

CBNO PRESENTS

RESIDENTS GUIDE TO THE AMERICAN RESCUE PLAN



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For a New Orleans that's equitable, sustainable, and thriving.

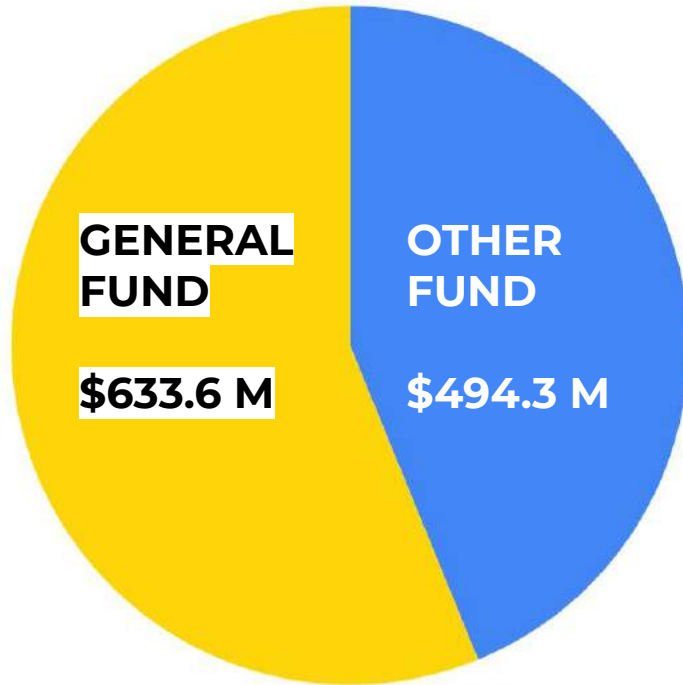
Agenda

- 11:30 Budget Basics
- 11:35 State & Federal ARP Opportunities & Restrictions
- 11:55 Local ARP Opportunities, Restrictions & Planning Guidance
- 12:15 City Perspective and Process
- 12:30 Q&A
- 1:00 Conclude

We'll address questions at the end of the presentations. Please submit your questions in the Q&A at the bottom of your screen.

Budget 101 - *How big is the budget?*

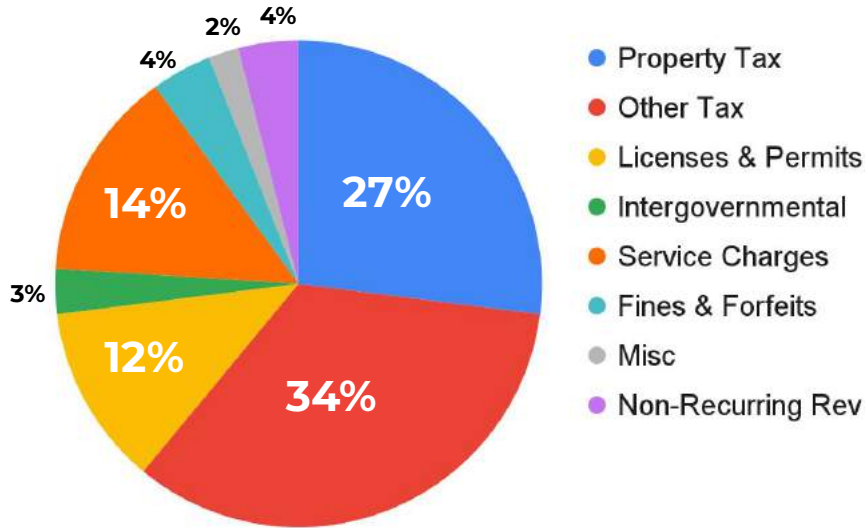
Total 2021 Operating Budget: \$1.1 Billion



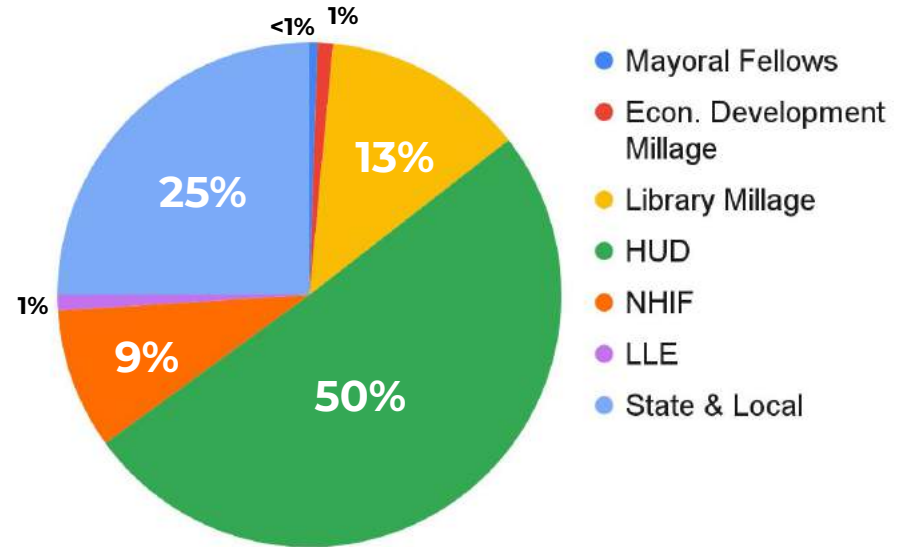
Budget 101

- Where does the money come from?

