Proposed COVID-19 Spending Framework
City of Austin

May 19, 2020
COVID-19 Spending Framework

City Council Resolution 20200507-060

✓ Maximize effectiveness of federal relief funds
✓ Minimize impact on FY20 budget
✓ Include a timeline for expenditures that aligns with the requirements of each funding source
✓ Include all previously approved Council funding initiatives
✓ Allow for flexibility in use of funds including a contingency category
✓ Prioritize programs that address the public health crisis and save lives
✓ Prioritize restricted-use federal relief funds to serve vulnerable populations
COVID-19 Spending Framework

City Staff Development Team

Austin Public Health – Stephanie Hayden
Budget Office – Ed Van Eenoo
Economic Recovery Officer – Veronica Briseno
Economic Development – Sylnovia Holt-Rabb
Equity Office – Brion Oaks
Government Relations – Brie Franco
Homeland Security – Juan Ortiz
Neighborhood Housing – Rosie Truelove
Office of the Medical Director – Mark Escott
Budget Challenges
# Projected Revenue Shortfalls by Source

**General Fund**

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>FY 2020 Budget</th>
<th>Rapid Resolution</th>
<th>Slower Resolution</th>
<th>FY 2021 Forecast</th>
<th>Rapid Resolution</th>
<th>Slower Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Taxes</td>
<td>$251.8 M</td>
<td>($32.6 M)</td>
<td>($43.2 M)</td>
<td>$260.6 M</td>
<td>($11.8 M)</td>
<td>($15.4 M)</td>
</tr>
<tr>
<td>Mixed Drink Taxes</td>
<td>$14.2 M</td>
<td>($1.1 M)</td>
<td>($4.2 M)</td>
<td>$14.7 M</td>
<td>-</td>
<td>($0.5 M)</td>
</tr>
<tr>
<td>User Fees and Fines</td>
<td>$91.2 M</td>
<td>($3.0 M)</td>
<td>($8.6 M)</td>
<td>$91.9 M</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest Earnings</td>
<td>$8.3 M</td>
<td>($1.6 M)</td>
<td>($1.6 M)</td>
<td>$9.0 M</td>
<td>($6.1 M)</td>
<td>($6.1 M)</td>
</tr>
<tr>
<td>All Other</td>
<td>$723.1 M</td>
<td>-</td>
<td>-</td>
<td>$744.1 M</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,088.6 M</strong></td>
<td><strong>($38.3 M)</strong></td>
<td><strong>($57.6 M)</strong></td>
<td><strong>$1,120.3 M</strong></td>
<td><strong>($17.9 M)</strong></td>
<td><strong>($22.0 M)</strong></td>
</tr>
</tbody>
</table>

- May sales tax payment down 4.5% from the prior year (2 month lag; represents March sales)
- Other large Texas cities experienced steeper declines ranging from 6.5% to 10.7%; State down 9.3%
Projected Revenue Shortfalls by Source

Other Funds – FY20 Projections

• Hotel Occupancy Taxes – $36.7 million decline
  • Impact on programs in the Convention Center, Historic Preservation, Cultural Arts, and Music Funds

• Airport Revenue – $68.1 million decline
  • Steep declines in parking fees, landing fees, and concession revenue

• Austin Transportation Department Parking Fees – $8.9 million decline
Federal Funding Sources
Federal Emergency Management Agency (FEMA)

Federal Cost Share 75%; Local Cost Share 25%

• Examples of Eligible Expenses
  • Emergency operations center, event-specific training, and technical assistance
  • Disinfection of public facilities
  • Medically necessary testing and diagnosis
  • Emergency medical treatment and transportation of COVID-19 patients
  • Purchase of food, water, ice, and medicine
  • Purchase of personal protective equipment and medical equipment
  • Temporary medical and quarantine facilities
  • Security and law enforcement
  • Communications of general health and safety information to the public
# CARES Act Funding

