

# Investments in Equity and the American Rescue Plan

prepared by



# Building Richmond Back Better

- ▶ The familiar story of the Richmond budgeting process is too many needs and too little revenue to go around.
- ▶ Richmond's chronic fiscal challenges are centrally related to our high poverty rate, which creates a high demand for services and also limits revenues associated with healthy employment.
- ▶ The ARP offers a unique opportunity to make a significant dent in this cycle and truly put Richmond on better footing fiscally, while also providing urgently needed support to residents.
- ▶ Cities that wisely use this money to advance recovery and policy goals will have a strategic advantage coming out of the pandemic.

# American Rescue Plan – Basic Provisions

- ▶ Estimated to provide City of Richmond with \$159 million in direct assistance (House Oversight estimates, 3/08/21).
- ▶ One-half of this assistance is to be made available within 60 days of passage (May 12, 2021).
- ▶ The remainder to be made available one year later (May 2022).
- ▶ Funds received must be spent by **December 31, 2024**.
- ▶ Localities must carefully track and report use of funds.

# Permissible Use of ARP Funds

- ▶ Direct relief for the **health and economic** consequences of the pandemic, including direct support to individuals, businesses and organizations.
- ▶ Premium pay for front-line workers.
- ▶ Basic government operations **to the extent revenues to support such operations have fallen during the pandemic.**
- ▶ Infrastructure investments, including Internet-related infrastructure.
- ▶ May **not** be used to support pension funds.
- ▶ May **not** be used for tax breaks.

# Other funding sources within ARP

- ▶ In addition to direct relief to localities, ARP provides direct relief to school systems, particularly to assist with expenses related to school re-opening. The Commonwealth of Virginia will receive about \$2.1 billion in support for schools, at least 90% of which must be passed on to local school divisions.
- ▶ Further, the Commonwealth of Virginia is currently slated to receive \$3.8 billion of support; permissible use is the same as for localities. *At this time **Richmond Together** does not have more specific information on how these funds will be expended in Virginia, but it is possible further direct assistance may come to Richmond through this channel.*

# What the City of Richmond Should Do Now

- ▶ These funds represent an incredible opportunity to make strategic investments to redress poverty, equity concerns, and infrastructure needs.
- ▶ **Richmond Together** believes the city should **immediately** designate or hire one or more capable individuals to be the “point person” for everything related to ARP funds and related from other sources (such as the state).
- ▶ This person/persons should understand in detail the rules for these funds; relevant timelines; understand the City’s policy goals (especially as relates to equity); and be capable of conducting a detailed analysis of how various funding sources can be braided together to maximally fund stated and emerging policy goals.
- ▶ It would be in the interest of both the Mayor and City Council for such an analysis to be complete in advance of May 12 (when the first tranche of money becomes available) and also for public discussion over use of these funds to begin now.
- ▶ This process, in our view, is co-equally as significant as the ongoing review of the proposed FY 2022 budget.

# The Case for Significant Investments in Equity, Now

- ▶ **Richmond Together** believes the Mayor and City Council must prioritize using these funds to address long-standing equity-related needs that are difficult to fund adequately during the normal fiscal process.
- ▶ Various bond rating agencies have for years cited the City's poverty rate as a major impediment to achieving a AAA bond rating (and also cited the City's efforts to address poverty as a positive).
- ▶ Various strategic reports and analyses produced by City agencies and related entities call for (both explicitly and implicitly) significant new funding and investment in areas such as housing, community wealth building, transit, education.

# Budget Investment Proposal

In support of **bold** policy action,  
***Richmond Together*** released  
a two-year, \$65.5 million  
“RVA Recovery Budget Investment Proposal”  
for investments in several policy areas where  
there is demonstrable need.



# Budget Investment Proposal

## Public Health and Immediate Human Needs

### 1. Establish a Covid Recovery Special Fund

Allow for broad flexibility to assist in access to COVID testing, vaccinations, support for students undertaking remote learning, and other health and well-being needs related to the pandemic and chronic health disparities, with a robust equity focus. This fund should be overseen by Richmond City Health District.

#### **Goals and Outcomes:**

This fund is intended to give the RCHD broad flexibility in achieving the goal of vaccinating (or offering vaccination) to all Richmond residents by the end of 2021, or sooner. Funds may be used to provide stand-up vaccination clinics in/near public housing communities, recreation centers, school sites, or other locations in order to maximize access for racial and income groups most adversely affected by the pandemic; undertake public education related both to COVID safety and vaccine availability; provide access to COVID testing; provide free, high-quality masks to low-income and working Richmonders; initiatives to help children stay healthy during remote learning; mental health services; or any other step deemed by the Health District as useful to minimizing COVID transmission, loss of life from COVID, protecting the public via vaccination, and addressing broader health-related inequities that the pandemic has exposed.

