



Board of Supervisors Memorandum

April 20, 2021

Fiscal Year 2020/21 Budget Authority

Background

2020 has been referred to as the Year of the Pandemic. This year has now stretched into 2021, which means our budget when prepared was prepared at the very beginning of the pandemic. We reduced anticipated recurring revenues but did not increase corresponding expenditures associated with our response to the COVID-19 pandemic. Our expenditures are significantly higher than any other local government simply because of our responsibility as a regional public health agency. Our expenditures for COVID-19 testing, contact tracing, vaccination, purchase of personal protective equipment and other actions as a regional public health agency has increased our expenditures for these items during this fiscal year to upwards of \$60 million.

Fortunately, the first Coronavirus relief act, the CARES Act, provided \$87.1 million in funding to offset our unanticipated expenditures. In addition, the American Rescue Plan Act will provide even more resources to combat the pandemic. Because the American Rescue Plan Act was passed after our budget was adopted, its revenues and hence, corresponding expenditures were not included in the adopted 2021 budget and now need to be accounted for, for purposes of budget transparency.

The expenditures for County departments directly responding to the COVID-19 pandemic continue to grow at an unprecedented rate. The County has met the increasing need for funding associated with the response by using funds received from the CARES Act and a number of other grants that have become available. In response to the continued need for funding for state and local governments, Congress recently passed the American Rescue Plan Act, which includes an allocation of nearly \$203 million to Pima County.

This allocation of funding, in addition to other COVID-19 grant funding that we did not anticipate this fiscal year, will allow us to continue our COVID response efforts but will soon result with us exceeding the total amount of expenditures included within the County's fiscal year 2020/21 Adopted Budget. Exceeding this amount puts the County in violation of Arizona Revised Statute 42-17106 (A)(2) – Expenditures limited to budgeted purposes; transfer of monies, which states:

- A. Except as provided in subsection B, a county, city or town shall not:*
- 2. Spend money or incur or create a debt, obligation or liability in a fiscal year in excess of the amount stated for each purpose in the finally adopted budget for that year, except as provided by law, regardless of whether the county, city or town has received at any time, or has on hand, monies or revenue in excess of the amount required to meet expenditures, debts, obligations and liabilities that are incurred under the budget.*

The Honorable Chair and Members, Pima County Board of Supervisors

Re: Fiscal Year 2020/21 Budget Authority

April 20, 2021

Page 2

This exceedance is justified to ensure the health and well-being of the community as we continue to deal with the challenges brought about by the pandemic. We have looked into the ramifications of violating this Statute and are not aware of any legal or financial penalties that would impact the County moving forward.

We have discussed this issue with the Auditor General and others and no one has a clear answer as to how the exceedance will be treated from a budget compliance perspective. However, transparency in having the Board of Supervisors adopt and acknowledge this exceedance is the most appropriate response to this unprecedented pandemic budget issue.

Recommendation

Therefore, I request approval to exceed the budget limit by approximately \$150 million, which represents the amount of unbudgeted COVID-19 grant funding received and expended this fiscal year.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/anc – March 16, 2021

c: Jan Lesher, Chief Deputy County Administrator
Francisco García, MD, MPH, Deputy County Administrator and Chief Medical Officer,
Health and Community Services
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Michelle Campagne, Director, Finance and Risk Management
Patrick McGee, Budget Manager, Finance and Risk Management
Regina Kelly, Director, Grants Management and Innovation
Julie Castañeda, Clerk of the Board of Supervisors