



To: The Honorable Nick Mosby, City Council President
Eric Costello, Chairman of the Ways and Means Committee

CC: City Council
Christopher Shorter, Chief Administrative Officer
Bob Cename, Budget Director
Nina Themelis, Deputy Director, Government Relations

From: Shamiah T. Kerney, Chief Recovery Officer

Date: February 18, 2022

Subject: American Rescue Plan Quarterly Oversight Hearing

Background

This memorandum includes responses to questions from the Baltimore City Council, both questions from the City Council President's Office shared via email on February 12, 2022, and questions posed during a virtual hearing of the Ways and Means Committee on February 15, 2022. The latter represent the set of questions that the Recovery Office committed to respond to in writing.

Questions from the City Council President's Office

Question: How many non-profits are projected to receive financial support and technical assistance from the Baltimore Civic Fund Recovery Fund? Is there a projection on how much will the average grant award amount be?

MORP Response: The Baltimore Civic Fund (BCF) is currently processing grants as a result of their 2021 Baltimore Nonprofit Relief Fund, where they anticipate awarding nearly \$4.2 million to 156 Baltimore nonprofits with ARPA funds by March 2022. The award amounts for each nonprofit, which are based on the recommendations of a community review of all applications, average \$26,879 per award. Award amounts range from \$1,535.11 to \$50,000. BCF will conduct at least one additional round of funding with the remaining \$4.1 million of ARPA funds.

Question: Can you explain the application process for emerging non-profits to receive ARPA funds from the Baltimore Civic Fund? How similar will the application process to be the process nonprofits went through to obtain funds from the Mayor's Office of Recovery Programs?

MORP Response: BCF's process is similar to MORP's nonprofit application and review process. For both application processes, there are certain eligibility considerations, specifically that nonprofits must:

- Be in good standing with the State of Maryland
- Have been established prior to the COVID-19 public health emergency
- Be located within the City of Baltimore with proof of operating office

Both BCF and MORP review applications for completeness. BCF completes a technical review and MORP similarly completes an eligibility review before providing applications for evaluation by a review team. Both MORP and BCF utilize review teams to review applications against a scoring rubric, with the equity criterion is given the greatest weight. Additionally, both BCF and MORP may adjust applications for scale and scope before committing to funding a proposal.

While both entities use a review team, the composition of the review teams, differ. The MORP review team consists of six City agency representatives and one nonprofit representative, BCF utilized a Community Review Panel made up of four reviewers who live and/or work in Baltimore City.

The purpose of the programs also differ for both BCF and MORP. The BCF program focuses on *relief*—providing funds to nonprofit organizations that demonstrate proof of negative economic impact or revenue loss. Conversely, the MORP program focuses on *recovery*—providing funds to nonprofit organizations that wish to render programs or services to Baltimore City residents that aid in the city's recovery from the negative impacts of COVID-19. In addition, the funding request requirements differ for both entities. BCF requires applicants to request less than \$250,000 in funding—less than the funding threshold required by MORP. BCF structured their awards based on organization size:

- For nonprofits with operating budgets below \$250,000 - up to \$10,000 awarded
- For nonprofits with operating budgets at or above \$250,000 and below \$1 million - up to \$25,000 awarded
- For nonprofits with operating budgets at or above \$1 million - up to \$50,000 awarded. Organizations will need to provide an independent audit report if they are requesting \$25,000 or more.

BCF will announce their first round of awards in July 2022. Nonprofits will be able to apply for the second round of funding from BCF starting April 1, 2022 and the opportunity will close on April 29, 2022.

Question: How many childcare centers in Baltimore will receive financial support from the \$2,000,000 given to The Family League of Baltimore City Recovery Assistance? Can any of the \$2,000,000 be used by the Family League for administration costs?

MORP Response: The Family League approved 182 childcare providers to receive grant funding. All of their funding is now expended. Approximately \$120,000 (6%) of Family League's allocation was used for administrative expenses.

Question: Through the partnership with the University of Baltimore and Morgan State University, is the City able to identify trends in unmet needs and funding gaps? Are we able to compare how well the City is dispersing ARPA funds against other localities?



MORP Response: University of Baltimore and Morgan State University are primarily focused on bringing research and evaluation expertise to proposals and to the ARPA investments that the City has already committed. The Universities are also responsible for:

- reviewing performance measures and recommending enhancements to both measures and data collection methods;
- researching the available evidence base for proposed projects;
- identifying ways to strengthen program design based on quantitative evidence and best practices implemented in peer cities;
- and helping to identify which projects should receive long-term program evaluation- beyond monthly and quarterly reporting requirements.