**Investment:** \$3 mil.

*Initial funding with the possibility of further investment, if deemed necessary by the Health District.*

# Budget Investment Proposal

## Public Health and Immediate Human Needs

### 2. Establish a Human Services Emergency Special Fund

Allow for broad flexibility to provide households with immediate cash assistance aimed at meeting immediate needs, preventing eviction, helping households obtain and maintain employment, and other urgent needs requiring cash support. To be overseen by the Office of Human Services in conjunction with the Office of Community Wealth Building.

#### **Goals and Outcomes:**

This fund is intended to provide immediate cash assistance to individuals identified by the Department of Social Services, the Office of Community Wealth Building, or other city agencies as in immediate need of cash support to prevent eviction, obtain employment or transportation to employment, meet health expenditures, support food security, or other needs. The goal is to alleviate crisis circumstances for Richmond residents. Funding of \$3 million would allow support of \$500 for up to 6,000 individuals or households.

**Investment:** \$3 mil. (annually)

# Budget Investment Proposal

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## Public Health and Immediate Human Needs

### 3. Homeless Services

Immediately increase City funding of homeless service providers to provide intensive services to households and individuals experiencing homelessness as well as full, accelerated implementation of the Homelessness Strategic Plan.

#### ***Goals and Outcomes:***

This funding is intended to jump-start rapid implementation of the City of Richmond Homelessness Strategic Plan, specifically by supporting the stated goals of increasing the number of supportive housing beds by 300 and by increasing funds available for support services to homeless persons (recommendations 3 and 4 in that plan).

**Investment:** \$1.5 mil. (annually)

# Budget Investment Proposal

## Community Wealth Building and Housing Needs

### 4. Expand Office of Community Wealth Building

- Improve capacity to provide intensive workforce development services especially to those affected by the pandemic;
- Launch new apprenticeship programs;
- Expand the Mayor's Youth Academy (job readiness and experience programs);
- Support transition to homeownership.

#### Goals and Outcomes:

##### Year One:

1. An additional \$1 million in for workforce development services would allow expansion of number of persons accessing workforce intensive services (from 1,000 to an estimated 1,500 by FY 2023) and # of persons finding jobs annually (from 600 to est. 900 by FY 2023).
2. Additional \$400,000 for the Mayor's Youth Academy to allow # of participants to *double* from approx. 200 to 400 (by FY 2023).
3. An additional \$100,000 allows expansion of the Ambassadors program.

##### Year Two:

1. Full build-out of staff and operational costs associated with expansion would allow achievement of stated goals, facilitated by additional staffing.
2. Renewal and expansion of the VA Dept of Social Services grant that has matched local OCWB dollars since 2017 (for 2022-2027).

#### Investment: (above current level)

Year One: \$1.5 mil.(total)      ◆      Year Two: \$2 mil. (total)

Anticipated State Match: \$2 mil. (above current budget)

# Budget Investment Proposal

## Community Wealth Building and Housing Needs

**5. Support Housing Needs** through immediate investment in tiny housing options as well as longer-term affordable housing development, including units affordable for residents earning \$30,000 a year or less.

### **Goals and Outcomes:**

In FY 2020, the Affordable Housing Trust Fund invested \$2.9 million helping underwrite production of 226 affordable housing units. FY 2022 investment of \$7.9 million in AHTF should underwrite at least 600 affordable housing units. We recommend that an additional \$1 million be invested by AHTF, targeted to development of a “tiny house” initiative - with a first year goal of helping develop at least 100 new, small homes to be located within the city limits. We recommend a further investment of \$6 million, including \$2 million for the “tiny house” initiative in year two.

**Investment:** *(above current level)*

Year One: \$5 mil.

Year Two: \$6 mil.

Total 2-Year Investment: \$11 mil.

# Budget Investment Proposal

## Community Wealth Building and Housing Needs

**6. Develop comprehensive Healthy Food and Food Security** initiative, including new community-based grocery stores (possibly organized as social enterprises), community gardens, composting initiative, and more.

**Goals and Outcomes:**

- Support for community-based organizations involved in developing community gardens and urban agriculture, including gardens in each public housing community;
- Additional funding for the VDH Healthy Corner Store Initiative;
- Development of a city-wide composting initiative;
- Support for community organizations engaged in urban agriculture;
- Support for community organizations engaged in food distribution during the pandemic;
- Study of the viability of creating a full-scale grocery store or community kitchen, organized as a social enterprise.

**Investment:** *(above current level)*

Year One: \$500,000      ◆      Year Two: \$1.5 mil.

Total 2-Year Investment: \$2 mil.

