

**American Rescue Plan:  
Funding Priorities for  
Coronavirus  
Local Fiscal Recovery Fund**

March 29, 2021

# American Rescue Plan

- Signed into law on March 11, 2021
- Section 9901 establishes the Coronavirus Local Fiscal Recovery Fund (LFRF)
- Administered by the U.S. Department of the Treasury
- Provides stimulus and recovery funding to local governments

# American Rescue Plan

- Designed to mitigate the fiscal effects stemming from the COVID-19 public health emergency
- Broadly, recovery funds can be utilized for costs incurred to respond to COVID-19, including:
  - Overcoming negative economic impacts
  - Providing premium pay to eligible workers performing essential work
  - Paying for government services to the extent of revenue reductions due to COVID-19
  - Making necessary investments in water, sewer, or broadband infrastructure.

# American Rescue Plan

- Prohibition on funding pension plans.
- Funds allocated in two equal tranches:
  - May 11, 2021
  - May 11, 2022
- Recovery funds must be utilized prior to December 31, 2024.

# American Rescue Plan: Treasury Guidance

- Additional guidance from Treasury is forthcoming.
  - Will provide final parameters and clarity on eligible uses.
  - Will provide methodology for determining revenue reductions.
  - Timing unknown.

# American Rescue Plan: Funding Priorities\*

Estimated \$291 million allocation based on modified CDBG allocation formula.

- Fiscal Stability
- Job Creation, Economic Growth, and Housing Stability
- Critical Financial Support for Cultural Institutions, Small Business, and Community Partners
- Safe Activation of Civic Spaces and Community Building in Neighborhoods
- Capital Investment to Improve City Services and Quality of Life

\*Subject to Council approval and appropriation.

\*Subject to Treasury guidance for the LFRF, which may indicate that certain categories of expenditures are ineligible.

# American Rescue Plan: Fiscal Stability

## Fiscal Stability

- Closing Deficits:
  - FY 2021 estimated deficit of \$18.7m
  - FY 2022 estimated deficit of \$31.0m
  - FY 2023 estimated deficit of \$35.0m
- Income Tax Contingency Fund of \$18.5m
- Restricted Funds Revenue Loss estimated at \$21.8m

# American Rescue Plan: Fiscal Stability

## Fiscal Stability

- Negotiated Hazard Pay at \$2.8m
- Public Health COVID-19 Response at \$7.4m
  - Equity Outreach
  - Personal Protective Equipment (PPE)
  - Contact Tracing and Testing

# American Rescue Plan: Support Programs

## Job Creation, Economic Growth, and Housing Stability

- Designed to address the economic impacts of COVID-19 by creating job opportunities and encouraging economic growth:
  - Stabilize existing job-creating enterprises
  - Support for enterprises that grow new businesses and job opportunities
  - Address housing instability for moderate and lower-income City residents

# American Rescue Plan: Support Programs

## Critical Financial Support for Cultural Institutions, Small Business, and Community Partners

- Designed to offset the financial difficulties organizations have experienced including increased debt, staff reductions, and operational reductions

# American Rescue Plan: Support Programs

## Safe Activation of Civic Spaces and Community Building in Neighborhoods

- Designed to support community building activities in Neighborhoods
- Encourage residents to safely engage with neighbors and friends

# American Rescue Plan: Capital Investment

## Capital Investment to Improve City Services and Quality of Life

- Designed to improve City services and improve the quality of life of citizens
- Generate jobs and investment across multiple sectors of the economy

# Suggested Process and Next Steps

- Treasury Guidance
- Public Engagement and Hearings
- Council Approval and Appropriation

# Timeline

- Funds received on or around May 11, 2021
- The Administration's goal is to have an appropriation done by week of May 11, 2021 so that these dollars can immediately be utilized to respond to impacts of COVID-19.
- The Administration recommends completing this appropriation process first and then undertaking the FY 2022-2023 Biennial Budget process.

QUESTIONS?