

Coordinating Federal Relief: Assessing Community Needs

When the American Rescue Plan (ARP) Act became law on March 11, 2021, Congress approved unprecedented direct aid to 19,000 municipal governments through a noncompetitive funding formula grant in the Local Fiscal Recovery Fund (LFRF) administered by the Treasury Department. NLC spent a year advocating for this direct funding to local governments, and with this approval, Congress recognized how critical local governments are and have been to addressing the COVID-19 pandemic and the recovery process. You can check your local allocation estimate [here](#).

NLC has provided [five principles for ARP implementation](#) to help guide your plan for recovery. Furthermore, on April 21st, 2021, NLC held a webinar to help cities assess their local needs to effectively utilize Federal relief funds. This fact sheet summarizes the recommendations of panelists Michael Wallace from NLC's Federal Advocacy staff; Cori Fain, Deputy Executive Director, [BirminghamStrong](#); and Gary L. Cunningham, President and CEO of [Prosperity Now](#). The full recording of the webinar is available [here](#).

What's in the Local Fiscal Recovery Fund (LFRF)?

Treasury's full guidance on the LFRF is expected on May 10th, but in advance of that clarity, there are some things we do know. First, the bill allows local governments to use funding to provide assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel and hospitality, similar to the CARES Act Coronavirus Relief Fund. But unlike the CARES Act, this bill allows for revenue replacement, including restoring jobs and services cut during the pandemic response. All municipalities can transfer funds to nonprofit partners to continue providing programs and services set up to respond to the COVID crisis. This bill was passed with two years of funding certainty, with the first tranche released around May 10th, 2021, and the second available 12 months later.

The Local Fiscal Recovery Fund is just \$65.1 billion of the full \$1.9 trillion bill; many other provisions include competitive grants. NLC has provided a searchable [Summary of Provisions](#) to help you understand what else is included in the bill, and how funds can be accessed. After so many years of fiscal austerity, ARP includes an infusion of funding that can provide an opportunity for cities to think differently about supporting economic mobility for their residents.

The pandemic and the economic crisis have been devastating for our lowest income residents, and this intersects directly with the Black, Indigenous, Latino, and Asian communities hardest hit by the Coronavirus. ARP includes multiple individual stimulus measures and supports for lower income individuals, including direct stimulus payments, tax credits, and extension of Enhanced Unemployment



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Insurance, Supplemental Nutrition Assistance Program (SNAP) and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). It also includes funding for renters and homeowners, to help stabilize households who are behind on rent, mortgages, or utilities.

The intent of Congress in passing this legislation was to stabilize local governments, small businesses, and households impacted by the pandemic and economic drawback. Michael Wallace from NLC encourages local governments to think about resident support through “pocketbook amnesty” – not only replacing the revenue of fines, fees, and taxes which residents have been unable to pay, but also forgiving these outstanding balances to residents. This will help give people a fresh start coming out of the pandemic and help promote economic stability and mobility for residents.

How Local Governments Can Coordinate Funds and Support Residents

Mayor Woodfin of Birmingham, AL understood early in the pandemic that the impact on small businesses and residents would be serious. He recognized that a successful response would take an ecosystem of partners, and incorporated this approach into the City’s actions. City leaders convened their nonprofit, healthcare, and business leaders to set a tone for the seriousness of what was coming, and to create an “all hands on deck” response. Thanks to Mayor Woodfin’s vision and foresight in recognizing local government’s limitations in moving quickly, BirminghamStrong (BhamStrong) was created as a partnership adjacent to local government to be able to respond to emerging needs. They were able to get to work right away under another organization’s nonprofit status.

One of the first things BhamStrong did was to engage local expertise in data science to build a website and develop surveys for residents about food insecurity, wage insecurity and layoffs, and small business revenue losses, all to help identify targeted needs. The team understood that there was likely to be a gap between local needs and federal response, but wanted to be really specific about what was needed. Cori Fain expressed how critical local networks are to distributing the surveys and creating local responses. For instance, the surveys were not just shared with local businesses, but those businesses were also asked to distribute them to their current and former employees. As a result of those surveys, BhamStrong created two programs: a loan fund to help businesses bridge their operations until they could access federal relief funds and a service corps that paid 470 local residents who were unemployed because of the pandemic a living wage to contribute to local recovery efforts.

Building Racial Equity into Small Business Supports

Small business development is core to helping communities rebuild stronger and more equitable economies. Prosperity Now’s Gary Cunningham is committed to building a path to a fair and just economy that is free from structural inequality and racism and sees the opportunity local governments have with ARP to address racial equity and access to capital for small business owners. The business support system is often fragmented, and local leaders have an important role to play in helping business owners navigate the resources that are available. Mapping the ecosystem helps each entity focus on their own strengths without competition. Gary hopes that the Community Navigator Program funded in the ARP will help local communities create a collective impact model for supporting small businesses with a focus on minority and underserved business owners.

Navigators will help close the racial wealth gap by strengthening minority-owned businesses, and ensuring that services are accessed more equitably. Gary says that underserved businesses face a gap on the “3 M’s”: Money, Management (education), and Markets. Cities are in a unique position to pull together all the players in an ecosystem to think through how a system of business supports can address racial inequities and help all business owners access these 3 M’s. By adopting a collective impact approach, with shared targets for success, competition between business support organizations can be turned into opportunities for collaboration that help everyone.

Creating a Plan for Action

All our panelists understand that recovering from an event of this scale requires the full community to rally around a common cause. Gary suggests that **all entities within the small business support environment create common measures of success, or Key Performance Indicators (KPIs) to guide progress**. Cori notes that government may not be nimble enough to respond quickly as circumstances change and suggests **building a small team of passionate leaders outside the government to act swiftly yet coordinate in vision**.

Both Cori and Gary recommend that **local leaders listen to their residents and let local needs dictate response**. Gary recommends that city leaders immediately convene meetings and focus groups with underserved business leaders to learn about their pain points. Cori suggests using tailored surveys to help you understand what’s happening in your community.

Mapping out your current assets is a critical part of creating a smart plan. Cori took an inventory of wrap-around services to help residents in the Service Corps build skills and overcome other barriers to taking the next step in their careers. Gary recommends looking at the service providers in every stage of a business cycle and clarifying the strengths and weaknesses of the current system.

Leveraging funding is a key part of creating a successful response. Using local dollars is just a piece of the puzzle, but can provide critical early funding to support your local interventions. Both Gary and Cori suggest **convening all members of your potential funding community**: local philanthropic organizations, large businesses, banking institutions (especially CRA officers), and other anchor institutions, as well as individual donors – **to create buy-in around your programming**.

Once you understand the needs and gaps, you can take steps to resolve them. Gary encourages local leaders to **be bold and courageous enough to identify what’s missing** and leverage supports to meet the needs of entrepreneurs of color and other underserved business owners.

Finally, **build data collection into your plan**. Mike noted that all recipients of ARP funds will need to report back about how funds were spent and what the results or impact were. Cori notes that systems don’t need to be fancy; BhamStrong used spreadsheets to track what they were doing and what the results were. Planning with your desired results and KPIs in mind will help you measure impact later.

NLC is committed to providing our members with resources to support successful implementation of the American Rescue Plan Act. For the most up-to-date information, please visit <https://www.nlc.org/covid-19-pandemic-response/>