

Use of Funds

King County has received over \$2 billion in federal funding in response to the COVID-19 pandemic. The funding streams include FEMA emergency funding and several waves of funding provided through federal legislation. The County has utilized the funding based on the federal program requirements and according to local priorities. The funding has been augmented by local revenue sources and strategically aligned with other initiatives, such as Health Through Housing and Best Starts for Kids. In some cases, the County was able to utilize the federal dollars for internal costs, which freed up local funding for more flexible COVID response work. Thus, the County's COVID response spans both federal and local funds, and cannot be fully understood without looking at both sources.



Figure 1: Amount of Funding Received by Federal Legislation/Source. *The American Rescue Plan Act (ARPA) provided over 50% of the COVID-relief funding for King County to date.*

Federal Funding

The Coronavirus Aid, Relief, and Economic Security Act (CARES) was passed on March 27, 2020 and provided an initial wave of relief funding. A key provision was the Coronavirus Relief Fund (CRF),

which provided local jurisdictions with flexible funds to support pandemic response and economic recovery. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) was passed in December 2020 and provided additional funding for transportation and emergency rental assistance. The American Rescue Plan Act (ARPA) was passed March 11, 2021 and included a broad array of COVID recovery and relief programs. King County received \$437 million in flexible funding for local response and recovery efforts. The federal funding has been awarded both directly and indirectly to the County. Direct funding refers to allocations made specifically to King County by the federal government. Indirect funding has also flowed to King County through additional allotments from the State of Washington, including Department of Health and the Department of Commerce. Public Health – Seattle & King County and the King County Department of Community and Human Services (DCHS) have been the primary recipients of indirect funding. The County continues to pursue new partnerships with the state, which may result in additional funds flowing to the County. The Infrastructure Investment and Jobs Act (IIJA), which passed in November 2021, provides an additional avenue for funding opportunities.



Figure 2: Timeline of Key Federal Funding Sources.

Funding Strategy

Throughout the pandemic, King County has sought to maximize the local benefit of the federal dollars received through strategic use of available funding streams across local priorities. Each federal program has its own set of requirements, with some funding sources being relatively restrictive and others having more flexibility in use. In general, programs eligible for more restrictive funding sources utilize those funding streams first before more flexible funding streams are considered.

The public health response exemplifies this approach. Public Health – Seattle & King County braids different funding streams together to maximize the funding for local efforts, including FEMA Public Assistance, Centers for Disease Control and Prevention (CDC) grants, Washington State Department of Health (DOH) funding, and local flexible funding like CRF and CLFR. FEMA funding, which is restricted to activities directly related to responding the COVID-19 pandemic, has funded most of the public health response, such as testing, vaccination, and isolation and quarantine, with other grant sources like the CDC's Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases Cooperative Agreement (ELC) providing additional funding for specific activities. CLFR funding has been used rather narrowly, funding only those activities not eligible for other funding sources. As the endemic phase of the COVID-19 disease commences, sources like

FEMA, DOH, and the CDC are being scaled down, and CLFR has become the primary funding source in 2023-2024.

In addition to eligibility requirements, programs that utilize federal dollars are required to comply with the Uniform Guidance, 2 C.F.R. 200, a complex set of requirements for administering, procuring, and documenting program delivery. While many of these provisions are similar to the rules that govern how local dollars are spent, the additional complexity of federal rules can be very burdensome, especially for external partners like small community-based organizations or local businesses. Thus, the utilization of local funding can provide a considerable advantage in program implementation.

The U.S. Treasury's Final Rule, which governs the use of CLFR funding, allows jurisdictions to replace lost revenue by utilizing the funding for government services in a provision known as Revenue Replacement. Utilizing CLFR dollars for services typically paid for with local revenues allows the County to fund COVID-relief programs directly, without the burden of federal requirements. As the County fully allocates revenue loss to CLFR, the share of money directly spent on county operations will increase, and local funding will account for a larger proportion of the amount of economic recovery and community support programs.

