ARPA Update and Budgeting for Impact

NESGFOA Annual Conference

September 23, 2021
GFOA’s Rescue Plan Principles

► It’s temporary

► You might want to find a partner

► Don’t rush your decisions
Drafting Your Financial Blueprint

Foundation

Guiding principles
Your “big picture” goals and guardrails, such as:

1. Equity
2. Sustainability
3. Leverage

Funding map
Connect local goals and priorities to available funding streams and preserve your most flexible dollars. Understand eligibility, deadline and requirements.

Goal 1
Goal 2
Goal 3

ARPA
CARES Act
CRR
State
Others
Drafting Your Financial Blueprint

Financial review

Revenue loss
- Calculate actual and projected revenue loss for ARPA period
- Plan for use of revenue replacement funds

Base budget review
- Instead of automatically restoring COVID-19 budget cuts, make room for more impactful new initiatives piloted with ARPA funds

Long-term financial plan
- Avoid an ARPA fiscal “cliff” by preparing for when the funds are gone
- Get a fix on structural fiscal issues – deficits, liabilities, reserves – and find ways for ARPA to improve your fiscal future

Funding plan

“Bucket” Coronavirus State and Local Fiscal Recovery Funds (SLFRF) dollars
Spending parameters make sure that funding meets community needs in a financially responsible way.

- Public health response
- Budget stabilization
- Immediate recovery needs
- Infrastructure
- Premium pay
- Other new investments
Drafting Your Financial Blueprint

Community Phase #1
- Rent, utility, and mortgage assistance programs
- Food support for vulnerable and historically marginalized populations
- Grant programs for small businesses and non-profits
- Testing and Personal Protective Equipment

Community Phase #2
- Additional small business and non-profit support
- Support for artists and cultural organizations
- Additional shelter space
- Additional food assistance
- Social equity and innovation support
- Assistance for individuals who do not qualify for other federal benefit programs

Community Phase #3
- Shelter space
- Rent and utility assistance
- Marketing of seasonal events to drive economic activity downtown
- Childcare
- Support for target populations (people with disabilities, First Nations, older adults, immigrants and refugees.

Community Phase #4
- Additional rent and utility assistance
- Small business grant support
- Support for restaurant and hotel workers

Community Phase #5/6
- Support to minority and women-owned businesses
- Personal grants to alleviate the economic impacts of COVID-19
- Additional emergency food distribution
- Support for people with disabilities

Citywide Operations
- Installation of touchless fixtures and air ionization systems in public buildings
- Laptops and teleworking expenses
- Some categories of technical consultant services

Reserve
- Unallocated funds
- Coverage for some shelter operations until FEMA accepts of denies claims
- Interest earnings
Prioritizing Projects

Stakeholders

Evidence based

Rapid execution

Strategic values

Financial continuity

Preliminary Initiatives

Final initiatives
## Prioritizing Projects

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Complexity</th>
<th>Cost</th>
<th>Community Benefitting</th>
<th>Equity</th>
<th>Evidence of Sustainability</th>
<th>Due Diligence Companion Funds</th>
<th>Census Track Eligibility (Internal Task Force ONLY)</th>
<th>Infrastructure (Internal Task Force ONLY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Does not meet Treasury guidelines</td>
<td>Highly Complex: Requires 12+ months to implement</td>
<td>$2M+</td>
<td>Less than 25% of Community Benefitting</td>
<td>No impact on Pillar equity goals</td>
<td>No funding identified for multi-year program sustainability</td>
<td>Does not Meet Census Track Eligibility</td>
<td>Does not align with Federal draft legislation</td>
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<tr>
<td>2</td>
<td>Likely meets Treasury guidelines</td>
<td>Medium Complex: Requires 3-12 months to implement</td>
<td>$500,000 to $2M</td>
<td>26% to 50% of Community Benefitting</td>
<td>Some impact on Pillar equity goals</td>
<td>Possible funding identified for multi-year program sustainability</td>
<td>Likely Meets Census Track Eligibility</td>
<td>May align with Federal draft legislation</td>
</tr>
<tr>
<td>4</td>
<td>Clearly meets Treasury guidelines</td>
<td>Light Complex: Can be implemented in 3 months or less</td>
<td>$0 to $500,000</td>
<td>Majority of Community (51%+) Benefitting</td>
<td>High impact on Pillar equity goals</td>
<td>Funding has been identified for multi-year program sustainability</td>
<td>Clearly Meets Census Track Eligibility</td>
<td>Likely aligns with Federal draft legislation</td>
</tr>
</tbody>
</table>


What Is One-Time?

