

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

Access BGR's report here: <https://www.bgr.org/report-index/bgr-urges-strong-planning-and-accountability-for-federal-relief-funds/>



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

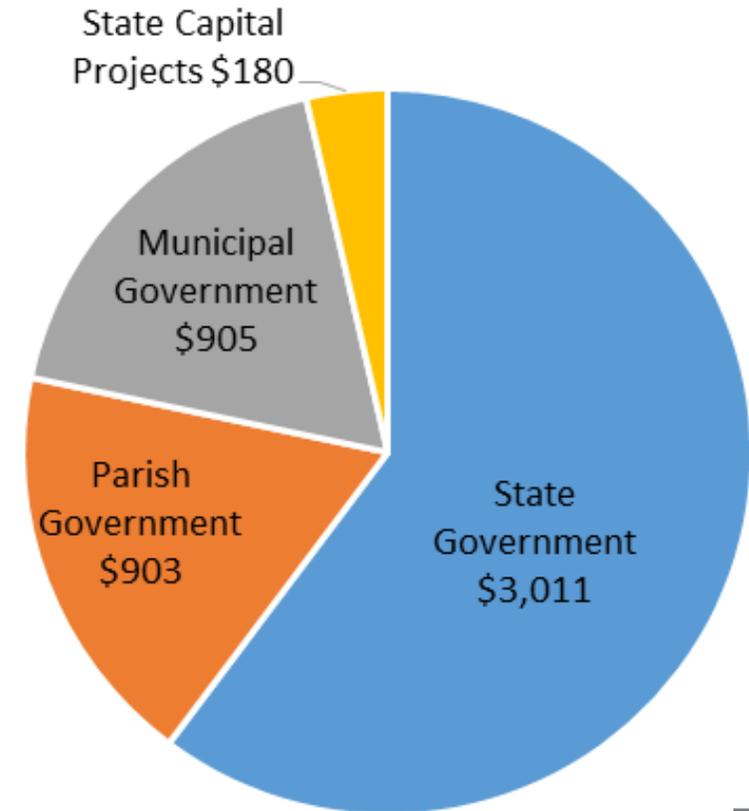
- Budget & Finance
- Schools
- Infrastructure
- Justice System
- Economic Development
- Parks & Recreation
- Public Safety
- Taxes
- Governance Issues
- Public Transit
- Property Assessments
- Sewerage & Water Board
- Flood Protection
- New Orleans
- Jefferson Parish
- St. Tammany Parish

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

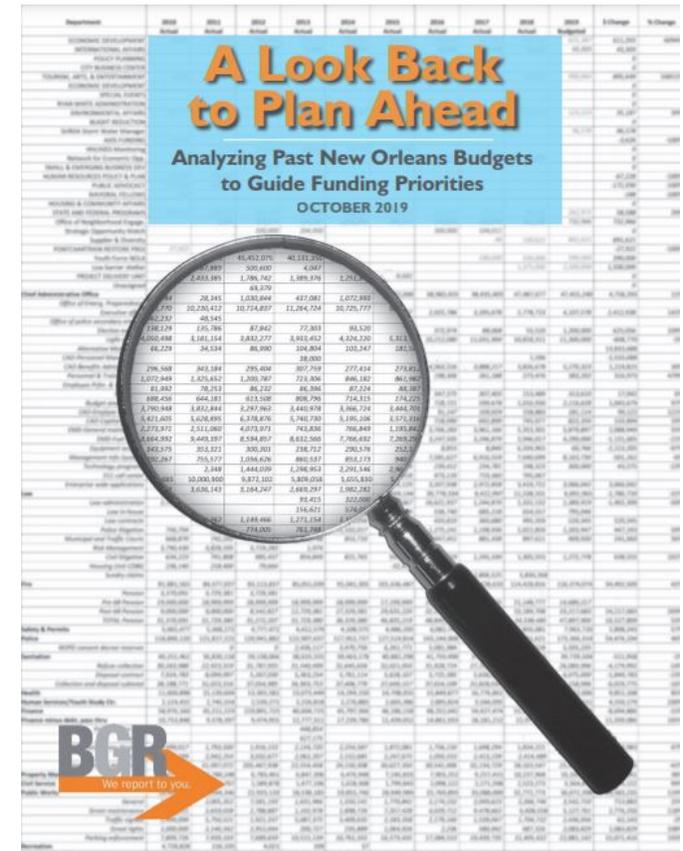
BGR's Guidance on Federal Relief

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