# Budget Investment Proposal

## Educational Initiatives

**7. Early Childhood Initiative** encompassing Pre-K for 3-year-olds, establishing Child Savings Accounts for RPS Kindergarteners, and related programming.

### **Goals and Outcomes:**

- Kindergarten-to-College Child Savings Accounts: \$1,000 per child enrolling in RPS Kindergarten. Estimated \$2.2 million for grants and \$300,000 for administration and overhead.
- Immediate support of child care providers in financial jeopardy because of the pandemic. Estimated \$2.2 million.
- Community-wide early childhood education - focusing on the “Boston Basics” model of child engagement as well encouraging enrollment in pre-school. Estimated \$300,000.

The long-term goal is to provide support for our youngest Richmonders and bolster the lifelong educational and social opportunities available to Richmond children through early education (including access to Pre-K at age 3) and accumulation of assets and wealth.

**Investment:** \$5 mil.(annually)

# Budget Investment Proposal

## Educational Initiatives

### 8. Support RPS Strategic Plan implementation

- Modifications to assist students adversely impacted by COVID;
- Investments in summer learning and other initiatives (once in-person education becomes safe) to help overcome any learning gaps;
- Strengthen Education Compact to promote deeper collaboration between RPS and City agencies.

#### **Goals and Outcomes:**

The proposed School Board budget calls for approximately \$5 million in new local funding (above FY 2021) to support ongoing implementation of its Strategic Plan. We support this funding and anticipate further local funding requests from RPS for FY 2023.

#### **Investment:**

Year One: \$5 mil.     ◆     Year Two: \$10 mil.

*Total 2-Year Investment:* \$15 mil.



# Budget Investment Proposal

## Infrastructure

### 9. Transform the GRTC transit system

- Make use of GRTC transit system permanently free\* for trips *originating in the City of Richmond*;
- Pursue further upgrades to the GRTC system within the City;
- Work for further regional expansion of transit.

#### **Goals and Outcomes:**

Mobility is a basic human right and is critically important to the well-being of urban residents—both for the purposes of traveling to employment and for other activities in daily life. GRTC fares are a barrier and a stress to low-income City residents, and it's clear that the system can function through greater public support. *Supporting a strong public transit system reduces dependence on automobiles and makes for a more ecologically sustainable city.*

#### **Investment:**

Year One: \$2.5 mil. *(additional support in lieu of fares)*

Year Two: \$5 mil. *(additional support in lieu of fares)*

Total 2-Year Investment: \$7.5 mil.

\* Free fares are currently covered through December 2021 via Cares Act funding.

# Budget Investment Proposal

## Infrastructure

### 10. Establish City-wide Wi-Fi Service or subsidize universal access to existing services.

- Implementation initially in high-poverty neighborhoods in East End and Southside, then extend city-wide.
- Develop app for user-friendly access to all City services including Human Services.

#### **Goals and Outcomes:**

Internet access is also a fundamental requirement of participation in contemporary society. Lack of reliable access is an economic and social barrier as well as a source of stress for thousands of low-income Richmond residents. And as we find ourselves in the midst of the unexpected - a pandemic - it has exacerbated challenges on many levels. The City should commit to establishing and providing free access, beginning in the larger RRHA public housing communities and then expanding city-wide. An initial investment of \$2 million could subsidize access through existing providers for at least 25,000 low-income households while the City explores longer-term options. Supplemental funding may be available through grants from the philanthropic and the private sectors.

**Investment:** \$2 mil. (annually)

# Budget Investment Proposal

## Organizational Improvement

### 11. Organizational Improvement within City Hall

- Optimize current processes, procedures, staffing and potential resources to allow greater focus on highest-priority programs;
- Establish Human Resources initiative to improve accountability, grow internal job ladders and change culture (may include early buy-out option for current employees);
- Audit performance of agencies and programs.

#### **Goals and Outcomes:**

The efficiency and effectiveness of our City government remains challenging, and substantive work must be done to improve performance in a *strategic* manner. We call for for a Year One initiative to revamp the Human Resources department, including establishment of strong performance-based employee evaluation as well as an overhaul and re-focus of the Office of Performance Management. We expect that additional, substantive improvements can be identified with proper assessment and oversight. Also, high-performing City employees should be recognized, rewarded, and retained ... and there should be stronger accountability measures for sub-standard employee performance.

**Investment:** *(above current level)*

Year One: \$250,000 ◆ Year Two: \$250,000

# Budget Investment Proposal

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## Organizational Improvement

### 12. Comprehensive Recovery Plan

Richmond needs a comprehensive plan to address the needs of families and households as well as businesses endangered by COVID pandemic. The plan should cover essential services as well as our core economy. Two immediate action steps:

Step 1: Create a comprehensive plan to guide economic recovery over the next two years;

Step 2: Assign a staff person to manage all grants and funds associated with the recovery.