The County utilized a similar strategy for its CRF funding. By identifying eligible public safety staff costs, the County was able to use local funding for some of its grants for economic relief and digital equity. This lowered the compliance burden for recipients, which had been especially difficult for those that received relatively small amounts of funding.

COVID Response Portfolio

King County has passed nine supplemental budgets to appropriate funding for pandemic response activities, starting in March 2020. The cadence and scope of these supplementals was unprecedented and reflected the large influx of federal relief funding. In total, King County appropriated over \$1.6 billion in COVID-relief funding. A tenth supplemental budget is currently being considered by the County Council.

A significant portion of the federal funding was absorbed into pre-pandemic appropriations. Metro Transit and King County International Airport received substantial amounts of relief funding that was used to backfill lost revenues, which dropped precipitously with the advent of the stay-at-home orders. The federal money was utilized to pay for budgeted expenditures, such as personnel and equipment, as well as additional costs stemming from the pandemic.

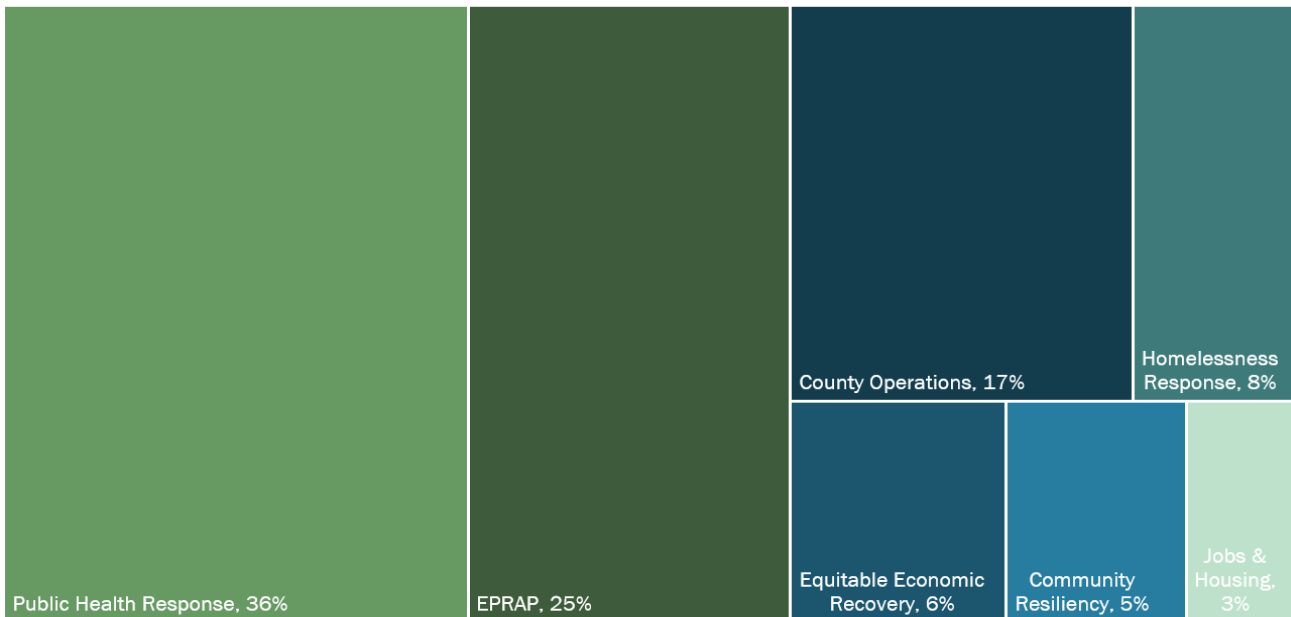


Figure 3: COVID Supplemental Appropriation by Purpose.