**City of Austin – Previously Reported to Council**

<table>
<thead>
<tr>
<th>CARES Act Program</th>
<th>Amount</th>
<th>Purpose/Uses/Limitations</th>
</tr>
</thead>
</table>
| Coronavirus Relief Fund            | $170.8 million | • Medical or public health needs due to the emergency  
• Economic support for those impacted by business interruptions  
• Payroll costs of staff substantially dedicated to COVID-19 response  
• Costs must be incurred between March 1 and December 30, 2020  
• No supplanting of budgeted expenditures (with above exception)  
• Cannot be used for revenue replacement |
| Community Development Block Grant  | $4.6 million | • Public services including emergency rental assistance, child care, job training, and meals (exempted from 15% limit)  
• Economic development assistance including grants or loans  
• Acquisition and improvement of land or buildings for affordable housing or other public uses |
| Homeless Emergency Solutions Grant | $2.4 million | • Emergency shelter operations  
• Hand sanitizer and masks  
• Case management including coordination of medical care |
## CARES Act Funding

### City of Austin – Previously Reported to Council

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<thead>
<tr>
<th>CARES Act Program</th>
<th>Amount</th>
<th>Purpose/Uses/Limitations</th>
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</table>
| Ryan White Grant (Parts A and C)                       | $415,000   | • Increased clinic operating hours  
• Increased staff costs including overtime  
• Services that support social distancing |
| Housing Opportunities for Persons with AIDS            | $272,000   | • Housing facility operating costs  
• Costs for short-term hotel stays  
• Access to food, medication, and medical care |
| Byrne JAG                                              | $885,000   | • Overtime related to crisis response  
• Law enforcement and medical personal protective equipment  
• Training and travel expenses (related to distribution of resources) |
| Airport Improvement                                    | $58.7 million | • Airport capital, operating, and debt service expenses |
# CARES Act Funding

**City of Austin – New Awards**

<table>
<thead>
<tr>
<th>CARES Act Program</th>
<th>Amount</th>
<th>Purpose/Uses/Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Services Block Grant</td>
<td>$1.5 million</td>
<td>• Employment training and placement, income management, education, health, nutrition, transportation, housing assistance, and providing linkages among anti-poverty programs</td>
</tr>
<tr>
<td>CARES Act Provider Relief Program</td>
<td>$550,000</td>
<td>• Reimbursement to EMS for uninsured COVID-19 patients</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Offset lost revenue resulting from COVID-19 transports and aid-at-scene</td>
</tr>
</tbody>
</table>
CARES Act Funding

Other Grant Opportunities Available to the City of Austin

- National Endowments for the Arts and Humanities
- Grants to Libraries and Museums
- Economic Development Administration (Department of Commerce)
- Assistance to Firefighters Grant (FEMA)
- Disaster Relief Fund (FEMA)
- Emergency Management Performance Grants (FEMA)
# CARES Act Funding

**Other Local Agencies – Previously Reported to Council**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Funding Amounts</th>
</tr>
</thead>
</table>
| Travis County      | • $61 million – Coronavirus Relief Fund  
                     • $700,000 – Community Development Block Grant  
                     • $154,000 – Byrne JAG                                                     |
| Williamson County  | • $93.3 million – Coronavirus Relief Fund  
                     • $938,000 – Community Development Block Grant  
                     • $40,000 – Byrne JAG                                                     |
| Capital Metro      | • $104.1 million – Federal Transit Administration                             |
| Central Health     | • $3.7 million – Public Health & Emergency Fund  
                     • $241,000 – Community Health Centers                                      |
| People’s Clinic    | • $1 million – Public Health Emergency Fund  
                     • $79,000 – Community Health Centers                                       |
Coronavirus Spending Framework
COVID-19 Spending Framework

Key Principles

✔ Medical and public health response is our top priority
  • Testing, contact tracing, and protection of vulnerable populations

✔ All public health and economic support programs must lead with racial equity
  • Latinx and African Americans are experiencing disproportionate health impacts
  • Asian Americans are experiencing disproportionate business impacts

✔ Preserve the City’s long-term fiscal health
  • Adhere to financial policies by being judicious in use of reserves
  • Goal is to maintain 12% reserve level for both FY20 and FY 21

✔ Framework must be adaptable to changing conditions
COVID-19 Spending Framework

Funding by Expenditure Category

- Emergency Response: $98 Million
- Medical and Public Health Needs: $37.9 Million
- Economic Support: $101.2 Million
- Contingency: $33 Million

Total Funding: $270.1 Million
Proposed COVID-19 Spending Framework

**Emergency Response: $98 Million Estimate***

**Programs**

- COVID-19 Emergency Management (*Emergency Operations Center; direct response to pandemic; operational and programmatic adjustments necessary for responding to the COVID-19 pandemic*)
- Payroll expenses of staff substantially dedicated to COVID-19 response