- Capital investment/Infrastructure
- Future offset via revenue or efficiencies
- Temporary surge
- Demo/pilot to attract grant funding
- Premium pay
Local Action Tracker

Allocation of Funding

- Affordable housing: 3%
- Cybersecurity: 1%
- Transportation/Infrastructure: 24%
- Water/waste: 20%
- Homelessness: 12%
- Broadband: 12%
- Youth: 7%
- Police: 6%
- Mental health: 6%
- Bonuses/Cash Pay: 4%
- Vaccine: 3%
- Racial Inequality: 2%
Pay for Success

Pay-For-Success is Working in Utah
For the first time, a US social impact bond has paid off for investors.

Connecticut, South Carolina Launch Social Impact Bond Programs

Colorado News

Denver Social Impact Bond Program a “Remarkable Success” for Homeless
Implementation
ARPA’s Legacy

► Fiscal Sustainability
► Evidence-based Policymaking
► Performance Management
► Service Automation
► Equitable Recovery
► Regional Collaboration
► Pay for Success
► Budgeting for Outcomes?
The Problem

TINA, put together a document showing how our budget aligns with our priorities.

Write it so it seems like it does. It doesn't.

Isn't that lying?

I call it leadership by words.
Three Disruptive Innovations

1. Change the starting point for budgeting

2. Put outcomes ahead of the org chart

3. Shift the budget debate
County Executive’s Priority
Outcomes/Key Indicators

1. Thriving Youth and Families
   - Percentage of children ready for kindergarten
   - Academic achievement gap
   - Life expectancy gap

2. A Growing Economy
   - Local business, small business, and large business
   - Number of family-sustaining jobs
   - Employment gap

3. A Greener County
   - Greenhouse gas emissions
   - Recycling rate
   - Resident satisfaction with code enforcement

4. A More Affordable and Welcoming County
   - Percentage of households that are housing burdened
   - Access to affordable child care
   - Food insecurity rate

5. Easier Commutes
   - Average commuting time
   - Percentage using alternative transportation for work, school, or shopping
   - Percentage of roads rated in "good" condition

6. Safe Neighborhoods
   - Number of gang-related violent crimes
   - Property crime rate
   - Number of pedestrian-involved traffic accidents

7. Effective, Sustainable Government
   - MFD purchasing
   - Resident satisfaction with value for tax dollars
   - Bond rating
Put Outcomes Ahead of the Org Chart
Put Outcomes Ahead of the Org Chart
## Put Outcomes Ahead of the Org Chart

<table>
<thead>
<tr>
<th>Old programs</th>
<th>New services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular recreation services</td>
<td>Community recreation centers</td>
</tr>
<tr>
<td>Special recreation services</td>
<td>Aquatics</td>
</tr>
<tr>
<td>General park services</td>
<td>Therapeutic recreation</td>
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<tr>
<td>Administration</td>
<td>Senior recreation</td>
</tr>
<tr>
<td></td>
<td>Youth and adult sports</td>
</tr>
<tr>
<td></td>
<td>Special recreation facilities</td>
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<tr>
<td></td>
<td>Urban forestry</td>
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<td></td>
<td>Park maintenance</td>
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<tr>
<td></td>
<td>Horticulture</td>
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<tr>
<td></td>
<td>Park programs and events</td>
</tr>
<tr>
<td></td>
<td>Administration</td>
</tr>
</tbody>
</table>
Shift the Debate

- High performance ranking
  - Low alignment with Priority Outcomes
  - Low on Resident Ranking

- High performance ranking
  - High alignment with Priority Outcomes
  - High on Resident Ranking

- Low performance ranking
  - Low alignment with Priority Outcomes
  - Low on Resident Ranking

- Low performance ranking
  - High alignment with Priority Outcomes
  - High on Resident Ranking
Budgeting for Impact

- Could be overkill
  - Community action centers
  - Real property management
  - Liquor board
  - Towing

- Keep up the good work
  - Sustainable transit
  - Street management
  - Comp planning

- Keep a low profile
  - Disabilities commission

- Meet the challenge
  - Aquatics
  - Boarding and rat baiting
  - Rec Centers
  - Housing combined

- Stronger neighborhoods
Budgeting for Impact

Key purchases

What’s not purchased
Resources

How state and local governments should manage the American Rescue Plan Act funding | EY – US

COVID-19: Local Action Tracker - National League of Cities (nlc.org)

COVID-19 Federal Assistance e311 | Bloomberg Cities (jhu.edu)
Keep in touch…

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