FEMA

King County has received significant funding from the Federal Emergency Management Agency (FEMA) Public Assistance Program, which reimburses local jurisdictions for costs related to federal disasters. The COVID-19 pandemic is the first time a nationwide emergency declaration was issued as the first major disaster related to infectious disease. The unprecedented nature of this emergency has resulted in a significant and challenging expansion of the FEMA Public Assistance program.

As of July 1, 2021, FEMA no longer provided full reimbursement of eligible costs and will only pay 90% of these costs moving forward. The FEMA funding period for reimbursement closed May 11, 2023, and since this program is reimbursement-based, the final amount the County will receive will only be determined once FEMA has completed its documentation and eligibility reviews. King County's cumulative reimbursement request totaled \$194 million, and FEMA has reimbursed the County \$82 million to date. King County anticipates receiving the remaining requested reimbursement balance of \$112 million in the following six months, upon FEMA's final documentation review. King County is factoring this uncertainty into its funding strategy and will adapt the planned use of CLFR funding in response to changes in the availability of FEMA Public Assistance.

CARES Act

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted March 27, 2020. It contained several key provisions for King County, including the first round of relief funding for Metro Transit and the King County International Airport, along with the initial phase of emergency rental assistance funding. The County received \$260 million from the Coronavirus Relief Fund, or CRF, which provided flexibility to local jurisdictions to respond to the impacts of COVID-19.

Coronavirus Relief Funds (CRF)

King County allocated its CRF funding to a variety of relief and recovery programs, including many that were forerunners of CLFR programs. This included an initial round of grants to small businesses in the unincorporated areas, arts and cultural organizations, live music venues, tourism promotional organizations, chambers of commerce, and cities. It also included funding for PPE and other COVID safety improvements. The most significant use came from identifying public safety staff that performed work that was eligible for CRF funding. This in turn allowed local funding to be used for a variety of COVID-relief programs, which was less burdensome for recipients. This funding substitution allowed the County to minimize the compliance burden and risk of administering these funds, as well as increase the efficacy of the response efforts.

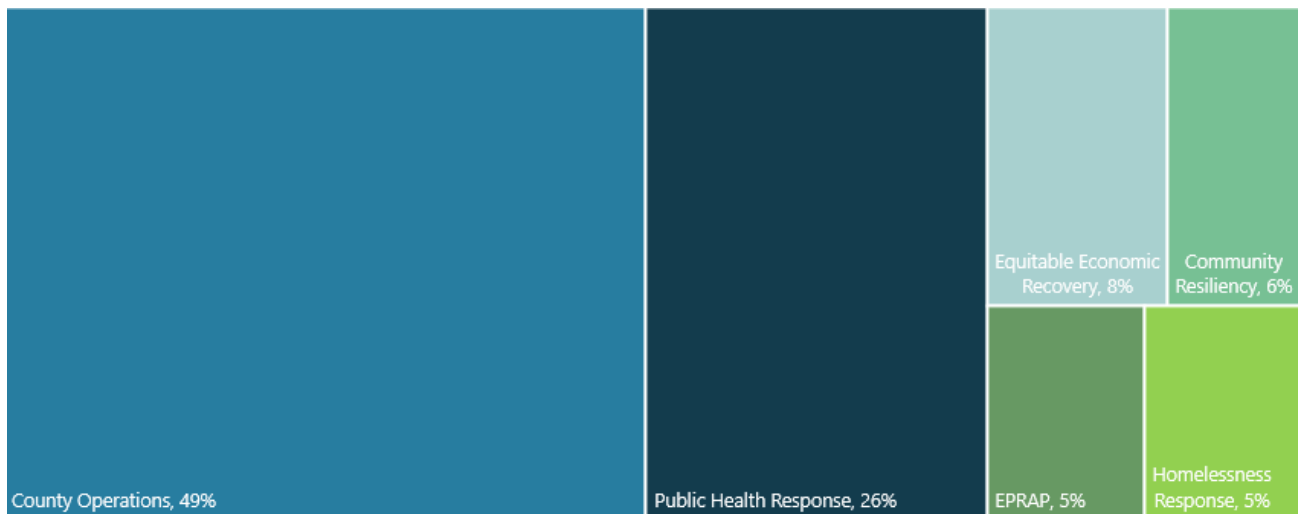


Figure 4: CRF Funding by Purpose. Nearly half of the funding was used for county operations, primarily as part of a funding swap to allow other COVID-relief programs to access local funding.