Regarding how the City's spending patterns compare to other localities, the first project and expenditure reports from the ARPA State and Local Fiscal Relief Fund (SLFRF) grantees were due to Treasury on January 31, 2022. As such, limited information is currently available on expenditures by locality. The most recent and comprehensive summary of ARPA spending is from The Brookings Institution. The Institution reports that cities have been deliberate and strategic in how ARPA funds will be used, and as such, the slower rate of spending is "not necessarily surprising nor worrisome." (Source: [Cities are taking it slow with American Rescue Plan funds](#))

Question: When will funds be dispersed to non-profits that applied to the online portal on the Mayor's Office of Recovery programs website?

MORP Response: As discussed during the Council briefing, the Mayor's Office of Recovery Programs is reevaluating all 500 proposals that were submitted by city agencies, quasi-government agencies and nonprofits to ensure compliance with the Treasury Final Rule which was issued on January 6, 2022. The Recovery Office intends to invite selected nonprofits to submit full applications beginning in March 2022. Timeframes for funding will vary based on how quickly the nonprofit can complete the required components of the application and respond to requests for information. In addition, the timeframe for dispersing funds to approved nonprofits are contingent upon the BOE schedule and approval.

Question: When can the public expect the launch of the dashboard detailing the City's ARPA expenditures?

MORP Response: On February 14, 2022, the Mayor's Office of Recovery Programs launched the ARPA Reporting Center. This dashboard allows the public to monitor investments made with the City's \$641 million ARPA allocation. Additional information on commitments and expenditures as well as performance measures will included on the dashboard as it becomes available.



Question: What metrics have been developed to assess equity in spending?

MORP Response: Equity in spending does not mean the equitable distribution of funding across the City. Instead, the Administration and the Mayor's Office of Recovery Programs have are intentionally prioritizing historically underinvested and divested neighborhoods throughout the City. Accordingly, the Recovery Office factors in equity in the following ways:

- *Proposals:* MORP has designed an application process that considers equity at multiple points. For example, equity has the highest weight in the scoring rubric. One of the questions in the application for funding asks: "How will this project incorporate and advance equity?"; and our communications materials make clear that projects in Qualified Census Tracts¹ will be given priority (See [Equity Fact Sheet](#) on the MORP website).
- *Applications:* There are 3 ways that the Recovery Office is advancing equity during this stage. First, we ask applicants to complete an equity assessment, answering prompts like, "How will the project mitigate or decrease existing or historical disparities?" and "Identify, with data and statistics, the population that will be served by this project." Secondly, we may require organizations to develop equity-based eligibility or prioritization criteria to ensure that funds are targeted to groups with the most need. For example, the Economic Recovery Fund must prioritize applicants that meet the following criteria:
 - The applicant has not received prior funding from local, state, or federal COVID-19 relief program such as the Paycheck Protection Program or the Economic Injury Disaster Loan Program
 - The organization is located in a Qualified Census Tract* in Baltimore City
 - Organizations that provide services such as assistance with food, housing, and other basic needs; employment programs for people with barriers to employment who faced negative economic impacts from the pandemic (such as residents of low-income neighborhoods, minorities, disconnected youth, the unemployed, returning citizens, veterans, and people with disabilities); and other organizations that provide disadvantaged groups with access to education, jobs, and opportunity.
 - MBE/WBE/DBE/Veteran or other economically disadvantaged qualification from the City, State, or Federal Government
 - The organization employs 50% or more of Baltimore City Residents as W2 employees*
 - Organization with 20 or fewer full-time employeesThirdly, we require organizations to develop performance measures and then specify whether they can disaggregate those measures by demographic

¹Qualified Census Tracts (QCTs) is a designation used by the United States Treasury and the United States Department of Housing and Urban Development (HUD) to define underserved and disproportionately impacted communities. QCTS are census areas where at least half of households have lower income than most of the surrounding region. More details about QCTs can be found on the [U.S. HUD website](#). (Learn more: [Equity and Qualified Census Tracts](#))

characteristics such as: Age, Gender, Race, Ethnicity, ZIP code, income level, sexual orientation, or gender identity.

- *Funded Projects:* We are requiring funded organizations to break down specific performance measures by demographic characteristics as part of monthly and quarterly reporting. We are also working with our university partners to develop an approach to linking funds spent to specific ZIP codes and neighborhoods.

Question: During the Mayor's ARPA Telephone Town Hall, many residents mentioned using ARPA funds to address City services. What steps are being taken to assess and evaluate ARPA spending as it relates to City services?

