

To: File
From: COUNTY
Date: 9/10/2023
Re: ARPA Eligibility for Oxford Kids Foundation

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 Oxford Kids Foundation to address public health and negative economic impacts caused or exacerbated by the pandemic. Oxford Kids Foundation bridges therapeutic access gaps for children and young adults in Michigan, concentrating on therapies not covered by insurance.

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 to 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, provides \$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

Oxford Kids Foundation is a 501 (c) (3) independent, non-profit, community-based organization, bridging therapeutic access gaps for children and young adults in Michigan. The Funding Uninsured Therapies in Michigan project ensures that children and young adults receive essential therapeutic care without financial barriers. The Oxford Kids Foundation is fully volunteer run. The volunteers are made up of local individuals who volunteer to make this grant

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

available to children and adults. Oxford Kids Foundation is still recovering from the negative economic impacts experienced from COVID-19 and are in the process of getting back to their normal operations. COVID-19 significantly disrupted the Oxford Kids Foundation's primary fundraising avenues, especially the cornerstone in-person events like the annual gala and golf outing.

Project Overview and Objectives

Oxford Kids Foundation is requesting a total amount of ARPA funds of up to \$80,000 to assist with the negative economic impacts and financial losses caused by COVID-19.

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 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 Oxford Kids Foundation to complete a “hardship questionnaire” to substantiate the impacts to both the organization’s programming and financial stability. Oxford

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>

⁷ *ibid*

Kids Foundation provided the following information about the impacts of the pandemic to prove the negative economic that they experienced because of COVID-19:

- *“The COVID-19 pandemic significantly disrupted the Oxford Kids Foundation's primary fundraising avenues, especially our cornerstone in-person events like the annual gala and golf outing. This led to a marked decline in our funds, evident when comparing our 2018-2022 revenue numbers.”*
- *“Despite being a 100% volunteer-run organization, the COVID-19 pandemic brought unique challenges to the Oxford Kids Foundation. The inability to host in-person events meant that our volunteers, who were instrumental in organizing and managing these events, faced periods of reduced activity.”*
- *“The pandemic also required us to enact certain mitigation measures, prioritizing the safety of our volunteers and community, which included limiting physical meetings and adopting virtual interactions. While there were no formal periods of closure, the pandemic undeniably affected our operational rhythm and volunteer dynamics.”*

The County also studied Oxford Kids Foundation's 2018 through 2022 Tax Form 990s and gathered information on Oxford Kids Foundation's audit status. Key points from this analysis:

- Negative Economic Impact due to COVID-19: The revenue information on Oxford Kids Foundation's Tax Form 990s matches the information in their project information form / request and their hardship questionnaire. The organization experienced significant negative economic impact due to COVID-19.
- Independent Audit Status: Oxford Kids Foundation has not yet undergone an independent audit. They report that due to the size of their foundation and the associated costs, they have prioritized other needs. However, they recognize the importance of audits and as they grow plan to have one conducted in the future.
- Single Audit Status (required when expending \$750,000 or more in federal funds in a fiscal year): Oxford Kids Foundation has never met criteria to warrant a single audit.
- Unique Entity ID: Oxford Kids Foundation does have an active Unique Entity ID (UEI)

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, educational, and financial impacts to this population. Oxford Kids Foundation consistently championed the cause of bridging therapeutic access gaps for children and young adults in Michigan, concentrating on therapies not covered by insurance.

Oxford Kids Foundation is 100% volunteer-driven workforce and mission-centric approach where 98% of all funds raised go directly towards grants for children and young adults.

Designing a Response

The County opts to designate the Oxford Kids Foundation as a 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.

The County's response is a grant of \$80,000 to Oxford Kids Foundation which they will use to remedy the negative economic impacts it experienced because of the COVID-19 pandemic.

Consistent with other examples of assistance programs for non-profits, small businesses, and impacted industries, the County determined that Oxford Kids Foundation 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

Oxford Kids Foundation will be reported to Treasury as a single project. 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 conducted⁸

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 pandemic⁹

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>