American Rescue Plan Act

The American Rescue Plan Act (ARPA) was enacted March 11, 2021. The legislation, which totaled over \$1.9 trillion, included several key provisions for local governments, including major expansion of the Eviction Prevention and Rental Assistance Program (EPRAP) and the State and Local Fiscal Recovery Funds (SLFRF, known locally as CLFR), which provided flexible funding to local jurisdictions. King County received \$177 million for EPRAP and \$437 million in SLFRF funds.

State and Local Fiscal Recovery Funds (SLFRF)

King County received \$437 million in flexible funds, referred to locally as Coronavirus Local Fiscal Recovery (CLFR) funds, from ARPA. The King County Council began appropriating these funds in May 2020, with a focus on the County's public health response, equitable economic recovery, community resiliency, homeless response, the Jobs and Housing program, and county operations.

Currently, the County has programmed over \$477 million in CLFR funds. This difference between what has been received and what has been programmed anticipates that some of these programs will spend less than their full allocations, or be moved to other funding sources, including FEMA or local county funds. The County will continue to review program spend and other available funding sources in order to optimize the use of all its funds throughout the CLFR period of performance.

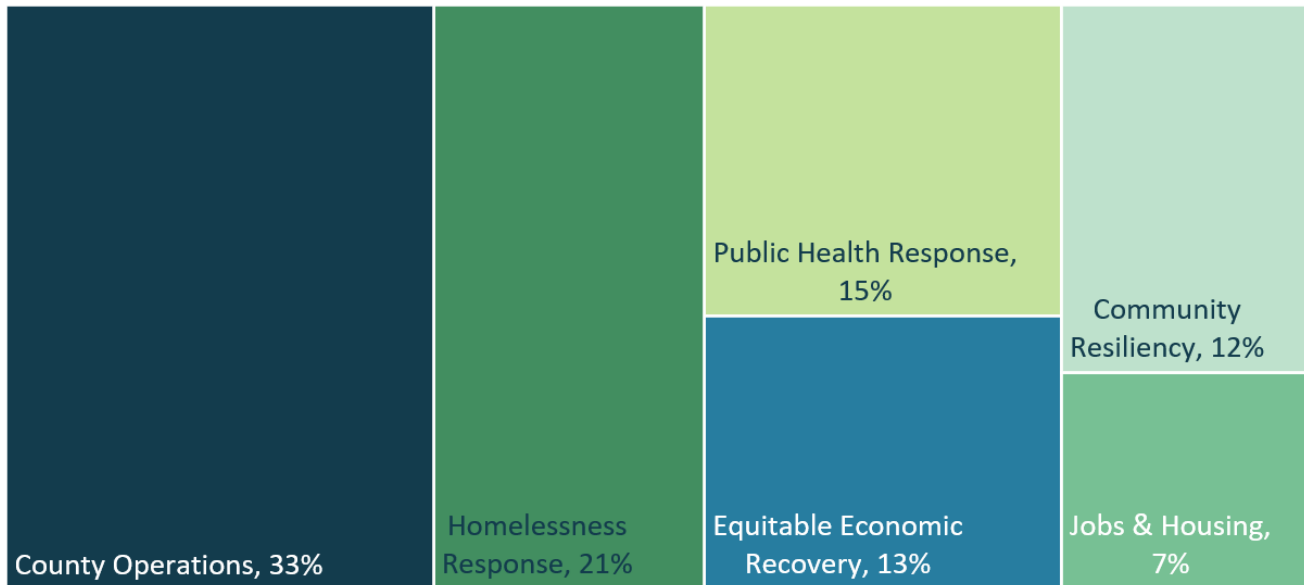


Figure 5: CLFR Funding by Purpose. King County is utilizing CLFR funding for key priorities, which include county operations, homelessness response, public health response, equitable economic recovery, community resiliency, and jobs & housing.