MORP Response: On January 6, 2022, the United States Department of Treasury issued their Final Rule for the SLFRF established under ARPA—which outlines the protocols for administration and implementation of these funds. The Final Rule changed eligibility for previously allowable uses of funds and provided more clarity on additional uses. One such area is the use of ARPA funding for the provision of government services. Proposals from agencies such as DOT and DPW for city services are being reviewed based on the new understanding of the Final Rule. However, the provision of government services can only be funded to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the public health emergency. The Recovery Office will be working with agencies to review data points, such as 311 service requests, to help target and prioritize services to be supported by this limited funding amount.

Question: Please elaborate on why there have been no expenditures on the COVID-19 response given that the Baltimore City Health Department's goal is to increase the vaccination rate to 80% of all Baltimore city residents by the end of February.

MORP Response: As discussed during the hearing, the Health Department used both CARES Act funding and Federal Emergency Management Agency (FEMA) reimbursements to support many of its COVID-19 response operations. CARES Act funding expired as of December 2021. However, FEMA reimbursements are still available. MORP and Finance asked BCHD leadership to use the available FEMA reimbursements to continue covering as many of its allowable COVID-19 expenses as possible until April 1, 2022—the date FEMA reimbursements are set to expire. These expenses include vaccine outreach, Personal Protective Equipment (PPE) procurement, testing, and food insecurity efforts. Once FEMA reimbursements end, BCHD will increase spending against the ARPA grant award for these COVID-19 response operations.

BCHD has started spending ARPA funds on the limited set of COVID-19 expenses that are not eligible under FEMA. For example, contact tracing/outbreak investigation staff are not eligible for FEMA reimbursement, and after December 2021, BCHD began the process of transferring the positions into Grant Service Specialist (GSS) positions into

Workday, in close collaboration with DHR. In addition, BCHD has begun the hiring and recruiting process for ARPA-funded positions in the areas of contact tracing/outbreak investigation, PPE facilities and warehousing staff, and operations support personnel.

Questions from the Ways and Means Committee Hearing

Question: Would MORP provide the list of equity-related questions that applicants must respond to as part of the application process?

MORP Response: There is one equity-related question in the proposal template and then eight such questions in the application.

- [Proposal] How will this project incorporate and advance equity? Equity, as prescribed in Article 1 39-1 in the Baltimore City Code, means closing the gaps in policy, practice, and allocation of resources so that race, gender, religion, sexual orientation, and income do not predict one's success, while also improving outcomes for all.
- [Application] How does this project incorporate, advance, and operationalize equity? Please elaborate on effects:
 - By gender
 - By race for black and non-black persons of color
 - For persons with disabilities
 - For persons with low socioeconomic status or affected by persistent poverty
 - For LGBTQ populations
 - For religious minorities
- [Application] Does the project explicitly account for potentially racially disparate outcomes? How?
- [Application] How will the project mitigate or decrease existing and historical disparities?
- [Application] How is an equity lens incorporated in tracking outcomes?
- [Application] Do the tools for accountability incorporate a racial equity framework? How?
- [Application] Identify, with data and statistics, the population that will be served by this project.
- [Application] Will any of the following populations be served or benefit from this project? Please select all applicable answers.
 - Displaced homemakers
 - Ex-offenders
 - Homeless individuals
 - Individuals facing substantial cultural barriers
 - Individuals who are English language learners
 - Individuals who are unemployed, including the long-term unemployed
 - Individuals who have low levels of literacy

- Individuals without a high school diploma
- Native Americans, Alaskan Natives, and Native Hawaiians
- Older individuals
- Single parents (including single pregnant women)
- Veterans
- Youth who are in, or have aged out of, the foster care system
- Other
- [Application] How will the populations being served be represented in this project?

Question: Would MORP provide a list of nonprofit and agency proposals to date?

MORP Response: As discussed during the hearing, and identified above, the Recovery Office is reevaluating all 500 submitted proposals and anticipates providing a full list of agency proposals to Council in March 2022 or sooner if possible.

Question: Provide a list of all nonprofits that received an ARPA award from MONSE and also applied to MORP for general ARPA funding?

MORP Response:

The Recovery Office and MONSE provided funding to:

- Baltimore Civic Fund (BCF) - community reviewer compensation
- University of Baltimore - fiscal agent to provide relief funding to nonprofit organizations through the Economic Recovery Fund

MONSE and the Recovery Office are using the University of Baltimore for evaluation and research purposes.

Finally, ROCA is the recipient of a grant award from MONSE. This organization's proposal is still pending with the Recovery Office.

MONSE Response:

As part of the Mayor's \$50 million ARPA investment in violence prevention, the Mayor's Office of Neighborhood Safety and Engagement will contract with the following nonprofits to contribute to key priorities in the Mayor's Comprehensive Violence Prevention Plan:

- **University of Maryland Baltimore's Rebuild, Overcome, and Rise (ROAR) Center**, an access point that provides holistic, client-driven services to survivors of crime and influencing efforts to reform systemic responses to crime.
- **TurnAround, Inc.**, a social services organization that provides support services to victims of sexual assault and domestic violence in Baltimore.



