

Bureau of the Budget and Management Research



Budgeting for a Better Baltimore

Federal Recovery Funds

JUNE 1, 2021

Agenda

- CARES Act Review
- American Rescue Plan Overview
- American Rescue Plan Eligibility
- Funding Availability
- Spending Pace
- Project Timeline and Lifecycle
- Application Process
- Priority Outcomes
- Additional Information

CARES Act Review

- The City received \$103.6 million from the Coronavirus Relief Fund
- These funds have been used for expenses related to the pandemic such as personal protective equipment, contact tracing, other medical services, and telework infrastructure
- Funds were also used for community economic support that included grants to small business, nonprofits, and eviction prevention
- All funds have been spent or committed

CARES Act Spending (in millions)	
Fiscal 2020	\$14.7
Fiscal 2021 (Estimated)	\$56.2
Fiscal 2021 (Encumbered)	\$8.2
Fiscal 2022 (Budgeted)	\$24.5
Total	\$103.6

American Rescue Plan Overview

- Baltimore City to receive \$641.2 million from the Local Fiscal Recovery Fund (LFRF)
- Funding from the LFRF will be received in two tranches
 - The City has applied for the first tranche; Second tranche to arrive within the next year
- Deadline to obligate LFRF is December 31, 2024 (Fiscal 2025)
- The law will provide additional funding to Baltimore City outside of the LFRF
- Baltimore City Public Schools will receive its own ARP funding
- The State of Maryland will receive \$4 billion from the State Fiscal Recovery Fund and will receive \$169 million from the Capital Projects Fund, a portion of which could flow to the City for various initiatives

American Rescue Plan Eligible Uses

- Support the public health response
- Address negative economic impacts
- Replace public sector revenue loss
- Premium pay for essential workers
- Water and Sewer Infrastructure
- Broadband Infrastructure
- Equity-focused Services
- Transfers to private nonprofits and special purpose units of government

Addressing Negative Economic Impacts

The following examples are listed in the latest guidance from the Department of Treasury and are not intended to represent intended projects of the City.

- Deliver assistance to workers and families, including support to unemployed workers, aid to households, and survivor's benefits for families of COVID-19 victims
- Support small businesses with loans, grants, in-kind assistance, and counseling programs to enable them to rebound from the downturn
- Speed the recovery of impacted industries, including tourism, travel, and hospitality sectors and other similarly local area impacted sectors
- Rebuild public sector capacity by rehiring staff up to pre-pandemic levels and build capacity to implement economic relief programs with investments in data analysis

American Rescue Plan Ineligible Uses

- No recipient shall use funds to make any extraordinary deposit into a pension fund
- No funds shall be used to fund debt service
- No funds shall be used to fund legal settlements or judgements
- No funds shall be deposited into rainy day funds or financial reserves
- General infrastructure spending is not covered as an eligible use outside of water, sewer, and broadband investments or above the amount allocated under the revenue loss provision
- Ineligible expenses will result in a requirement to repay Treasury

Funding Availability

- The City has set-aside \$141.2 million for budget stabilization and administration
- Budget stabilization includes a withholding for future revenue deficits that may occur due to the economic effects of the pandemic
 - The amount is subject to change based on the pace of the economic recovery
 - Approximately \$50 million is expected to be used to closeout Fiscal 2021
- Administration includes funding to create the Office of Recovery Programs and consultant support until Fiscal 2025.

Total ARP Funding (in millions)	\$641.2
Budget Stabilization	\$130.6
Administration	\$10.6
ARP Funding Remaining	\$500.0

Spending Pace

- Spending is expected to be swift and sensible, but will change based on the projects
- High-cost eligible projects could be approved at any point
- Funds will be spent in critical areas, quickly, to generate economic impact
- Funding could be held back based on availability and complementary nature of other sources of funds that may become available to the City
- The majority of funds are intended to be *obligated* by Fiscal 2023
- Approximately \$50 million is expected to be used to closeout Fiscal 2021
- No decisions have been made while guidance is being reviewed and interpreted

Project Timeline and Lifecycle

- Project minimum is \$250,000
- There are 4 phases to projects.
- Each phase has its own requirements.
- First round of (non-critical) projects are expected to be announced after August 1st



Application Phase

PROPOSAL

- The first and shortest step in the application process
- A concise, high-level overview of your project
- Self-assessed for eligibility
- Carefully considered, but not fully planned
- Scored by the Review Team
- Not a commitment to fund a project

APPLICATION

- A detailed implementation plan of your project
- Completed with the assistance of an Application Advisor
- Assigned community engagement standards that must be completed before approval
- Reviewed by the Chief Recovery Officer
- Approved by an Executive (Mayor, CAO, or designee)

Proposal Scoring Criteria

Criterion	Total Points
Describes project intentions clearly and resulting benefits	15
Presents business case for the public good	15
Identifies and analyzes project risks	15
Describes success and provides valid performance measures	15
Explains how the project impacts equity	20
Outlines financial resources to achieve project goals	15
Leverages City resources with partnerships	15
Total	100

Priority Outcomes

- Sourced from the Fiscal 2022 Budget Priority Outcomes and based on the Mayor's Transition Report. These priorities will be used to classify all projects, internal and external, capital and operating.
- There is no set allocation amongst the priorities.

Prioritizing Our Youth

Building Public Safety

Equitable Neighborhood Development

Clean and Healthy Communities

Responsible Stewardship of City Resources

Priority Definitions & Project Examples

- Prioritizing Our Youth
 - Addresses the effect of the pandemic on youth development and welfare
 - Ex. Tutoring services or afterschool programs to address learning loss
- Building Public Safety
 - Enhancing and scaling violence prevention and response, monitoring, and communications efforts
 - Ex. Community violence intervention programs



Priority Definitions & Project Examples

- Equitable Neighborhood Development
 - Delivering resources directly to communities to mitigate the effects of the pandemic and shore up weaknesses
 - Ex. Assistance to small businesses and nonprofits
- Responsible Stewardship of City Resources
 - Investments in City operations and assets affected by the pandemic to improve future outcomes
 - Ex. Restoration of services and positions lost due to COVID-19 reductions



Priority Definitions & Project Examples

- Clean and Healthy Communities
 - Direct response to COVID-19, reopening, and preventative public health measures
 - Ex. Medical supplies, personal protective equipment, disinfection of public areas, quarantining and isolation, vaccination programming, etc.



Additional Information

- ARP Website: <https://arp.baltimorecity.gov>
- On this website, you will find:
 - Overview of the law
 - Link to the application portal
 - Application instructions
- In the future, the website will contain:
 - Office of Recovery Programs leadership
 - Press releases
 - Guidance and FAQs
 - Award announcements
 - Other public information and reports
- Email address for additional inquiries: ARP@baltimorecity.gov