The funding is being utilized to fund homelessness response, public health strategies, equitable economic recovery programs, community resiliency initiatives, and the Jobs and Housing Program. County Operations consists of administrative costs, as well as internal costs that will allow local funds to be used for high-priority COVID response programs. This funding strategy is evolving and will be designed to maximize the revenue replacement provision in order to increase the flexibility of funding for external partners and recipients.

Homelessness Response

King County has designated over \$97 million for homelessness response. These CLFR-funded investments include:

- \$7 million in targeted homeless outreach and shelter program procurement.
- \$8 million in shelter and outreach partnerships.
- \$31 million to support deintensification of shelters.
- \$6.5 million to fund improvements for those living in RVs and new Tiny Houses.
- \$25 million for enhanced shelters.
- \$9 million to partially fund the acquisition of new permanent supportive housing.
- \$6 million to support shelter operations, including lease and operating costs.
- \$4 million in other supports, such as mobile sanitation, regional coordination, and stimulus check and benefit access assistance.

This funding complements other King County initiatives, such as Health Through Housing (HTH) and the Eviction Prevention and Rental Assistance Program, and regional initiatives from partners such as the City of Seattle and the King County Regional Homelessness Authority (KCRHA).

Public Health Response

King County has identified over \$68 million in public health strategies for CLFR funding. Key investment areas include:

- \$762 thousand has been allocated to the Community Navigator program to support community partnerships aimed at minimizing inequities in underserved communities disproportionately impacted by COVID-19.
- \$27 million has been set aside for the Coordinated Response, including staff support and incident management.
- \$29 million has been designated to support Isolation and Quarantine efforts.
- \$3.5 million is allocated to support testing for the SARS-CoV-2 virus which causes COVID-19 disease.
- \$8.6 million has been allocated to support vaccination administration and verification.
- Other investments include PPE storage and vaccine verification.

As the availability of FEMA funding and other funding sources has continued, many of these strategies have not yet fully utilized their CLFR allocations. In addition, the transition of COVID-19 from a pandemic to endemic disease has driven an evolution in the public health response. Funding allocations will be updated to reflect the evolved and emerging strategies in the next phase of COVID response.

Equitable Economic Recovery

King County has developed \$60 million in economic recovery programs funded by CLFR, including:

- \$4 million to help businesses to safely restart, including ventilation assistance, training, and guidance.
- \$31 million in support for Culture and Tourism, including grants to Arts, Cultural, and Science Organizations, Event and Festival producers, sports tourism, and individual Cultural producers.
- \$7 million in direct grants to small businesses in unincorporated King County, along with support for regional economic recovery, mitigation funding for cities and businesses, and a commercial kitchen program to support small food businesses.
- \$17 million in Workforce Development, including apprenticeship, job training, behavioral health training, and entrepreneurship programs for underemployed and unemployed workers.
- \$1 million for Youth Workforce Development to provide opportunities to youth affected by or at-risk from gun violence.

The equitable economic recovery programs are complemented by many of the COVID response programs utilizing local funding that were enabled by the revenue substitutions with CRF and CLFR. These include \$25.6 million in Resiliency Funding to support businesses and communities disproportionately impacted by the pandemic, as well as other initiatives to expand childcare and ensure equitable recovery.

Community Resiliency

King County has allocated \$56 million to address the pandemic impacts in the community. The investments include a variety of behavioral health supports, youth and family programs, food security programs, and substance use prevention programs. These community programs dovetail with other King County initiatives, including Health Through Housing and Best Starts for Kids, and are meant to complement and enhance other resources at the local level.