**Funding Sources**

- FEMA
- Coronavirus Relief Fund (CRF)
- Department operating budgets

*Subject to change. Estimates are inclusive of prior Council actions.*
Proposed COVID-19 Spending Framework

Medical and Public Health Needs: $37.9 Million Estimate*

Programs

• Protection of vulnerable populations
• Testing
• Epidemiology response
• Planning and research

• Shelters and quarantine facilities
• Public health and safety measures
• Education and outreach
• Medical and protective supplies

Funding Sources

• FEMA
• Coronavirus Relief Fund (CRF)
• General Fund Reserves

* Subject to change. Estimates are inclusive of prior Council actions.
Proposed COVID-19 Spending Framework

**Economic Support: $101.2 Million Estimate***

**Programs**

- RISE
- Public Health Fund
- ANCHOR
- Technical assistance
- Childcare provider assistance
- Assistance for businesses
- Assistance for artists, musicians, and creatives
- Music Disaster Relief Fund
- Artist Disaster Relief Fund
- Long-Term Lease Stability Fund
- Re-opening safety grants
- Employee medical assistance program
- Food assistance
- Rental assistance
- Utility bill assistance

*Subject to change. Estimates are inclusive of prior Council actions.*
Proposed COVID-19 Spending Framework

Economic Support (Continued)

Funding Sources

- Coronavirus Relief Fund (CRF)
- Community Development Block Grant (CDBG)
- Community Services Block Grant (CSBG)
- Emergency Solutions Grant (ESG)
- Housing Opportunities for Persons with AIDS (HOPWA)
- Austin Energy and Austin Water (this funding source specifically for utility bill customer assistance program)
- General Fund Reserves
Proposed COVID-19 Spending Framework

**Contingency: $33 Million**

**Programs**

- Additional medical or public health needs
- Higher than anticipated operational expenses related to COVID-19 response
- Ability to pay for expenditures disallowed by federal funding sources
- Flexibility to adapt to changing conditions
COVID-19 Spending Framework

**Timing Considerations**

- Coronavirus Relief Fund expenditures must be incurred between March 1, 2020 and December 30, 2020

- The City has from March 25, 2020 (the date of the Texas disaster declaration) until September 21, 2020 to incur costs eligible for FEMA reimbursement

- Program spending phased over allowable timeframes to meet both current and future community needs
COVID-19 Spending Framework

Next Steps

• May 21 Council Agenda
  • Appropriation of funds
  • Approval and ratification of numerous Covid-19-related contracts

• Contracting and program implementation

• Documentation and financial reporting
Discussion
## COVID-19 Spending Framework

### Emergency Response: $98 Million Estimate

<table>
<thead>
<tr>
<th>Program</th>
<th>Details</th>
<th>Target Population</th>
<th>Funding Sources</th>
<th>Estimate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covid-19 Emergency Management</td>
<td>Emergency Operations Center activation, direct pandemic response, and operational adjustments necessary for responding to the COVID-19 pandemic</td>
<td></td>
<td>FEMA; Justice Assistance Grant Operating Funds</td>
<td>$30M</td>
</tr>
<tr>
<td>Department operating expenses substantially dedicated to Covid-19 response</td>
<td>Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency</td>
<td></td>
<td>CRF</td>
<td>$68M</td>
</tr>
<tr>
<td><strong>Total Emergency Response</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$98M</strong></td>
</tr>
</tbody>
</table>

