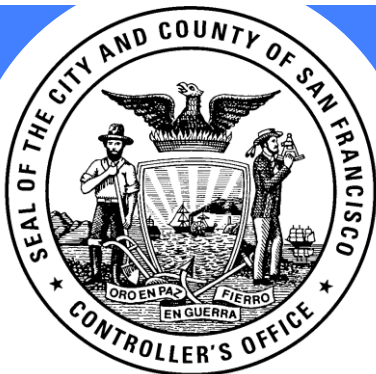


Federal Stimulus Update



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller

April 14, 2021

H.R. 1319 American Rescue Plan Act

- \$1,400 direct stimulus payments to individuals
- Extended unemployment benefits, \$300/wk supplement through September
- Tax credit for employers who offer emergency paid leave
- Extends 15% increase in food stamp benefits through September
- Expands child, dependent, EIC tax credits
- Grants to small businesses (incl. PPP)
- \$86B pension fund rescue package
- \$50B to FEMA Disaster Relief Fund
- \$30B for transit operating costs, PPE
- \$8B for airports, including \$800M for airport concessionaires
- \$123B K-12 Education Stabilization Fund grants to reopen schools
- \$40B for colleges and universities (emergency grants to students)
- \$21.6B emergency rental assistance
- Temporary changes to ACA, Medicaid, and CHIP to expand coverage
- **\$350B state and local fiscal aid (CRF Augmented)**

Coronavirus State & Local Fiscal Recovery Funds

\$350B for states and local governments comprise an historic, one-time investment in local government

- **\$195B Coronavirus State Fiscal Recovery Fund**
 - \$1.25B per state minimum
 - Remainder based on each state's share of unemployed individuals
- **\$130B Coronavirus Local Fiscal Recovery Fund (\$636M to San Francisco)**
 - \$65B to counties → \$171M to San Francisco
 - \$65B to cities → \$465M to San Francisco

Coronavirus State & Local Fiscal Recovery Funds

Eligible uses

- (a) To respond to the public health emergency with respect to COVID-19 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 public health emergency by providing premium pay to eligible government workers that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work.
- (c) For the provision of government services to the extent of the reduction in revenue due to the public health emergency relative revenues collected in the most recent full fiscal year prior to the emergency.
- (d) To make necessary improvements in water, sewer, or broadband infrastructure.

Coronavirus State & Local Fiscal Recovery Funds

Restrictions

- Funds cannot be used to directly or indirectly offset tax reductions or delay a tax/tax increase.
- Funds cannot be deposited into any pension fund.
- Must be spent by December 31, 2024.

Distribution

- 50% upon certification of local government executive (by May 11, 2021)
- 50% not earlier than 12 months after first distribution

Coronavirus State & Local Fiscal Recovery Funds

- **Federal guidance is not yet available.**

State and local government affinity groups (Government Finance Officers Association, National League of Cities, National Governor's Association, etc.) submitting questions to White House and Treasury officials about certification, eligibility, and reporting.

- **There are many open questions:**
 - What is the basis of comparison for revenue shortfalls: FY 2018-19 actuals, FY 2019-20 budget?
 - Retroactive to FY 2019-20?
 - Are shortfalls evaluated by individual revenue source or total?
 - Are employer pension contributions made as part of payroll prohibited?
 - How and when will federal and state agencies distribute non-CLFRF funds to subrecipients?

Other Funds: Quantified Local Benefit

ARPA

- \$300M to MTA
- \$192M to AIR
- \$111.6M for San Francisco Unified School District (SFUSD)
- \$28.5M for San Francisco Community College District
- \$19M for various housing programs (tenant rental assistance, affordable housing, supportive services, etc.)

H.R. 133 Consolidated Appropriations Act Funds

- \$230M to MTA
- \$46.5M to AIR
- \$40M to SFUSD
- \$26.2M to MOHCH for Emergency Rental Assistance
- \$28.3M to DPH for vaccine administration
- \$15M to HSA for Child Care & Development Block Grants
- \$0.6M to HSA for nutrition programs for seniors
- 12-month extension for use of CARES CRF funding (through 12/31/2021)

Quantification Pending: ARPA + H.R. 133

- State social service pass-throughs
- State health pass-throughs: testing, contact tracing, mental health/substance abuse services
- Homelessness
- Small business administration programs
- Road maintenance

GFOA (Government Finance Officer's Association) ARPA Guiding Principles...

ARPA Funds Are One-Time

- This non-recurring source should be applied primarily to non-recurring expenditures (e.g. capital investment).
- Avoid creating new programs or increasing existing programs that require an ongoing financial commitment.
- Give high priority to replenishing reserves used to offset revenue declines during the pandemic to rebuild financial flexibility/stability and restore fiscal resiliency.
- Use of ARPA funds to cover operating deficits caused by COVID-19 should be considered temporary; budget restraint may be necessary to achieve/maintain structural balance in future budgets.

...GFOA ARPA Guiding Principles

Carefully Consider Use of ARPA Funds

- Use ARPA funds for priorities not eligible for other federal and state programs.
- Consider coordinating/partnering with other local ARPA recipients (schools, transportation agencies, local economic development authorities).
- Whenever possible, spread uses over the qualifying period (through December 31, 2024) to enhance financial stability.
- Rating agencies will evaluate use of ARPA funds in formulating credit opinions and will consider reserve levels and structural budget balance as part of their credit analysis.
- ARPA provides a unique opportunity to make strategic investments in long-term assets, rebuild reserves to enhance financial stability, and cover temporary operating shortfalls until economic conditions and operations normalize.