

## New COVID-19 Relief Bill Opens the Door to Long Term Community Recovery and Revitalization

### What state and local governments need to know about the American Rescue Plan

*Matt Erchull, Managing Director, Witt O'Brien's*

President Biden's \$1.9 trillion American Rescue Plan, signed into law on March 11, is unprecedented in scope and reach, and will offer state and local governments tremendous opportunities to fuel both short and long-term economic recovery – that is, if they can think differently about how best to utilize their stimulus funds.

One key difference with this third round of federal COVID-19 assistance is that in addition to \$993 billion for programs specifically geared towards individual households, there is also \$350 billion in emergency government funding. \$195 billion will go to state governments, and, for the first time, there will be \$155 billion in direct allocations to localities using a modified HUD Community Development Block Grant (CDBG) entitlement formula - effectively a population of 50,000 or greater with up to thirty percent of Area Median Income (AMI) within that community – to distribute those funds. States will still be responsible for distributing funds to roughly 19,000 non-entitlement communities nationwide, but they will act as a fiduciary pass-through agent.

The biggest reason for taking a more strategic and holistic view of the new stimulus plan is the fact that many local governments will receive their funds without a clear idea of how they can and should be utilized. Cities and counties are impacted by different revenue shortfalls so there is no common utilization model. Fund allocations target individual programs, including COVID-19 testing and vaccination, housing assistance, and mental health and domestic violence programs, among others. Many of these programs have received allocations from the CARES Act Coronavirus Relief Fund and subsequent 2021 Consolidated Appropriations Act (HR 133), and most are supported by other federal funding streams.

With the new stimulus funding, and the multiple funding sources that are still available to fund current programs, localities should start looking beyond their immediate crisis imperatives to how they can allocate funds over the long range to drive more sustainable state and local initiatives.

The process begins with a sober assessment of their current financial situation and where the jurisdiction wants to be in the next three to five years. The new funding programs have a much longer timeline – into 2024 – so governments can allocate funds to address the acute needs now, stimulate the economy in the near term, and look longer range at retooling reinvestments such as infrastructure, workforce development, housing, economic diversification, and broadband expansion. Throughout the strategy development, it is wise to include community organizations and business leaders to ensure an appropriate level of input and identify potential program overlap and duplication. The committee will also help garner support for the strategy within the community and among state leadership.

The next step, before any money gets invested, is to conduct a comprehensive analysis to understand the various community programs initiatives that are receiving funding, how much they have already received in the most recent relief bills, and then given the aggregate analysis of how much is allocated in the new bill, how much new funding the jurisdiction is going to receive.

This analysis will inform how the jurisdiction should address acute COVID-19-relief needs – possibly through FEMA or existing CARES Act funding. The insights will also enable the community to view the remaining funding through a broader investment framework that focuses on initiatives such as COVID19--specific impacts over the medium term, sustainability of investments including future federal funding, public-private partnership models to optimize funding, diversity, equity and inclusion, steady-state government operations, and long-term economic growth initiatives such as housing, small business development, essential needs, workforce, education and connectivity.

Embracing a holistic, integrated program management approach to federal stimulus funding opportunities can put state and local governments on a solid path to recovery and ensure revitalization within their communities. It is important to realize that each one of the decision points in this process has an immediate implication on operational capacity. For most local jurisdictions, in particular smaller ones, determining where and how to disburse the new funds, and at the same time, navigate complex federal monitoring, reporting and compliance requirements will likely represent a significant resource burden.

If your jurisdiction lacks the internal resources or expertise to create the holistic strategy and the ability to stand up and operate a new program management model, you should consider augmenting internal capacity with a third-party expert that can help with program assessment, planning, implementation, cost reimbursement, compliance monitoring, and reporting, and the ability to devise comprehensive community needs assessments to ensure that funding allocations provide the best outcomes for the community and meet federal and state eligibility requirements.

Witt O'Brien's is fully prepared to help your organization with assessment, program design, organizational capacity development, system and process development, and optimization and can serve as a force multiplier to successfully deploy your program. The firm delivers program management expertise with field-tested strategies, tools, and templates that allow you to quickly conceptualize, customize, and launch your program, while keeping the administrative load manageable. Our experts provide states, cities and counties across the nation greater insight into federal rules and standards, so they can navigate COVID-19 funding opportunities as new programs emerge.

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**About Matt Erchull**

Matt knows all too well the struggles communities may face when disaster or emergencies strike and brings a wealth of expertise to developing strategies for effective long-term community redevelopment and revitalization. He is a nationally recognized subject matter expert in HUD funded CDBG, HOME, NSP, and CDBG-DR programs; has critical experience working with FEMA's Public Assistance and Mitigation programs and knows how to deliver multi-jointed funding strategies to assist impacted communities.

Since the onset of the pandemic, Matt has been a national thought leader in the development of streamlined, impactful programs utilizing congressionally appropriated assistance. He currently leads a practice assisting dozens of state, local and territorial governments across the country, advising on compliant use of nearly \$5 billion of COVID-19 federal assistance.

Matt joined Witt O'Brien's after a distinguished tenure in New York serving as the Director of Research & Strategic Analysis for the state's Superstorm Sandy recovery. He has previously supported large scale community redevelopment efforts in Texas, Louisiana, Mississippi, Massachusetts, Oklahoma, North Dakota, Colorado, Puerto Rico and the U.S. Virgin Islands.

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