### Medical and Public Health Needs: $37.9 Million Estimate

<table>
<thead>
<tr>
<th>Program</th>
<th>Details</th>
<th>Target Population</th>
<th>Funding Sources</th>
<th>Estimate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protection of Vulnerable Populations</td>
<td>Support for preventing and reducing the risk and incidence of spread of COVID-19; nursing home worker assistance; nursing home study</td>
<td>Residents of nursing homes, assisted living facilities, and long-term care facilities; people experiencing homelessness; seniors; populations with underlying health conditions</td>
<td>FEMA; CRF; General Fund; CDBG; ESG; HOPWA; Ryan White; EMS Grant</td>
<td>$4.8M</td>
</tr>
<tr>
<td>Testing</td>
<td>Costs of providing COVID-19 testing, including Public Health laboratory, testing, and equipment</td>
<td>Community members; first responders; vulnerable populations</td>
<td>FEMA; CRF; General Fund</td>
<td>$6.8M</td>
</tr>
<tr>
<td>Epidemiology Response</td>
<td>Includes case investigation, contact tracing, and active monitoring</td>
<td></td>
<td>FEMA; CRF; General Fund</td>
<td>$4.7M</td>
</tr>
<tr>
<td>Planning &amp; Research</td>
<td>Activities designed to study approaches to create greater resiliency in the community</td>
<td></td>
<td>FEMA; CRF; General Fund</td>
<td>$1.7M</td>
</tr>
<tr>
<td>Shelters &amp; Quarantine Facilities</td>
<td>Emergency housing, supportive housing, and isolation of individuals related to the COVID-19 pandemic and supportive services</td>
<td>Individuals who do not have the ability to self-isolate during the COVID-19 pandemic</td>
<td>FEMA; CRF; General Fund</td>
<td>$14.5M</td>
</tr>
<tr>
<td>Public Health &amp; Safety Measures</td>
<td>APH Facility renovation funds to modify lobbies and reception areas; behavioral health/counseling support; sanitization</td>
<td></td>
<td>FEMA; CRF; General Fund</td>
<td>$2.9M</td>
</tr>
<tr>
<td>Miscellaneous Items</td>
<td>Education and outreach; expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment; software; teleworking/distance learning</td>
<td></td>
<td>FEMA; CRF; General Fund</td>
<td>$2.5M</td>
</tr>
<tr>
<td><strong>Total Medical and Public Health Needs</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$37.9M</strong></td>
</tr>
</tbody>
</table>

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## COVID-19 Spending Framework

### Economic Support: $101.2 Million Estimate

<table>
<thead>
<tr>
<th>Program</th>
<th>Details</th>
<th>Target Population</th>
<th>Funding Sources</th>
<th>Estimate*</th>
<th>Prior Council Action</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relief In a State of Emergency (RISE) Funds</strong></td>
<td>Expands social service contracts to provide immediate direct services and assistance that are equitably focused, temporary, and with minimal administrative delay; services to be provided in April, May, and June</td>
<td>Vulnerable populations</td>
<td>CRF; General Fund</td>
<td>$15M</td>
<td>$15M approved by Ordinance 20200409-81</td>
</tr>
<tr>
<td><strong>Public Health Fund</strong></td>
<td>Financial support for individuals who are waiting for test results and/or test positive so they have the ability to stay home and recover. Staff resources to assess individuals needs and help apply for other benefits such as unemployment and/or sick leave pay</td>
<td>Individuals who are waiting for test results and/or test positive</td>
<td>CRF; General Fund</td>
<td>$7.9M</td>
<td></td>
</tr>
<tr>
<td><strong>ANCHOR Fund</strong></td>
<td>Grants capped at 20k based on non-profit capacity (300 Nonprofits with existing allocation – up to 400 with an additional $2M)</td>
<td>Non-profit organization focus areas include: health &amp; human services; workforce development &amp; social/legal services; education; arts &amp; culture; environment &amp; animals</td>
<td>CRF; General Fund</td>
<td>$8M</td>
<td>$8M approved by Ordinance 20200507-023</td>
</tr>
<tr>
<td><strong>Technical Assistance</strong></td>
<td>Classes, Workshops, and Individual Coaching for grantees’ relevant needs (e.g., Board Training Support, Lease Terms Assistance, Business Legal assistance, Business Model Retooling)</td>
<td>All grant awardees, open to broader audiences as capacity allows</td>
<td>CRF; General Fund</td>
<td>$1M</td>
<td></td>
</tr>
<tr>
<td><strong>Childcare Service Provider Assistance</strong></td>
<td>Grants to childcare centers in Austin; grants capped at $25,000, which would allow support for 40 childcare centers</td>
<td>Childcare centers that serve families that receive childcare subsidies; have at least a 2-star rating under the Texas Rising Star system; have not already received PPP funds; have been impacted by COVID-19; have virus mitigation and protective equipment needs</td>
<td>CRF; General Fund; CDBG</td>
<td>$2M</td>
<td>$1M approved by Ordinance 20200507-023</td>
</tr>
<tr>
<td><strong>COVID-Adjustment Assistance for Businesses</strong></td>
<td>At least 338 grants to businesses for COVID-recovery purposes; grants capped at $40,000</td>
<td>Small businesses, prioritizing businesses from Austin’s most vulnerable communities</td>
<td>CRF; General Fund</td>
<td>$23.5M</td>
<td>$10M approved by Ordinance 20200507-023</td>
</tr>
<tr>
<td><strong>COVID-Adjustment Assistance Artists, Musicians, and Creative Sector Workers</strong></td>
<td>1,000 grants to individual creative-sector workers; grants capped at $2,500, and no eligibility restrictions on uses</td>
<td>Creative-sector independent workers impacted by COVID; targeted to low- to moderate-income workers</td>
<td>CRF; General Fund</td>
<td>$5M</td>
<td></td>
</tr>
</tbody>
</table>