- \$3 million to provide additional access to essential services, such as legal services, digital equity, community partnerships, and health care enrollment.
- \$24 million for Behavioral Health supports, including funding for the Emergency Behavioral Health Fund, expanded access for rural King County residents, programs to address social isolation in youth and seniors, youth suicide prevention efforts, behavioral health supports at permanent supportive housing and HTH sites, mobile case management, behavioral health outreach, development of culturally appropriate behavioral health services, and peer support for behavioral health.
- \$4 million for food security programs, including distribution of culturally appropriate food boxes and grants to farmers markets.
- \$6 million in Substance Use programs, including establishing a sobering center, and substance use education campaigns and needs assessments.
- \$17.5 million in support for Youth and Families, including childcare grants, youth and amateur sports grants, senior center grants and intergenerational programs, and services and support for those experiencing domestic violence.

Jobs and Housing

The Jobs and Housing Program is a \$33 million initiative funded by CLFR that connects individuals experiencing homelessness with jobs and permanent housing, along with career development and other services. The program is designed to serve over 400 individuals, with the goal of supporting their transition out of homelessness.

County Operations

King County has allocated over \$154 million in funding for county operations. This includes funding for CLFR funded operational/administrative programs as well as funding for general government services meant to replace lost revenue. In turn, the County is able to utilize local funding for COVID response initiatives that benefit from increased flexibility associated with local funding.

Direct CLFR-funded programs include:

- \$59 million is slated to address the backlog created by the COVID-19 pandemic, mostly in the criminal justice and legal system.
- \$9 million has been utilized for Future of Work improvements to facilitate remote county operations for employees and customers.
- \$18.5 million has been allocated to support administrative and grant management work stemming from design and implementation of CLFR and other COVID response programs.

CLFR-funded Revenue Replacement is currently programmed at \$66 million. Revenue replacement funding is expected to increase in the future as the County continues to identify existing programs in the CLFR portfolio that may be better suited to local funds and internal costs suitable for meeting the requirements of federal funding. This funding replacement will increase the utility of CLFR funding for local residents and reduce compliance burdens on our external partners.

Planned Use of Spending by Expenditure Category

U.S. Treasury, which administers CLFR funds, has provided a list of expenditure categories that align with the provisions of the Final Rule. Each CLFR-funded program is required to be classified according to this schema. The County's CLFR portfolio can be classified as follows:

Expenditure Category (EC)	Number of Programs	CLFR Allocation
EC 1: Public Health	34	\$99,630,471
EC 2: Negative Economic Impacts	35	\$187,692,477
EC 3: Services to Disproportionately Impacted Communities	22	\$82,715,734
EC 6: Revenue Replacement	1	\$66,294,596
EC 7: Administrative	6	\$24,349,351
New Programs Undergoing Eligibility Review	9	\$16,702,808
Total	107	\$477,385,437

Figure 6: Planned Use of Spending by U.S. Treasury Expenditure Category. *The County's CLFR funding is currently allocated most heavily to the Negative Economic Impacts and Public Health categories. It is anticipated that this allocation will shift significantly once the County fully allocates in revenue replacement. EC 4 (premium pay) and EC 5 (infrastructure) have no planned spending.*

Please note that the total allocation, \$477 million, exceeds King County's total CLFR allocation of \$437 million. As discussed previously, this overallocation anticipates that some programs will utilize other funding sources, while others will underspend to some degree. Thus, the expenditure category utilization will shift as the reallocation process is completed. In addition, some programs are undergoing eligibility review, as they are still under development and have yet to select the appropriate expenditure category.

While Treasury's classification system is similar to that used by the County's COVID relief programs, it has several key differences, in that it is specific to CLFR only and is designed to follow the logic and structure of the Final Rule. This report primarily used the King County classifications because it provides more coherence across the multitude of funding streams and better reflects local priorities.