GENERAL FUND REVENUE



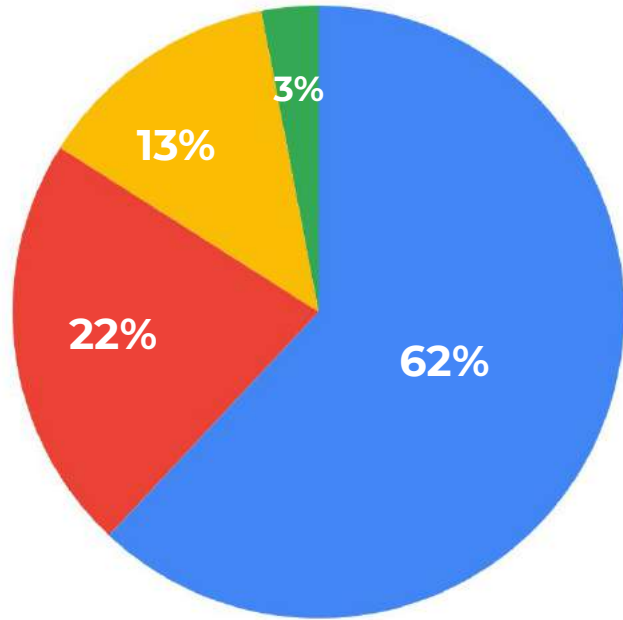
OTHER FUND REVENUE



Budget 101

- Where does the money go?

GENERAL FUND EXPENSES



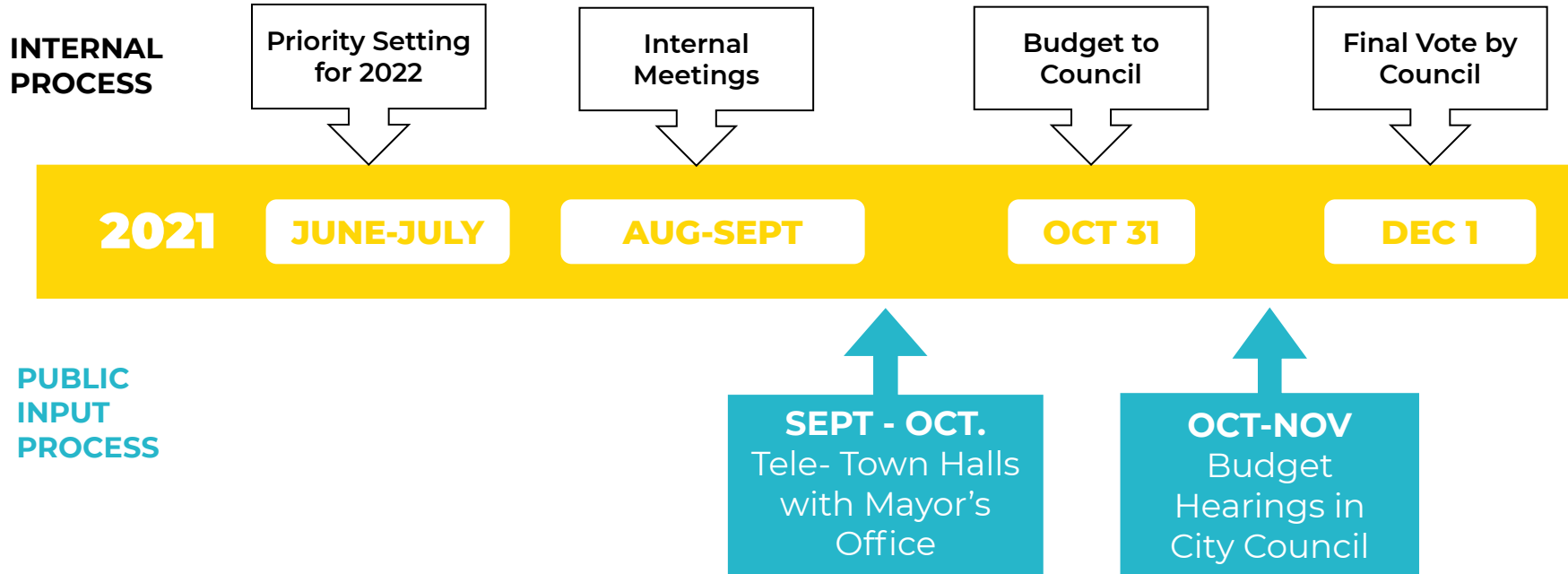
- Public Safety
- Open & Effective Govt
- Community Development
- Children & Families

Total 2021 budget:
\$1.1 billion

Total 2021 General Fund
\$633.6 million

Total Other Fund
\$494.3 million

Budget Timeline - 2022 Budget Process



PRESENTER:
Jackson Voss

Guide to American Rescue Plan State and Local Funds

...

Jackson G. Voss
Economic Opportunity Policy Analyst
Louisiana Budget Project
August 4, 2021



The American Rescue Plan Act of 2021

The **American Rescue Plan Act (ARPA) of 2021** is a **\$1.88 trillion** package that brings the latest critically needed federal response to the economic devastation and public health crisis caused by the Covid-19 global pandemic. Of that, approximately \$350 billion has been allocated directly to state, tribal, territorial, and local governments.

Louisiana will receive \$4.82 billion in direct aid to state and local governments. These funds give the state, as well as Louisiana's cities and parishes, resources that can be used to close budget holes and spur economic recovery.

Coronavirus State and Local Fiscal Recovery Funds

This \$4.82 billion is intended to do the following:

- **Supporting public health efforts** to end the spread of Covid-19 and distribute vaccinations;
- **Replacing lost tax revenues** for state and local governments and funding essential public services;
- **Providing economic relief and stability** to households and businesses;
- **Addressing inequities** that led to unequal public health and economic outcomes in 2020 - including by investing in frontline workers and in water, sewage, and broadband infrastructure.