- **University of Baltimore's Baltimore Neighborhood Indicators Alliance (BNIA)** at the Jacob France Institute, which is conducting a neighborhood capacity assessment to help identify gaps in the city's violence prevention ecosystem.
- **Baltimore Ceasefire**, a grassroots movement that serves as a hub for residents and organizations and to support one another, work together, and share resources, with the goal of seeing an end to murder in Baltimore City.
- **Baltimore Community Mediation Center**, a social services organization providing a variety of mediation and conflict management services to Baltimore City organizations and residents.
- **Baltimore Civic Fund**, which is supporting the distribution of stipends to residents who volunteer to be community grant reviewers, reviewing letters of interest received through MONSE's community grant portal related to community healing, re-entry, youth justice, victim services, and community violence intervention.
- **Healing City Baltimore**, a sustained movement of neighbors, united as a citywide community, focused on healing from trauma, violence, and racial inequity.
- **Tuerk House**, a non-profit drug and alcohol treatment system that serves nearly 300 patients a day, regardless of their ability to pay, through an innovative, integrated model of care that encompasses all aspects of recovery.
- **We Our Us**, a movement of men from Baltimore and the vicinity, who focus on consistent and collective action to strategically assist people, especially boys and young men, in obtaining resources to help guide them to productive pathways and move their goals forward from a unified energy.
- **Roca Baltimore**, an organization that relentlessly finds and focuses on the traumatized 16-24 year-olds living at the center of violence.

So far, two nonprofit organizations have been selected for funding through MONSE's rolling community grant portal process:

- **Roberta's House**, a safe place where children, teens and adults discover that they are not alone in their grief. Children with their families share their feelings, memories and experiences in an atmosphere of acceptance with the love and support of trained volunteers.
- **Wisdom Projects, Inc.**, an organization that creates and enhances deep cultures of nurturance that actualizes violence. The organization provides trauma-informed healing services, STEM and arts education, and support services to Baltimore communities experiencing patterns of violence.

MONSE's community funding portal continues to accept and review applications on a regular, ongoing basis. More information can be found on [this website](#).

Question: Does the \$93.6 million for revenue replacement include emergency spending for COVID - like emergency housing? How much ARPA funding will be used to fill revenue losses?

MORP/BBMR Response: The U.S. Department of Treasury provided a calculation to assist municipalities with calculating revenue loss. A municipality must first determine its base year (FY19) revenues (pre-COVID), excluding certain revenue determined that amount is multiplied by a growth rate of 5.2% as specified by Treasury. The revenue loss calculation must be calculated every fiscal year starting in FY20 and include revenue loss at four points in time in the year.

BBMR estimates that the revenue loss for FY20 is \$93.6 million based on the Treasury calculation. The initial projection was \$103 million and this amount only included revenues, not spending components. The difference between the initial projection and the revenue loss reported to Treasury occurs because of the allowances and exclusions in the Treasury calculation.

In FY20, the City experienced rapid losses in March through June, especially in hotel tax and parking revenues. The City ended the year with a net deficit of \$8M in the General Fund. BBMR did a drawdown from the City's "Rainy Day Fund" to end in balance. CARES funding covered the incremental COVID response costs.

In FY21, the City experienced record-low receipts in hotel tax, parking revenues, convention center income, and admissions and amusement tax. However, the City offset these losses with strong showings in Income Tax and Transfer and Recordation taxes, ending the year just barely in balance for the General Fund (+8.9M). accordingly, a drawdown from ARPA was not required to end in balance. CARES funding and FEMA reimbursement covered the incremental COVID response costs.

In FY22, through the 2nd Quarter, the City is experiencing extraordinary receipts in transfer and recordation taxes, and as such do not anticipate needing ARPA to balance the General Fund and have not needed to use ARPA to backfill lost revenue to date. CARES funding expired in December 2021 and FEMA support is only guaranteed through March 2022. And as noted above, BCHD's COVID response costs will shift to ARPA as the other funding sources expire.

Based on the information above and the uncertainty of the economy, BBMR still anticipates the need for a minimum of \$80M in budget stabilization through FY25 when ARPA expires. The Administration would prefer to use ARPA funding to stabilize the budget versus the alternative of service reductions in case of short term revenue disruptions. In addition, ARPA funds will likely be needed to support quasi-government agencies that the General Fund supports, such as the Public Markets and the Hilton Hotel. If estimated funding amounts are not needed for these agencies, those resources will be made available to fund other ARPA-eligible projects.