



PICA Conference 2021

Overview of Recovery Funding and Governance



City of
Philadelphia



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Recovery Governance Structure



Recovery Steering Committee

In the spring of 2020, the City of Philadelphia created a governance structure to organize and manage COVID-19 relief efforts and funds.

Mission: To provide a collaborative, inclusive, and organized work structure to ensure that Philadelphia is maximizing its opportunities to recover its costs and stabilize its economy

Co-Chairs: Offices of the Managing Director and Director of Finance

Members: The Steering Committee and its working groups are comprised of senior level staff from various City departments



Leadership

Steering Committee

Governs the work of entire Financial Recovery Committee and its working groups, sets policy direction, coordinates and assigns tasks, and communicates with the Cabinet

Internal Controls & Compliance

Working Groups

Policy and Legislation

Interfaces with City's lobbying teams, City Council, and organizations representing other large governments

Communications and Reporting

Manages media inquiries and provides info to the public and other governments

Financial Administration

Ensures City agencies receive clear guidance on reimbursement and funding opportunities

Economic Recovery

Ensures external partners maximize funding opportunities for a robust economic recovery





American Rescue Plan: Funding to the City of Philadelphia



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American Rescue Plan: Funding to the City of Philadelphia

- **\$14 million** in funding from CDC for vaccination-related activities
- **\$42 million** in HOME funds from HUD for homelessness assistance (primarily non-congregate housing)
- **\$48 million** in ELC funds from CDC for testing (85% must be used on school reopening activities)
- **\$58 million** in Emergency Rental Assistance (ERA2) funding from US Treasury
- **\$1.395 billion** in Coronavirus Local Fiscal Recovery Funds (CLFRF) from US Treasury (\$698 million, or 50%, provided up front)

FYI:

FEMA Public Assistance is a primary funding source for many of the City's COVID and vaccine-related activities.

\$37 million obligated by FEMA to date

\$51 million in documented expenses pending submission to FEMA





Emergency Rental Assistance (ERA) Funding

- **Nationally, \$21.55 billion** for state, local, tribes/territories, and high-need areas in American Rescue Plan (“ERA2”).
- In addition to the \$104 million that Philadelphia received in “ERA1” funding from Treasury and PA DHS through the Consolidated Appropriations Act, 2021, Philadelphia received \$58 million in “ERA2” funding.

[PHLRentAssist.org](https://phlrentassist.org) provides a common point of entry for applicants and a dashboard (updated weekly).

Spotlight: PHLRentAssist

In May 2020, Philadelphia began providing support to tenants and landlords affected by the COVID-19 pandemic.

Since then, Philadelphia has provided **\$146 million** in support to **33,456 households**.

Households in central North, lower Northeast, West, and Southwest Philadelphia represent the highest areas of rental assistance distribution.





Emergency Rental Assistance (ERA) Funding

- PHLRentAssist has successfully distributed 79% of the federal and state allocations received to date.
- The U.S. Treasury and the Commonwealth are engaged in reallocation of unused funds from jurisdictions that have distributed <65% of initial allocations.
- Based on performance, we anticipate that Philadelphia would receive some portion of reallocated funds. The City is advocating to receive them.

PHLRentAssist Continuing Need:

Based on the number of unduplicated, pending applications to PHLRentAssist, we calculate that Philadelphia households need a total of **\$179 million** in additional funds to clear current rent and utility arrears.





Coronavirus Local Fiscal Recovery Funds: Overview



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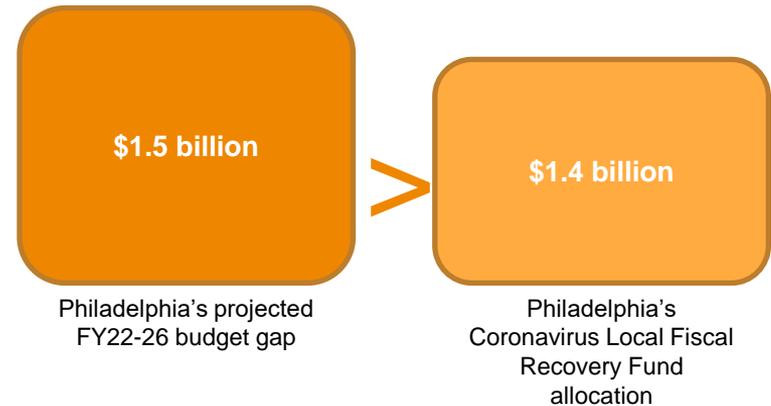
Coronavirus Local Fiscal Recovery Funds