How is this allocated?

ARPA funds were allocated according to a formula that takes into account state and local poverty rates, unemployment rates, population density, and other categories used to help determine other kinds of need-based or emergency and disaster related funding.

ARPA funds will be coming to states and local governments in **two tranches** - the first arrived in May of this year, the second will come in May of 2022. Funds are to be used for expenses from 2021 to 2024, and **must be expended by 2026**.

What *can* they be used on?

“(a) 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;

(b) To respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers;

(c) 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

(d) To make necessary investments in water, sewer, or broadband infrastructure.”

What *can't* they be used on?

"... eligible uses do not include, and thus funds may not be used for, depositing funds into any pension fund. Section 602(c)(2)(A) also provides, for States and territories, that the eligible uses do not include 'directly or indirectly offset[ing] a reduction in the net tax revenue of [the] State or territory resulting from a change in law, regulation, or administrative interpretation.'"

- No pension funds
- No tax cuts

So, what about infrastructure?

The legislation specifically includes water, sewage, and broadband infrastructure. But what about anything else?

Certain uses would not be within the scope of this eligible use category, although may be eligible under other eligible use categories. A general infrastructure project, for example, typically would not be included unless the project responded to a specific pandemic public health need (e.g., investments in facilities for the delivery of vaccines) or a specific negative economic impact like those described above (e.g., affordable housing in a QCT). The ARPA explicitly includes infrastructure if it is “necessary” and in water, sewer, or broadband.”

What does this mean? Unless it’s addressing a public health need or economic inequity, probably can’t use ARPA funds for roads and bridges.

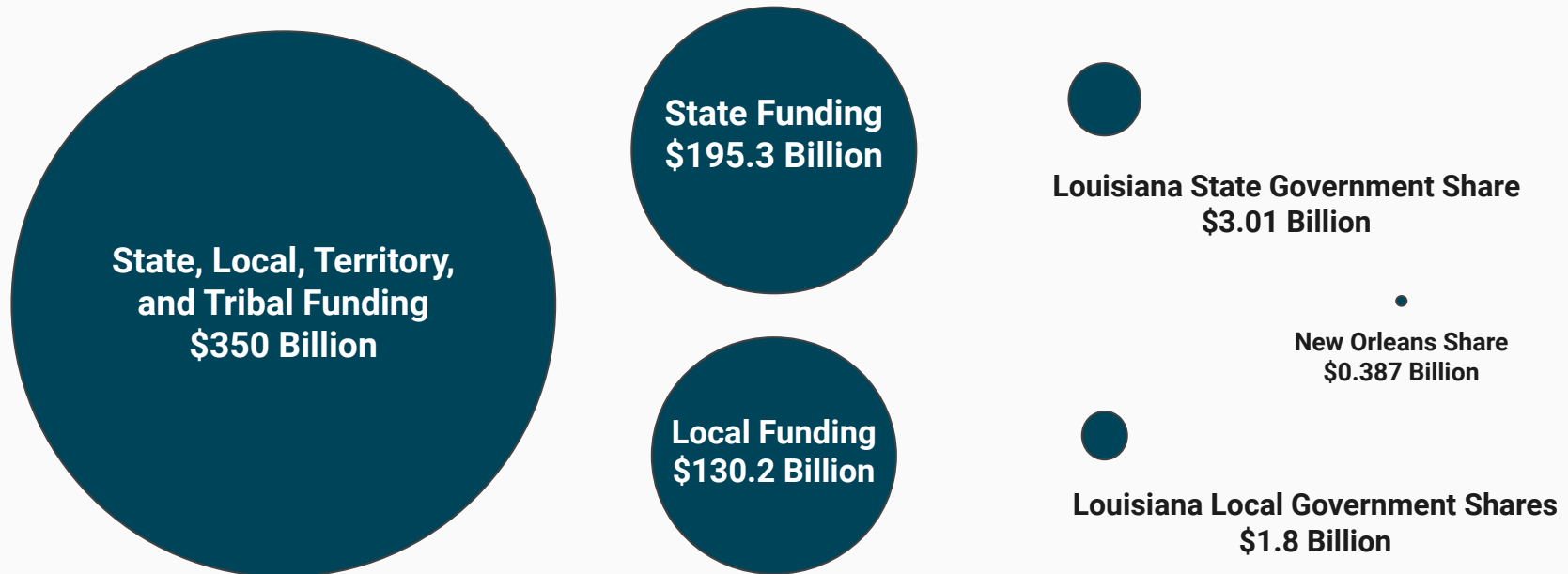
Other ARPA Funds

The legislation specifically includes water, sewage, and broadband infrastructure. But what about anything else?

Certain uses would not be within the scope of this eligible use category, although may be eligible under other eligible use categories. A general infrastructure project, for example, typically would not be included unless the project responded to a specific pandemic public health need (e.g., investments in facilities for the delivery of vaccines) or a specific negative economic impact like those described above (e.g., affordable housing in a QCT). The ARPA explicitly includes infrastructure if it is “necessary” and in water, sewer, or broadband.”

What does this mean? Unless it’s addressing a public health need or economic inequity, probably can’t use ARPA funds for roads and bridges.

