To: File
From: COUNTY
Date: 5/9/2023
Re: ARPA Eligibility for Livingston Family Center

Purpose and Overview

This memo documents the decision-making process that Livingston County ("the County") undertook to assess the eligibility of providing financial assistance to the Livingston Family Center to address public health and negative economic impacts caused or exacerbated by the pandemic. The Livingston Family Center provides emergency shelter, crisis intervention, prevention services, and mental health counseling to youth ages 11-22 and their families who are homeless or at-risk of becoming homeless.

Background

On March 11, 2021, the United States Congress passed the American Rescue Plan Act (ARPA) of 2021.[1] ARPA is a $1.9 trillion economic stimulus package to respond the negative public health and economic impacts of the COVID-19 health pandemic. The State and Local Fiscal Recovery Fund (SLFRF), included in the stimulus package, provide $350 billion for "eligible state, local, territorial, and tribal governments to respond to the COVID-19 emergency and bring back jobs."[2] The United States Treasury ("the Treasury") published the Final Rule for SLFRF eligibility on January 6, 2022 with an effective date of April 1, 2022.[3]

The Final Rule outlines four broad categories of funding eligibility:

1) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
2) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
3) For the provision of government services 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 emergency; and
4) To make necessary investments in water, sewer, or broadband infrastructure.[4]

Description of Need

The Livingston Family Center is a 501 (c) (3) independent, non-profit, community-based counseling agency offering a variety of counseling, treatment services, supervised visitation, and prevention programs for children, adolescents, adults and families. Programs of the Livingston Family Center include: The Family Connection Center and The Connection Youth

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[1] 117th Congress. H.R.1319: American Rescue Plan Act of 2021. Accessed July 29, 2021. https://www.congress.gov/bill/117th-congress/house-bill/1319/text
[2] U.S. Department of Treasury. Coronavirus State and Local Fiscal Recovery Funds. Accessed July 29, 2021. https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds
[3] U.S. Department of Treasury. Coronavirus State and Local Fiscal Recovery Funds: Final Rule. Accessed April 26, 2022. https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf
[4] Ibid

Services. The COVID 19 pandemic negatively impacted day-to-day operations of the Livingston Family Center. Throughout the past three years, due to COVID-19, Livingston Family Center has experienced staff retention and recruitment issues, an increase in the number of youth and families seeking services with complex mental health and financial needs, a nearly 55% decrease in fundraiser revenue, and significant, expensive policy and procedure changes. Due to the nature of the essential services provided by the program-- emergency shelter, homeless prevention, and mental health intervention to youth and their families, the agency also experienced a significant increase in the amount of funds spent on an inventory of unanticipated supplies (PPE, cleaning products, etc.).

Project Overview and Objectives

The Livingston Family Center is requesting a total amount of ARPA funds of $20,000 to assist with the cost of replacing the roof at the agency's emergency youth shelter and the abatement of an area of asbestos found in the shelter.

Eligibility Considerations

The Final Rule provides a framework for recipients to identify eligible uses of these funds:

1) **Identify a COVID-19 public health or negative economic impact on an individual or a class.** Recipients should identify an individual or class that is “impacted” or “disproportionately impacted” by the COVID-19 public health emergency or its negative economic impacts as well as the specific impact itself.
2) **Design a response that addresses or responds to the impact.** Programs, services, and other interventions must be reasonably designed to benefit the individual or class that experienced the impact. They must also be related and reasonably proportional to the extent and type of impact experienced. For example, uses that bear no relation or are grossly disproportionate to the type or extent of the impact would not be eligible.[5]

Identifying an Impacted Class

The Final Rule provides the following guidance on identifying impacted classes:

> [A] recipient may identify such impacts for a class of households, small businesses, or nonprofits. In such cases, the recipient need only demonstrate that the household, small business, or nonprofit is within the relevant class. … In identifying an impacted class and responsive program, service, or capital expenditure, recipients should consider the relationship between the definition of the class and proposed response.[6]

The Treasury does not outline specific criteria that recipients must use to identify these classes. Rather, it suggests that they consider (1) the relationship between the defined class and the proposed response and (2) the population or geographic basis of the identified class. Recipients

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[5] U.S. Department of the Treasury. Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule. Accessed April 27, 2023. https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf

[6] U.S. Department of the Treasury. Coronavirus State & Local Fiscal Recovery Funds: Final Rule. Accessed April 27, 2023. https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf

may use qualitative and/or quantitative data, as available, to inform these designations, though there is no stated threshold for these determinations.[7]

The County required the Livingston Family Center to complete a "hardship questionnaire" to substantiate the impacts to both the organization's programming and financial stability. The Livingston Family Center provided the following information about the impacts of the pandemic to prove the negative economic that they experienced because of COVID-19:

- *"Throughout the past three years, due to COVID-19, LFC has experienced staff retention and recruitment issues, an increase in the number of youth and families seeking services with complex mental health and financial needs, a decrease in fundraiser revenue, and significant, expensive policy and procedure changes."*
- *"During the pandemic LFC experience a 60% overall decrease in donated funds to the agency's runaway and homeless youth program, The Connection Youth Services (TCYS)."*
- *"Due to the nature of the essential services provided by the program-- emergency shelter, homeless prevention, and mental health intervention to youth and their families, the agency also experienced a significant increase in the amount of funds spent on an inventory of unanticipated supplies (PPE, cleaning products, etc.)."*

Per the SLFRF Final Rule, nonprofits have faced significant challenges due to the pandemic's increased demand for services and changing operational needs, as well as declines in revenue sources such as donations and fees. Nonprofits eligible for assistance are those that experienced negative economic impacts or disproportionate impacts of the pandemic and meet the definition of "nonprofit" - specifically those that are 501(c)(3) or 501(c)(19) tax exempt organizations.

Additionally, youth populations are widely recognized as an impacted class of the pandemic. Although the Final Rule does not formally recognize this group, many articles have been written on the physical, mental, emotional, social, and financial impacts to this population. Livingston Family Center (LFC) provides emergency shelter, crisis intervention, prevention services, and mental health counseling to youth ages 11-22 and their families who are homeless or at-risk of becoming homeless.

In conclusion, the County identified two impacted classes that will benefit from this project: the nonprofit entity (The Livingston Family Center) and the individuals that participate in offered programs.

Designing a Response

The County opts to designate the Livingston Family Center as beneficiary of ARPA funds, as Beneficiaries are households, small businesses, or nonprofits that can receive assistance based on impacts of the pandemic that they experienced.

[7] ibid

The County's response is a $20,000 grant to the Livingston Family Center (LFC) which the LFC will use to remedy the negative economic impacts of decreased revenue and increased costs which it experienced as a result of the COVID-19 pandemic.

Consistent with other examples of assistance programs for non-profits, small businesses, and impacted industries, the County determined that the Livingston Family Center may use these grant funds for any SFLRF-eligible operations and/or programming costs that will benefit their specific needs. The awarded amount is reasonable and proportional to the harm described in hardship questionnaire and should not exceed the amount of attested revenue loss.

Reporting Requirements

The Livingston Family Center will be reported to Treasury as a single program. The County determines that *Expenditure Category 2.34: Assistance to Impacted Nonprofit Organizations (Impacted or Disproportionately Impacted)* is the most appropriate category for required reporting.

In each quarterly Project and Expenditure Report and 30 days after the end of each quarter thereafter, the County acknowledges it must provide the following programmatic data:

- Brief description of structure and objectives of assistance program(s), including public health or negative economic impact experienced
- Brief description of how a recipient's response is related and reasonably and proportional to a public health or negative economic impact of COVID-19
- The dollar amount of the total project spending that is allocated towards evidence-based interventions
- Indication if a program evaluation of the project is being conducted[8]

This expenditure category also requires the recipient to identify the project demographic distribution for this project. The following option should be selected on the report:

- Other households or populations that experienced a negative economic impact of the pandemic other than those listed above
- Impacted Non-Profits that experienced a negative economic impact of the pandemic[9]

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[8] U.S. Department of Treasury. State and Local Fiscal Recovery Funds Compliance and Reporting Guidance, Version 3.0. Accessed April 4, 2022. https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf

[9] U.S. Department of Treasury. State and Local Fiscal Recovery Funds: Project and Expenditure Report User Guide, Version 2.0. Accessed May 17, 2022. https://home.treasury.gov/system/files/136/April-2022-PE-Report-User-Guide.pdf