- **Nationally \$350 billion** in emergency funding for state, local, territorial, and Tribal governments (\$111 billion for counties and cities).
- For local governments, funding in **two tranches**: 50% within 60 days of enactment, 50% one year later.
- Philadelphia is entitled to a combined **\$1.395 billion** as a “Metro City” and “County”



Coronavirus Local Fiscal Recovery Funds and the City's FY22 Budget and FY22-26 Five Year Plan

- The Coronavirus Local Fiscal Recovery Funds **were intended to help state and local governments address the negative consequences of the pandemic** by funding new costs and providing revenue replacement.
- While this funding is extremely helpful, **it is not enough to get us back to where we were pre-pandemic.**
- Using the Local Fiscal Recovery Funds from FY22-FY25 to cover costs helps the **City avoid more painful budget cuts and decisions** resulting from the negative impacts of the pandemic on the City's fiscal health.



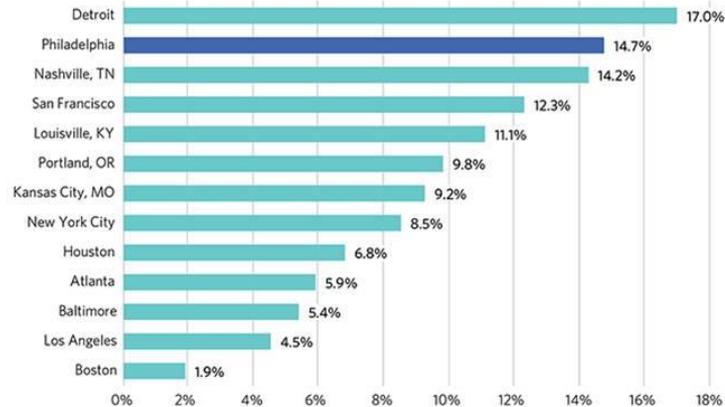
Philadelphia's projected budget gap over the course of the Five Year Plan is greater than what we will receive in Coronavirus Local Fiscal Recovery Funds.

The Pandemic Had a Greater Impact on Philadelphia's Budget Than On Other Large Cities

Figure 1

Cities' Projected General Fund Budget Shortfall for 2021

As percentage of fiscal year 2020 expenditures



Note: Officials in Los Angeles originally projected a shortfall of \$200 million to \$400 million. The estimate used in this analysis was \$300 million, the midpoint of the original range. Nashville's reported budget shortfall is for the city's entire operating budget. In addition to the pandemic, Nashville experienced a tornado in March 2020, further affecting revenue.

Sources: Pew analysis of city budget documents, media articles, and interviews with budget officials

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Why is Philadelphia faring worse than most other cities?

- Heavy reliance on income taxes (not property taxes)
- Heavy reliance on non-residents
- Limited reserves



Budget Office

CITY OF PHILADELPHIA

American Rescue Plan: Impact on Five Year Plan

Wit

- No layoffs
- No tax/fee increases
- Many public-facing services restored like summer pools, 5-day library service, and demolitions.
- Enables new investments like
 - \$13M for 911 Co-responder and mobile crisis units
 - \$2.6M for Violence Intervention and Community Response
 - Doubles the Cultural Fund to \$2M
 - \$950K for Citizen Police Oversight Commission (on top of existing PAC funds)
 - Covers debt service for paving 115 miles of road.