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## Economic Support (cont'd)

<table>
<thead>
<tr>
<th>Program</th>
<th>Details</th>
<th>Target Population</th>
<th>Funding Sources</th>
<th>Estimate*</th>
<th>Prior Council Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Music Disaster Relief Fund</td>
<td>Mini-grant program to sustain Austin’s music industry</td>
<td>Local musicians; live music venues, and professionals within music-related industries</td>
<td>CRF; General Fund</td>
<td>$1.5M</td>
<td>$1.5M approved by Resolution 20200409-086 &amp; Ordinance 20200423-067</td>
</tr>
<tr>
<td>Austin Artist Disaster Relief Fund</td>
<td>Grant program to provide rental/mortgage relief and other assistance</td>
<td>Creative-sector independent workers impacted by COVID; targeted to low- to moderate-income workers</td>
<td>CRF; General Fund</td>
<td>$1M</td>
<td>$1M approved by Ordinance 20200423-040</td>
</tr>
<tr>
<td>Long-Term Lease Stability Fund</td>
<td>Grants to landlords that agree to enter into long-term leases with tenants that deliver community benefits</td>
<td>Preservation of community assets in vulnerable communities</td>
<td>CRF; General Fund</td>
<td>$2M</td>
<td></td>
</tr>
<tr>
<td>Worker and Customer Safety Grants for safe re-opening</td>
<td>Grants for the procurement of personal protective equipment and the modification of businesses to COVID-compliant standards</td>
<td>Targeted to customer-facing retail &amp; services, food, and manufacturing facilities</td>
<td>CRF; General Fund</td>
<td>$1M</td>
<td>$1M approved by Ordinance 20200507-023</td>
</tr>
<tr>
<td>Employee Medical Assistance Program</td>
<td>Contract with counseling services provider to expand access for workers dealing with COVID-related mental health challenges</td>
<td>Targeted to low- and moderate-income employees in customer-facing industries (e.g., food service, retail, personal services)</td>
<td>CRF; General Fund</td>
<td>$1.5M</td>
<td></td>
</tr>
<tr>
<td>Food Assistance</td>
<td>Direct and contracted food provision to address food insecurity created by COVID-19; expenses for food delivery to residents</td>
<td>Caregiver meals delivered through AISD and DVISD’s school meal distribution sites; persons experiencing homelessness</td>
<td>CRF; General Fund</td>
<td>$3.2M</td>
<td>$2.2M approved by Ordinance 20200507-058</td>
</tr>
<tr>
<td>Rental Assistance</td>
<td>Payment of rent directly to landlords on behalf of tenants</td>
<td>Households under 80% of Median Family Income who have been impacted by COVID-19</td>
<td>CRF; General Fund; CDBG-CV; ESG; HOPWA</td>
<td>$18.6M</td>
<td></td>
</tr>
<tr>
<td>Utility Bill Assistance</td>
<td>Suspension of utility disconnects and late fees; reduction of certain water and electric rates; increased discount provided through the Customer Assistance Program (CAP); and expanded CAP eligibility</td>
<td>Utility customers</td>
<td>Austin Energy; Austin Water; HOPWA</td>
<td>$10M</td>
<td>$10M approved by Ordinance 20200409-083</td>
</tr>
</tbody>
</table>

**Total Economic Support**  
$101.2M

* Subject to change. Estimates are inclusive of prior Council actions.
## Contingency: $33 million

<table>
<thead>
<tr>
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<th>Funding Sources</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingency</td>
<td>Funding for additional medical and public health expenses that may be needed to combat the pandemic; unanticipated operational expenses related to Covid-19 response; address disallowed expenditures by grantors; cover cost overruns; and provide for flexibility in responding to changing environment</td>
<td></td>
<td>CRF</td>
<td>$33M</td>
</tr>
</tbody>
</table>

**Total Spending Framework Estimate** $270.1 M