Putting State and Local Funds in Perspective



(Not quite to scale)

Some key facts and figures

Unemployment Rate

- Orleans Parish : 12% (06/21)
- Louisiana: 6.9% (06/21)

High-speed internet

- Orleans Parish households with high-speed internet: 34% (USA Today)

Median Income

- Orleans Parish: \$41,604 (2019)
- Louisiana: \$49,469 (2019)

Poverty Rate

- Orleans Parish : 23.7% (2019)
- Louisiana: 19% (2019)

ARPA funds are, first and foremost, meant to respond to the **needs of people** after this first year of the Covid pandemic.

Local governments and public officials should not lose sight of that.

Read more:

[With Local ARPA Funds, Louisiana's Advocates Can Build a Lasting Recovery](#)

[A Guide to American Rescue Plan funding coming to Louisiana](#)

[Federal Register/Vol. 86, No. 93/Monday, May 17, 2021/Rules and Regulations](#) (Interim Final Rule)

PRESENTER:
Susie Dudis

Handle with Care: Public Planning and Accountability Must Guide Spending of Federal Relief Funds



BGR Presentation to the
Committee for a Better
New Orleans Webinar
August 4, 2021



Our Mission

The Bureau of Governmental Research is a private, nonprofit, independent research organization dedicated to **informed public policy making** and the **effective use of public resources** for the improvement of government in the Greater New Orleans metropolitan area.

BGR's Role in Local Public Policy

- Nonpartisan, independent and objective resource
- Elevate facts and research over politics
- Identify public policy problems and offer solutions
- Provide a foundation for informed engagement

Valuable Citizen Resource

BGR's online research library includes of over 200 reports

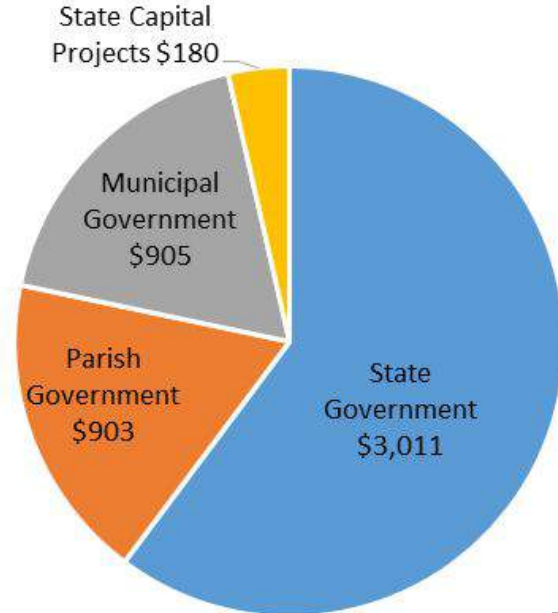
- Budget & Finance
- Schools
- Infrastructure
- Justice System
- Economic Development
- Parks & Recreation
- Public Safety
- Taxes
- Governance Issues
- Public Transit
- Property Assessments
- Sewerage & Water Board
- Flood Protection
- New Orleans
- Jefferson Parish
- St. Tammany Parish

Background and Context

- \$1.8 billion for Louisiana parish and municipal governments, including **\$388 million for New Orleans**
 - ✓ City of New Orleans: \$312 million
 - ✓ Orleans Parish: \$76 million
 - ✓ Jefferson Parish: \$84 million
 - ✓ Kenner: \$14 million
 - X Metairie: \$0
- Allocations for urban parishes and larger municipalities based on population and measures of poverty
- Substantial flexibility creates a rare opportunity

AMERICAN RESCUE PLAN ACT FUNDING FOR LOUISIANA'S STATE, PARISH AND MUNICIPAL GOVERNMENTS

(\$ in millions)



Federal Relief Eligible Uses

Under ARPA, parish and municipal governments can

- Support **public health expenditures** that respond to the pandemic's direct and indirect effects
- Address the **pandemic's negative economic impacts** by providing assistance to households, small businesses, nonprofits and affected industries
- Offset their **revenue shortfalls** through 2023
- Provide **premium pay** for essential workers
- Invest in **water, sewer, stormwater management and broadband infrastructure**

Local governments can use the federal relief for other infrastructure expenditures up to the amount of their revenue losses. They **cannot use it to repay debt, reduce unfunded pension liability, replenish reserve funds, or pay legal settlements.**

Timeframe

- First half of allocation delivered in **late spring 2021**
- Second half of allocation delivered in **late spring 2022**
- Total allocation must be committed by the **end of 2024**



How much is \$388 million?

- **59%** of New Orleans' \$661 million pre-pandemic recurring General Fund revenue
- **About four times** the City's \$89 million projected 2021 General Fund recurring revenue loss
 - Revenue may take additional years to fully recover
- **\$996** per New Orleans resident

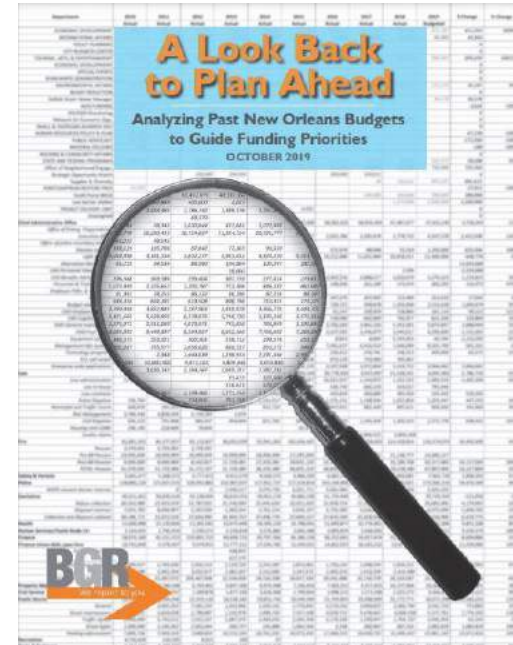
BGR's Guidance on Federal Relief

Prior BGR research identified steps to direct more revenue to high-priority needs