Witout

- \$450M gap in FY22
- \$1.5B gap through FY26
- Requires 10%+ cuts to non-fixed/inflexible cost
 - Virtually impossible to achieve without **significant layoffs**.
 - Unable to sustain current levels of service like Fire/EMS.
 - Unable to backfill expiring grants, like \$12.9M for homeless shelter beds.
 - No return of pools, 5-day libraries, and Keypots
 - No new anti-violence/police reform investments
- AND/OR Would require **significant tax increases** to maintain current services





CLFRF and the Five Year Plan

- ARP funding is treated as flexible revenues to the General Fund to (mostly) fill gap created by pandemic.
- Not targeted to specific programmatic spending:
 - Supports overall operations
 - COVID costs
 - Enables new investments in education, health, and anti-violence
 - Keeps Plan balanced



Other Funding Sources to Track: Pennsylvania (not a complete list)

- **\$7.3 billion** in **Coronavirus State Fiscal Recovery Funds**
 - May be used to balance the Commonwealth's budget
- **\$279 million PA Capital Projects Fund**
 - Funds can be used to carry out **critical capital projects directly enabling work, education, and health monitoring, including remote options**, in response to the public health emergency with respect to the Coronavirus Disease (COVID-19).
- **\$350 million** for a **PA Homeowner Assistance Fund** (likely administered through PHFA)
 - For homeowners who are at **150% or less of AMI**, with **60% prioritized** for homeowners who are at **100% AMI**.
 - To prevent mortgage delinquencies and defaults, foreclosures, loss of utilities or home energy services, and displacement of **homeowners experiencing financial hardship after January 21, 2020**.
 - Funds from the HAF may be used for **assistance with mortgage payments, homeowner's insurance, utility payments, and other specified purposes**.
- **\$207 million** for the **State Small Business Credit Initiative**



From Relief to Recovery: Next Steps



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Federal Infrastructure and Economic Development funding

Purpose: Major infrastructure/economic development funding and grants to state and local governments for economic recovery

- Performance period: pending/multi-year
- Funding amounts:
 - Infrastructure: \$1 trillion (proposed)
 - **Economic Development Administration (EDA) Grants**
 - Build Back Better Regional Challenge (\$1 billion)
 - Good Jobs Challenge (\$500 million)
 - Economic Adjustment Assistance Challenge (\$500 million)

Status: Final infrastructure legislation is pending



A Strategic Framework for Infrastructure Investments

- To be nationally competitive and meet the Mayor's equity and climate goals
- To develop a clear and transparent analytical and decision-making
- To advance inclusive growth and ultimately reduce poverty through:
 - **Racial Equity**
 - **Climate Change**
 - **Supplier Diversity**
 - **Workforce Diversity, Training & Trades**



Preparing for Infrastructure & Economic Development

At key decision points from project selection through to implementation the City will need to establish a set of “checks and balances” to ensure racial equity, climate change, supplier diversity and workforce diversity goals are clearly articulated and achieved.



PROPOSED: Repurpose and Reorganize Recovery Steering Committee

Mission: To provide a collaborative, inclusive, and organized work structure to ensure that Philadelphia is maximizing its opportunities to recover its costs and stabilize its economy → responsive to equitable infrastructure and economic development opportunities

Co-Chairs: MDO, Finance → Mayor's Policy Office

Members: The Steering Committee and its working groups will be comprised of senior level staff from various City departments → expanded to include infrastructure & transportation



**Internal
Controls &
Compliance**

Leadership



**Working
Groups**



Lessons Learned and Next Steps

- **Critical and timely support** from federal, state and local funding sources, has allowed the City to quickly stand up several **effective relief programs**.
 - However, more can be done to **streamline and maximize access** to these **existing programs**.
- ARP provides the City with **enough funding to support core City services** and avoid additional, painful cuts. It will also make **direct funding available to individuals and businesses**.
 - Innovative methods are needed to help Philadelphia families and businesses **maximize access to these new resources**.
 - Accessing these resources is critical for Philadelphia to emerge from the pandemic as **a more vibrant and equitable city**.