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
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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 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
  - Metairie: $0

- Allocations for urban parishes and larger municipalities based on population and measures of poverty

- Substantial flexibility creates a rare opportunity
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.