- ✓ Long-term planning
- ✓ Systematic analysis of funding sources and expenditures
- ✓ Citizen participation and public accountability

BGR's ARPA guidance focuses on processes for

- ✓ Establishing priorities
- ✓ Making effective spending decisions
- ✓ Ensuring public oversight



Comprehensive Planning

To maximize the impact of its ARPA allocation, the City should develop a spending plan that

- Covers **multiple years** and includes options aligned with various **economic recovery and funding scenarios**
- Establishes **spending priorities** based on an **analysis of underfunded needs** that is **informed by community input**
- **Maintains efficiencies** achieved during the pandemic-related fiscal crisis
- **Implements new efficiencies** that would allow it to **redirect existing revenue**
- Prioritizes expenditures **evidence** suggests will deliver **effective outcomes**
- Assesses the **cost effectiveness** of spending options

Establishing Spending Priorities

Requires a systematic analysis

- Examines **evidence** that current funding is insufficient to achieve an **acceptable service level or outcome**
- Determines if **other funding sources** could fill the gap
- Determines if there is a **dependable funding** source after the **federal relief is gone**
- Assesses the **impact or consequences** of underfunding
- Assesses how the **impact aligns with community concerns**

Local ARPA Planning Examples

St. Tammany Parish

- Developing an ARPA strategic investment framework
- Focus groups with stakeholders and residents will help inform the framework
- Parish's economic development agency is helping develop the framework

Jefferson Parish

- Parish Council established an ARPA task force
- Task force presents findings and recommendations for using ARPA funds to Council in six months
- All task force meetings are public

Oversight and Accountability

To help ensure ARPA funding achieves the desired results:

The **City Administration** should:

- Provide residents with a multi-year spending plan and regular updates
- Maintain a dashboard that tracks ARPA expenditures and results

The **City Council** should:

- Create a special fund for ARPA dollars to facilitate auditing and transparency
- Alert the public to proposed expenditures through an online calendar
- Require sufficient detail and explanation for individual spending requests
- Maintain a dashboard that tracks ARPA appropriations

The **Inspector General** should:

- Monitor, audit and evaluate ARPA spending

Seize the Opportunity

Don't just build back. **Build back better.**

- The City's pre-pandemic allocation of resources may not reflect emerging concerns resulting from, or highlighted by, the public health emergency
- Before the pandemic, BGR urged the City to take a more comprehensive and systematic approach to identifying areas where it could redirect revenues to its many high-priority, yet continually underfunded needs

PRESENTER:

Gilbert Montaña



American Rescue Plan Webinar
City of New Orleans

August 4th, 2021

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1. Opening Remarks
2. American Recovery Plan Act (ARPA) Funding
3. Projected Revenue Loss and Financial Trends
4. Upcoming Budget Processes
5. Variables to Consider
6. Closing Remarks



1

Opening Remarks

2

American Recovery Plan Act (ARPA) Funding

Future ARPA Funding

*The City has only received the first tranche of funding totaling approximately **\$155M** for the City of New Orleans and **\$39M** for Orleans Parish.*

- While the City hopes to receive an additional \$194M in ARPA funding in 2022, **this allocation is not guaranteed nor should be budgeted for.**
- The City is working closely with our federal team to advocate for the appropriation of future ARPA funds for their intended purpose – to assist cities in stabilizing budget deficits and maintain fiscal stability.
- The City must ensure it is ready to meet any and all protocols established by the Federal government for use of ARPA funds, including expected reporting requirements.



ARPA Funding Recommendations

ARPA funding gives the City the opportunity to avoid budgetary catastrophe, preserve our fund balance, and maintain our credit ratings.

- “Historically, disaster recovery takes longer to arrive for many local governments, and so, to maintain fiscal stability, local governments will need to balance use of ARP money for current and future budget gaps and for funding new projects.” - S&P Global
- The National League of Cities advises municipalities to prioritize funding to ensure fiscal stability and return residents to work.
- The Brookings Institute urges local governments to take a three-pronged approach to using ARP funding: stabilize budget deficits, strategically balance funding between immediate needs and long-term investment, and organize a spending plan that produces sustainable results.



