



LINA HIDALGO

March 26, 2021

**COVID-19
SUPPLEMENTAL AGENDA LETTER**

Commissioners Court
1001 Preston Street, 9th Floor
Houston, TX 77002

Dear Commissioners:

The following item is requested for the March 30, 2021 Commissioners Court Agenda:

Request for approval of the process, accountability mechanisms, and priorities for the spending of Harris County Coronavirus Local Fiscal Recovery Funds, built on lessons from spending of CARES Act funds, with a focus on Health, Jobs, Housing, and Continuity of Government Operations.

Sincerely,

A handwritten signature in black ink, appearing to read "Lina Hidalgo".

Lina Hidalgo
Harris County Judge

Background

H.R.1319, the American Rescue Plan Act of 2021, makes available \$1.9T in relief funds to address the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals, and businesses.

Harris County expects to receive \$914M¹ in Coronavirus Local Fiscal Recovery Funds, 50% of which will be disbursed by mid-May 2021 and 50% of which will be disbursed one year later. Funds must be used by December 31, 2024 for the following purposes:

- (A) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- (B) to respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the ... county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
- (C) for the provision of government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county prior to the emergency; or
- (D) to make necessary investments in water, sewer, or broadband infrastructure.²

Process

Drawing on the process and parameters implemented for the spending of CARES Act funds (and lessons learned from the spending of those funds), a Steering Committee consisting of the Chiefs of Staff (or another designee) of each member of Commissioners Court should work with the Budget Management Department to:

- Establish a **Program Management Office for Harris County Coronavirus Local Fiscal Recovery Funds** housed with the Budget Management Department to track opportunities, investments, and outcomes, supported by representatives of relevant County departments, including the County Attorney’s Office, County Auditor,

¹ Estimate from National Association of Counties, <https://www.naco.org/resources/featured/state-and-local-coronavirus-fiscal-recovery-funds>.

² H.R. 1319, Sec. 9901, Sec. 603, (c) Requirements, (1) Use of Funds.

Commissioners Court's Analyst's Office, Purchasing, and Intergovernmental and Global Affairs, and third-party resources as appropriate.

- Establish Working Groups for key subject areas to identify and prioritize investment opportunities, leveraging related research, strategic plans, and outside experts; and select County department senior staff to facilitate the discussions of the Working Groups.
- Seek input from Harris County residents, employees, business and community leaders, and subject matter experts via surveys, focus groups, targeted interviews, and other community engagement activities.
- Maintain an active compliance program, monitoring federal guidance, proactively reviewing program design for associated alignment, establishing fraud prevention protocols, training program administrators in controls, and performing appropriate testing.
- Consider the broader spectrum of funding sources available, ensuring projects are aligned to the most appropriate funding source, opportunities for federal matches are maximized, and duplicative investments are not made in excess of need.
- Incorporate remaining Response and Recovery funds within the program, applying the same guiding principles and governance processes to their use (substituting general fund regulations for federal regulations).
- Work with relevant and appropriate internal and external subject matter experts, researchers, and other stakeholders to formally provide rapid review of proposals from the perspective of what is likely to be impactful and to suggest revisions to proposals as needed.
- Provide monthly reports to Commissioners Court on the status of the program and create a publicly accessible dashboard of information regarding Harris County spending of Coronavirus Local Fiscal Recovery Funds.

Funding parameters and prerequisites

In order for a funding proposal to be submitted for Commissioners Court consideration, the following prerequisites must be met:

- Where applicable, proposal submissions that involve third-party vendors made to the Steering Committee must include a list of all vendors invited to consider sending a proposal (not only those considered for an award).
- For programs with the potential to be a high priority for future investment of Harris County's own resources after 2024, the proposal should include a rigorous evaluation process to determine effectiveness (including potential costs of evaluation). The

evaluation may begin after the program start date, if this will not limit the effectiveness of the evaluation.

- All proposed projects must provide all information required by the County's Equity Framework for the expenditure of Coronavirus Local Fiscal Recovery Funds.
- Working Groups or other County staff must discuss and solicit feedback on the proposal with residents from or organizations serving or representing communities most affected by the health and economic impacts of the COVID-19 pandemic, especially communities with a high social vulnerability index as defined by the Centers for Disease Control.

In addition, the following parameters of the Fund should be followed:

- Allocate a portion of funds (up to 10% of initial tranche) for more immediate relief projects that are actionable (i.e., ready for Commissioners Court approval and implementation) within 60 days of the County receiving federal funds, while taking a more comprehensive approach to allocating the remaining funds. These should build on programs that have been vetted and successfully implemented using previous COVID-19 federal funds.
- Emphasis should be placed on transformative investments providing long-term benefit with minimal ongoing cost.
- All proposed projects must align with any parameters set by the County's Equity Framework for the expenditure of Coronavirus Local Fiscal Recovery Funds.

Priorities and Working Groups

To support the long-term recovery and resilience, Harris County spending of Coronavirus Local Fiscal Recovery Funds will prioritize health, jobs, and housing. The focus on these three key areas--which should complement the County's Equity Framework for the use of these funds--will be reflected in the Working Groups established by the Steering Committee:

Working Groups³:

- Health
 - Vaccine distribution
 - Mental health supports/counseling
 - Activities that address short- and long-term health disparities
 - Food
 - Health-based responses to behavioral health, social welfare and safety
- Jobs / Education

³ While not necessarily an exhaustive list of ideas or categories, the Working Groups should broadly remain consistent throughout the planning process and program implementation.

- Workforce development
- Employment practices
- Small business support
- Responsible lending / access to credit
- Potential establishment of a Community Development Financial Institution to support equitable economic recovery
- Flexible financial assistance (including activities that potentially focus on specialized populations/communities)
- Digital access
- Education
- Childcare
- Education-/wage-based responses to social welfare and safety
- Housing
 - Rental and/or mortgage assistance (if needs not met through other federal funding sources)
 - Legal resources related to housing
 - Wraparound housing services (e.g., housing navigation, counseling, education)
 - Long-term affordable housing solutions
 - Water and sewer infrastructure
 - Disaster response and recovery
 - Housing-based responses to social welfare and safety
- Maintenance of County Operations
 - Facilities
 - Elections
 - Continuity of government services (e.g., justice and safety, transportation, wraparound services)

Working Groups will:

1. Identify needs and priorities within an issue area (with supporting data and/or relevant questions to guide investigation).
2. Identify potential county and community-based stakeholders.
3. Provide ideas for programs and develop proposals to present to the Steering Committee.

County department senior staff (selected by the Steering Committee) will facilitate the discussions of the Working Groups, which will consist of Commissioners Court staff and other relevant departmental staff. Only Commissioners Court staff have voting power to move an item forward to the Steering Committee, by a majority vote of a specific Working Group's voting members. Working Groups report to the Program Management Office and attend Steering Committee meetings as appropriate.

Workflow

1. Steering Committee (Chiefs of Staff + Budget Management) establishes Working Groups
2. Working Groups identify needs, goals, and opportunities, and propose programs or other efforts to address needs.
3. Budget Management submits Working Groups' proposals to Steering Committee
4. Steering Committee decides whether to submit proposals to Commissioners Court agenda for vote
5. Budget Management submits items for Commissioners Court
6. Budget Management coordinates program implementation, with support of Working Group members and relevant contractors/partners, and with oversight from the Steering Committee.