the duration of their pay differential policies at one point in time during the health emergency.

Of the ten counties/cities that responded to follow up efforts, five have since stopped giving employees a pay differential, while four – Anne Arundel County, Frederick County, Montgomery County, and Baltimore City - continue to provide differential pay. Prince George’s County stated that they will provide an update once a decision regarding the extension of their hazard pay policy has been made. The State of Maryland continues to pay a \$5.13 pay premium but only to those employees working in a quarantine area.

COVID-19 Pay Differential Examples from Across the Country

Several examples of pay differential policies from across the country are summarized below. As with the regional jurisdictions, there exists an array of approaches in terms of eligibility, amount, and duration.

- The City of Atlanta, Georgia provided public safety, sanitation, and other frontline staff an additional [\\$500 per month](#) through the end of September.
- In Massachusetts, employees that hold a license related to their occupation (e.g. licensed practical nurse) that are working in state hospitals, medical facilities, and group homes are eligible to receive a temporary pay raise of [\\$10 per hour](#) and other state health workers are eligible to receive an additional \$5 per hour through at least May 30 and potentially through the end of the pandemic. Massachusetts has also agreed to pay a [one-time \\$500 bonus](#) to eligible workers who have not missed a shift or a regular work day since the State of Emergency was declared on March 10.³
- In Michigan, the state created the [First Responder Hazard Pay Premium Program \(FRHPP\)](#), which is funded through the CARES Act, whereby eligible employees could earn a maximum of \$1,000 in payments. These funds are available to “first responders who have performed hazardous duty or work involving physical hardship related to COVID-19.” Applications for reimbursement were accepted until September 30, 2020.
- The [City of Charlotte](#), North Carolina paid employees “who have frequent, direct contact with the public, including first responders...5% over their base pay” until the stay-at-home order in Mecklenburg County was lifted. The stay-at-home order [was lifted](#) on May 22, 2020 as the state entered into their Phase 2 reopening.
- In April, Detroit Mayor Mike Duggan passed an [Executive Order](#) giving the city’s first responders, and other public facing employees, “Hazard Bonus Pay” in the amount of \$5 per hour. First responders working 24 hour shifts would receive a flat \$90 per shift worked.

³ Staff has been unable to determine the end date of the Massachusetts pay differential policy.

Summary Table of Regional Jurisdiction Pay Differential Policies

Jurisdiction	Eligibility	Amount and Cap	Status	Maximum Per 80 Hour Pay Period
Pay Differential Provided				
Anne Arundel	<ul style="list-style-type: none"> Public facing employees whose job is critical to the operations of the County Includes quasi-State agencies such as Department of Aging and Health and Social Services 	<ul style="list-style-type: none"> \$3.125 extra per hour. Maximum of \$250 per pay period 	Ongoing through the duration of the Civil Emergency	\$250
Baltimore City	<ul style="list-style-type: none"> Frontline, public-facing employees including firefighters, EMTs, and police Other mission critical employees 	<ul style="list-style-type: none"> \$200 biweekly stipend for frontline public facing employees \$100 biweekly stipend for other mission critical employees 	Ongoing through the end of 2020	\$100 or \$200
Baltimore County	<ul style="list-style-type: none"> First responders and essential public-facing employees Employees performing mission-critical functions and who are still reporting to their work location 	<ul style="list-style-type: none"> \$200 per pay period for first responders and essential public-facing employees, capped at \$1000 or max of five pay periods \$100 per pay period, capped at \$500 or a maximum of five pay periods Only applicable for the duration of the County Executive's Declaration of Emergency 	Expired in July	\$100 or \$200
Cecil	Exempt, essential employees	Additional ½ base pay for hours worked on-site, and those who telework will received an additional ¼ base pay	Expired. Only applied from 4/8/20 to 6/50/20 while CCG offices we closed (see appendix)	Dependent on employee base pay
Charles	<ul style="list-style-type: none"> First responders and essential public-facing employees Emergency Medical Services personnel Other employees performing mission-critical functions and still reporting to work 	<ul style="list-style-type: none"> \$3.13 per hour for first responders and essential public facing employees \$1.57 per hour for Emergency Medical Services and other mission critical employees 	Expired. Began on March 16 and was extended through September 11	\$125 or \$250

Frederick	Employees that are in continual, close contact with the public like fire & rescue, home health aides, and transit drivers for only those hours worked that the employee is engaging with the public.	\$2.50 per hour	Ongoing through December at which time Federal funds are expected to be exhausted	\$200
Howard	<ul style="list-style-type: none"> Employees required to be present on-site full-time Employees required to be present on-site intermittently of their normal workweek 	<ul style="list-style-type: none"> \$1,500 for on-site full-time \$600 for intermittent on-site 	Expired. One-time bonus paid in May	Payment not based on hours worked
Montgomery	<ul style="list-style-type: none"> Onsite employees responding to COVID-19 or providing selected critical core services. Employees categorized as front-facing or back-office Differential pay applied uniformly for FOP and IAFF members Front-facing and back-office category will differentiate pay for MCGEO-represented and GSS employees. 	<ul style="list-style-type: none"> \$10 per hour for front-facing \$3 per hour for back-facing Cover six pay periods starting March 29 or until the Maryland State of Emergency is lifted. 	Ongoing until renegotiated or until the Governor lifts the State of Emergency.	\$240 or \$800
Prince George's	Both public facing and non-public facing employees	<ul style="list-style-type: none"> \$350 per pay period for public facing \$200 per pay period for non-public facing From April 5, 2020 through June 28, 2020 or until Declaration of Emergency is cancelled 	Ongoing. County currently is reviewing the policy	\$200 or \$350
State of Maryland	<ul style="list-style-type: none"> Employees working in 24/7 operations, such as prisons, state hospitals and with the state police Employees who must work in "designated quarantined areas" 	<ul style="list-style-type: none"> \$3.13 per hour \$5.13 per hour for employees working in quarantine areas 	Expired on September 8 (except for employees working in quarantine areas).	\$250 or \$410
Washington, DC	<ul style="list-style-type: none"> Employees who are required to physically report to work to fulfill their official duties during the COVID-19 health emergency 	<ul style="list-style-type: none"> \$14 a day Dependent on City's financial health 	Expired. Began March 16 and ended June 22 as DC transitioned to Phase 2 reopening	\$140 (assuming 10-day pay period)

No Pay Differential				
Calvert	N/A	N/A	N/A	N/A
Carroll	Providing extra leave to employees. Non-essential receive one hour for every hour worked and essential get one and a half hours for every hour worked.	N/A	N/A	N/A
Dorchester	N/A	N/A	N/A	N/A
Garrett	N/A	N/A	N/A	N/A
Harford	N/A	N/A	N/A	N/A
Kent	N/A	N/A	N/A	N/A
Somerset	N/A	N/A	N/A	N/A
Talbot	N/A	N/A	N/A	N/A
Washington	N/A	N/A	N/A	N/A
Wicomico	N/A	N/A	N/A	N/A
Worcester	N/A	N/A	N/A	N/A
Fairfax County, VA	County is looking into giving additional leave to frontline employees but are still working out those details.	N/A	N/A	N/A