3

Projected Revenue Loss and Financial Trends

Revenue Loss Projections

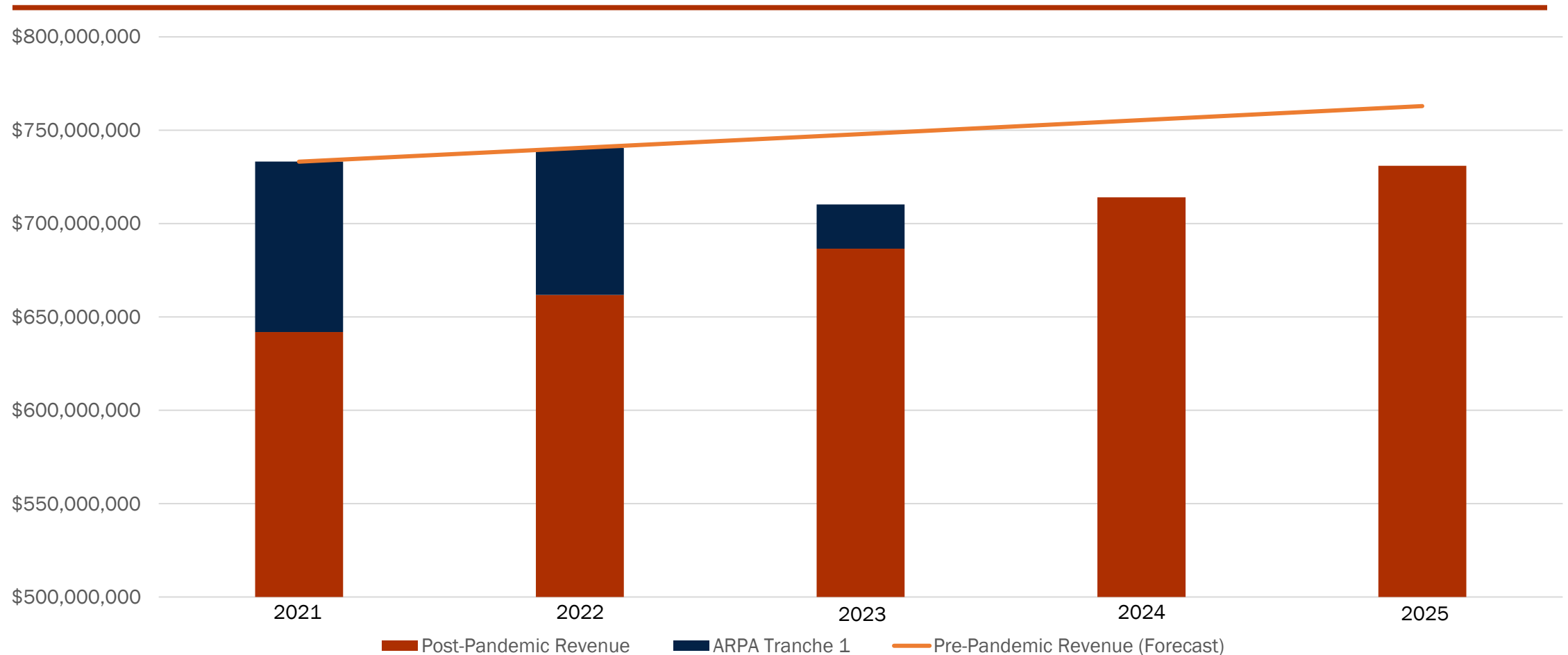
Current revenue forecasts lag pre-pandemic forecasts by over \$500 Million from 2020 to 2025

FY Year	Post-Pandemic Revenue	Expenditures	Difference Amount
2021	633,000,000	815,775,655	182,775,655
2022	661,710,481	773,857,580	112,147,099
2023	686,555,401	781,357,580	94,802,179
2024	714,017,617	788,357,580	74,339,963
<u>2025</u>	<u>742,578,322</u>	<u>796,357,580</u>	<u>53,779,258</u>
Total	3,437,861,821	3,955,705,975	517,844,154



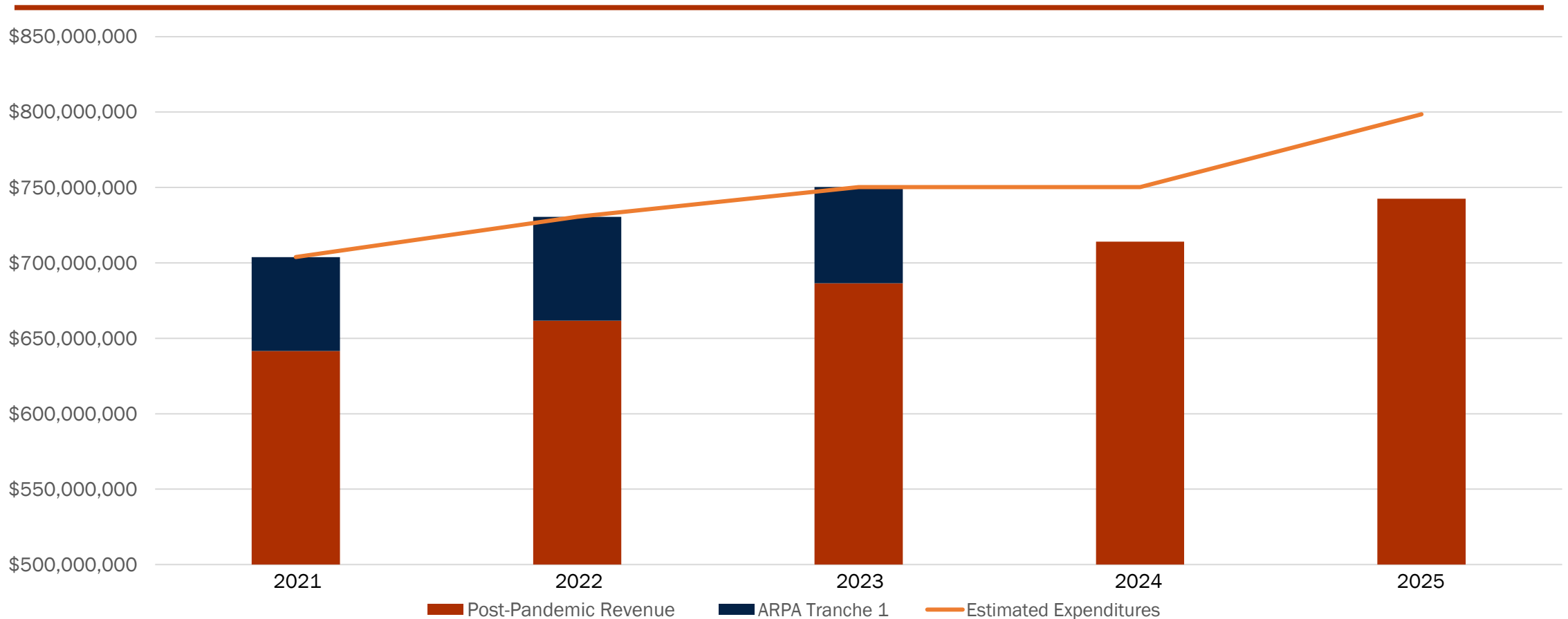
Revenue Gap

Gap Between Post Pandemic Revenue + ARPA Tranche 1 and Pre-Pandemic Revenue



Expenditure Gap

Gap Between Post Pandemic Revenue and ARPA Tranche 1 and **Expenditures**



Pandemic Revenue Projections

FY2018 - FY2025 (With First Tranche of ARPA Funds)