#### **Goals and Outcomes:**

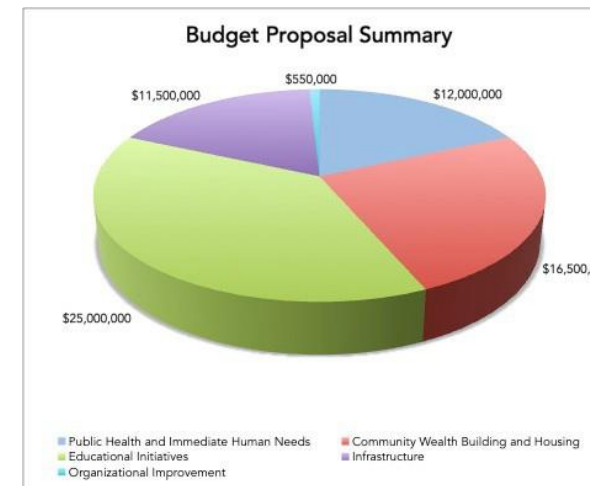
Helping valued Richmond entities to survive and thrive sets the groundwork for rapid recovery and intelligent use and application of all resources, both public and private.

**Investment:** \$50,000

*(plan to be completed by August 1, 2021)*

# Funding Summary

	Year One	Year Two	Total
<i>COVID Health Fund</i>	\$3 million	N/A	\$3 million
<i>Human Services Fund</i>	\$3 million	\$3 million	\$6 million
<i>Homelessness</i>	\$1.5 million	\$1.5 million	\$3 million
<i>OCWB</i>	\$1.5 million	\$2 million	\$3.5 million
<i>Affordable Housing</i>	\$5 million	\$6 million	\$11 million
<i>Healthy Food</i>	\$500,000	\$1.5 million	\$2 million
<i>Early Childhood</i>	\$5 million	\$5 million	\$10 million
<i>RPS Strategic Plan</i>	\$5 million	\$10 million	\$15 million
<i>GRTC</i>	\$2.5 million	\$5 million	\$7.5 million
<i>Citywide Wi-fi</i>	\$2 million	\$2 million	\$4 million
<i>Organizational</i>	\$250,000	\$250,000	\$500,000
<i>Recovery Plan</i>	\$50,000	N/A	\$50,000
<b>TOTAL</b>	<b>\$29,300,000</b>	<b>\$36,250,000</b>	<b>\$65,550,000</b>



# Can ARP fund these items? Some considerations.

- ▶ All of the items in the *Richmond Together* plan could legally be funded using ARP funds: either because they directly relate to health and economic recovery from the pandemic, or because they are general government services with a dollar amount less than the reported revenue impact of the pandemic, or because they are investments in infrastructure.
- ▶ Because of the unique structure of these funds—usable until December 2024—it is likely advisable to create one or more special funds targeted to needs like health and immediate human service relief. Likewise, significant funding could be deposited in existing special funds such as the Affordable Housing Trust Fund.

# Can ARP fund these items?

## Further considerations.

- ▶ Council may have concern about making ongoing commitments to programs requiring future use of General Fund dollars once the ARP fund have expired.
- ▶ However, the long off-ramp period should partially alleviate this concern. For instance, Council could use the funds to commit an additional \$1m annually to the Office of Community Wealth Building to help individuals with labor market challenges find work as quickly as possible after the pandemic. This could be structured as \$1 million each in FY 22, FY 23, FY 24, and \$500,000 in FY 25.
- ▶ Council could then fund a further \$500,000 in FY 25 out of the General Fund (and \$1 million in FY 26 and thereafter) to sustain the expansion, or it could judge that the need has been met.
- ▶ In any case, the relatively long window alleviates concern about starting programs that aren't sustainable. ***With an intelligent plan, the Administration and Council can cover need through the end of their elected terms.***

# Building Richmond Back Better

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- ▶ Richmond's chronic fiscal challenges are centrally related to our high poverty rate, which creates a high demand for services and also limits revenues associated with healthy employment.
- ▶ The ARP offers a unique opportunity to make a significant dent in this cycle and truly put Richmond on better footing fiscally, while also providing urgently needed support to residents.
- ▶ Cities that wisely use this money to advance recovery and policy goals will have a strategic advantage coming out of the pandemic



# Richmond Together

- ▶ Beth Almore, Brian Bills, Teresa Caviness, Taikein Cooper, Stanley Hobbs, Theresa Kennedy, Ebony Mack, Clarence McGill, Rev. Robin Mines, Ben Ragsdale, Bryce Robertson, Garrett Sawyer, Elaine Summerfield, Dr. Thad Williamson
- ▶ Information in this report is current to the best of our knowledge as of March 17, 2021; some information is subject to change.