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BGR Media Release

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BGR Analyzes City of New Orleans' Use of Federal Pandemic Relief Funds

Join BGR for a lunchtime webinar on Wednesday, Dec. 14 to learn more about our findings

Today, the Bureau of Governmental Research (BGR) releases [a new report](#) that shows how the City of New Orleans has used the first half (\$194 million) of its federal relief funds to weather the budgetary uncertainty of the COVID-19 pandemic and improve its finances. Specifically, those expenditures let the City save a significant amount of revenue from its own discretionary funding streams and build its financial reserves with the surplus. As the City begins spending the remaining relief funds and some of the reserve growth, BGR recommends ways in which City officials can increase public transparency and accountability.

In response to the COVID-19 pandemic, the federal government provided the City with \$388 million of relief funds through the American Rescue Plan Act (ARPA). It is substantial by any measure. The money equates to 59% of the City's pre-pandemic recurring General Fund revenue and about \$1,000 per resident. Furthermore, ARPA gives recipient governments considerable flexibility to decide how to spend the money, creating a rare opportunity for the City to weather pandemic-related budgetary impacts and address local public service, infrastructure and community needs without burdening its taxpayers or depleting financial reserves.

BGR's new report, [Managing the Windfall: Tracking the City of New Orleans' Use of Federal Pandemic Relief Funds](#), is available on its website, bgr.org, along with an [interactive dashboard of charts](#) illustrating ARPA-influenced budget trends for the City and its departments.

In addition, BGR will present the report's findings and recommendations tomorrow, December 14, from 12:15 p.m. to 1 p.m. in a webinar that is free to the public. Registration is required; please visit <https://www.bgr.org/webinar> to get a Zoom link to attend.

"We invite you to join us tomorrow to learn about these important changes in city finances and ask BGR staff about their findings," BGR President

and CEO Rebecca Mowbray said. “We also encourage you to access the report and dashboard.”

BGR’s report finds that the City has directed almost all of the first half (\$194 million) of the ARPA funding to its police and fire department budgets. This made General Fund revenue from those departments available to fill projected budget gaps in 2021 and 2022. However, the projected funding gaps didn’t materialize, allowing the City to save a significant amount of revenue from its discretionary local funding streams and build its financial reserves with the surplus.

The City has estimated that General Fund savings during the past two years has boosted the fund balance above \$200 million – about four times the pre-pandemic level. This allows the City to bolster its emergency financial cushion, while allowing it to direct the rest of the reserve growth to address high-priority needs. However, any future expenditures the City finances with those reserves will be heavily attributable to its ARPA funds – and the public should watch closely how their elected leaders spend this one-time windfall.

With stronger finances, the City has pivoted its strategy for spending remaining ARPA funds. The City’s 2023 General Fund budget does not rely on relief dollars to fill projected gaps. Although it has budgeted \$14 million from its fund balance for this purpose in 2023, this is much less than the projected gaps the City filled with ARPA in 2021 and 2022. Instead, the City allocated \$124.2 million from ARPA and \$51.1 million from reserves in 2023 to multiple departments to carry out specific initiatives. It has also set aside \$100 million for emergencies.

The City has sometimes fallen short of providing sufficient information on its use of ARPA funds, limiting public accountability. For both ARPA and General Fund reserve appropriations, BGR recommends that the City should:

- Provide the public with sufficient details on the components and objectives of spending plans and regular updates on actual spending and outcomes.
- Clearly identify any impacts of these one-time funds on the City’s General Fund budget (including initiatives adopted in the 2023 budget), such as creating recurring expenses that will eventually require additional revenue or enabling further fund balance growth.
- Compile this information in easily accessible reports so the public does not have to review multiple documents or presentations to assemble the complete picture of the City’s ARPA use and its results.

“With more stable finances, the City has shifted to making municipal and community investments with remaining ARPA funds and General Fund reserves,” Mowbray said. “City officials should keep citizens informed and seek their input in future decision making.”

BGR received a grant from the Conrad N. Hilton Foundation in support of this research report, online dashboard and webinar.

BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policy-making and the effective use of public resources in the Greater New Orleans area. For more information, call (504) 525-4152 or visit BGR’s website, www.bgr.org.