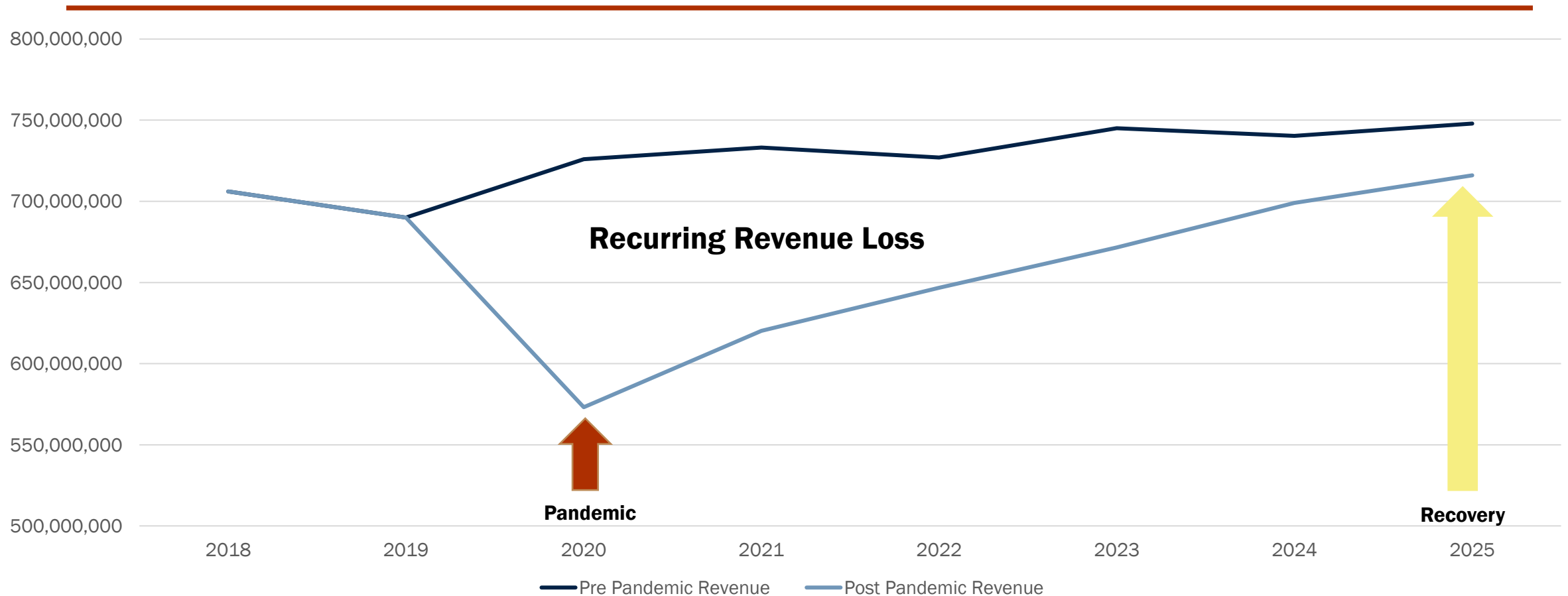
Fiscal Year	Pre-Pandemic Revenue (Forecast)	Post-Pandemic Revenue	Revenue Gap
2018	688,445,015	688,445,015	0
2019	713,014,617	713,014,617	0
2020	725,879,673	687,411,149	(38,468,524)
2021	733,138,470	835,601,124	102,462,654
2022	740,469,854	661,710,481	(78,759,373)
2023	747,874,553	686,555,401	(61,319,152)
2024	755,353,299	714,017,617	(41,335,682)
2025	762,906,831	730,937,662	(31,969,169)
TOTAL	5,867,082,312	5,717,693,066	(149,389,246)

← ARPA FUNDS



Recurring Revenue Trends

FY2018 to FY2025 – Recurring Revenue



General Fund Balance Planning Projections

(\$)

	2020	2021	2022	2023	2024	2025
Revenue						
Recurring Revenue	573,125,479	620,162,478	646,710,481	671,555,401	699,017,617	715,937,662
Budgeted Fund Balance		10,801,959				
Non-Recurring Revenue	114,285,670	204,636,687	15,000,000	15,000,000	15,000,000	15,000,000
Total Revenue	687,411,149	835,601,124	661,710,481	686,555,401	714,017,617	730,937,662
Expenditures						
Total Expenditures	681,777,402	703,820,814	730,566,005	750,291,287	750,291,287	750,291,287
Anticipated Surplus/(Deficit) from General Fund	5,633,747	131,780,310	(68,855,524)	(63,735,886)	(36,273,670)	(19,353,625)
PLANNING PURPOSES ONLY; NOT OFFICIAL ESTIMATES						



General Fund Balance Planning Projections

(\$)

	2020	2021	2022	2023	2024	2025
Beginning Balance	53,866,929	59,500,676	180,479,027	111,623,503	47,887,617	11,613,947
Anticipated Surplus/(Deficit) from General Fund	5,633,747	131,780,310	(68,855,524)	(63,735,886)	(36,273,670)	(19,353,625)
TOTAL USE OF FUND BALANCE		(10,801,959)				
NET CHANGE TO FUND BALANCE	5,633,747	120,978,351	(68,855,524)	(63,735,886)	(36,273,670)	(19,353,625)
Adjusted Fund Balance	59,500,676	180,479,027	111,623,503	47,887,617	11,613,947	(7,739,678)
Obligated to Savings Fund	(30,826,766)	(31,135,034)	(31,446,384)	(31,760,848)	(32,078,456)	(32,399,241)
Unassigned Fund Balance	28,673,910	149,343,993	80,177,119	16,126,769	(20,464,510)	(40,138,919)
<i>Percentage of Total Expenditures</i>	4.21%	21.22%	10.97%	2.15%	-2.73%	-5.35%
<i>Percentage of Recurring Revenue</i>	5.00%	24.08%	12.40%	2.40%	-2.93%	-5.61%
<i>These calculations assume all revenues and expenditures materialize. Actual performance will determine the end of the year surplus/(deficit).</i>						



3

Upcoming Budget Processes

Current Timeline

Key Dates

Week of June 21 st	Budget Kick-Off / Overview of Budget Process
June 28 th – July 29 th	Training & Agency Budget Development Begins
July 23 rd	2021 Revenue Estimating Conference Update
End of July	Bond Agency Rating Calls
August 2 nd – August 27 th	Departments Develop Budgets
Mid August	2021 Bond Ratings Released and City Bond Sale
Friday August 27 th	Budget Requests Due to Budget Office
Mid September	Mid Year Adjustment Ordinance
September 13 th – September 24 th	CAO Budget Hearings
September 27 th – Budget Presentation	Final Budget Decisions
On or Before November 1 st	2022 Proposed Budget Submitted to Council



Public Engagement

Budgetary discussions ensure options for public input throughout the development and adjustment processes

- The September Mid-year adjustment ordinance will be presented publicly to City Council, where residents may provide comments.
- The Administration and City Departments will publicly present budget proposals to City Council by November 1st.
- The Mayor's Neighborhood Engagement Office (NEO) is the City's permanent mechanism for public participation in government decision-making. NEO creates opportunities for dialogue, information sharing, partnership, and action between City government and neighborhood residents and leaders.



2021 Mid-Year Budget Adjustment

*In September, the City plans to present a **\$70M mid-year budget ordinance** that will leverage received tranche 1 ARPA funds to fill existing gaps from revenue loss.*

Crime and Public Safety

Funds will be used to restore cuts to agencies addressing the crime and public safety challenges facing the City as we recover from the COVID-19 Pandemic.

Restore Government Operations

Government operations that have been impacted by revenue shortfalls will begin to have funding restored.



New Initiatives Focused on Public Safety

Initiatives that were slated to begin in 2020/2021 but were unable to be funded will receive the funds needed to start in 2021 and continue in 2022 and beyond.

Improve Quality of Life

Initiatives that improve the quality of life for residents and visitors will receive funding to extend their programmatic reach.



Crime and Public Safety

Funds will be used to restore cuts to agencies addressing the crime and public safety challenges facing the City as we recover from the COVID-19 Pandemic.

- NOPD Retention and Promotion
 - Senior Police Officers
- NOFD Retention and Overtime
- NOEMS Staffing Enhancement
- OPSO Deputy Recruitment and Improved Mental Health Services
- Louisiana SPCA Core Operations
- Curb and Address Crime in New Orleans East



New Initiatives to Address Public Safety

New initiatives slated to begin in 2020/2021 but were unable to be funded will receive the funds needed to start in 2021 and continue in 2022 and beyond.

- Alternate Response Program
 - Develop a more efficient, humane, and appropriate response to individuals in acute crisis.
- Restorative Justice Program
 - Funds a pilot partnership with the Center for Restorative Approaches and the District Attorney's office.
- Municipal Court Mental Health Unit
 - Orleans Public Defenders will operate the Mental Health Unit in the Municipal & Traffic Court.



Restore Government Operations

Government operations that have been impacted by revenue shortfalls will begin to have funding restored.

- Furloughs
 - End furloughs for City employees
 - Restore the City back to full operations
 - Repay employees for the 13 furlough days taken in 2020 and 2021
- Vehicle and Equipment Replacement
 - Purchase new vehicles and equipment prioritizing public safety and public works departments
- New Personnel
 - Safety and Permits – STR Enforcement; Zoning Team; Process Improvement Staff
 - Code Enforcement – Lot Abatement Program Staffing
 - City Planning Commission – Address Staffing Shortage; Begin Master Plan Revision
 - Risk Management – Safety Engineer



Improve Quality of Life

Initiatives that improve the quality of life for residents and visitors will receive funding to extend their programmatic reach.

- Expand CleanUpNOLA
 - Increase illegal dumping enforcement and clean up efforts
- Early Childhood Education Funding
 - Fund seats for Early Childhood Education
- Judgment List



4

Variables to Consider

Additional Budgetary Considerations

- Additional revenue and expense impacts from the Delta variant
 - Return of festivals and major events
- Impact of the living wage ordinance on budgets and contracts
- Changes to future ARPA funding guidelines or allocations
- Active hurricane season



4

Closing Remarks



Questions?

Q&A MODERATOR:
Kelsey Foster



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