Testimony of Logan Clark
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To the New York City Council Committee on Finance & the Committee on Oversight and Investigations
Regarding the Status of the City's Allocation of Federal Covid-19 Stimulus Funds
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Good morning, Chair Brannan, Chair Brewer, and members of the City Council Committees on Finance and Oversight and Investigations. My name is Logan Clark, and I am the assistant director of budget review at the New York City Independent Budget Office (IBO). I am joined today by IBO's Budget Review Analyst Brian Cain. Thank you for the opportunity to testify about the status of the city's allocation of federal Covid-19 stimulus funds. In our testimony, we will briefly describe the component parts of the stimulus dollars made available to the city, address how much of that has been claimed as of the close of fiscal year 2022, and how much is currently budgeted for future years. We will also discuss how IBO tracks ongoing expenditures tied to the stimulus funds through our Federal Covid Relief Spending Dashboard, as well as some challenges associated with that tracking due to the inconsistent use of stimulus-specific budget structures by some agencies.

Current Status of Federal Stimulus Funds. Just over $13.5 billion in federal Covid-19 stimulus funds have been made available to New York City. This is comprised of $5.9 billion in unrestricted State and Local Fiscal Relief Funds from the American Rescue Plan Act of 2021 (ARPA-SLFRF) and $7.2 billion in restricted education aid. Of the dedicated education funding, $4.8 billion is authorized through ARPA (ARPA Education) and $2.4 billion is through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA). The education stimulus is mostly earmarked for spending by the city's Department of Education (DOE), with some funds restricted for the City University of New York (CUNY). The city has also received some smaller awards, totaling around $380 million for transportation, remote learning technology, and Section 8 housing vouchers. Our comments today, however, will be limited to the $13.1 billion awarded through ARPA-SLFRF, ARPA Education, and CRRSAA.

As of the close of fiscal year 2022 (unless otherwise noted all years refer to city fiscal years), the city has claimed more than $6.9 billion in these stimulus funds to cover costs, per the city's Financial Management System. This includes $1.2 billion in 2021, and $5.7 billion in 2022. The city has not yet claimed any stimulus funds for 2023. (These numbers differ somewhat from what we currently show as "spent" in our Federal Covid Relief Spending Dashboard and I will address that momentarily.)

Of the nearly $6.2 billion remaining, $4.1 billion are earmarked for educational purposes (from ARPA Education and CRRSAA) and $2.0 billion are unrestricted ARPA-SLFRF funds. As of the release of the 2023 Adopted Budget, the city had budgeted $4.7 billion—across these stimulus funding sources—from 2023 through 2025. A breakout of where those funds are currently budgeted is available in our Federal Spending Dashboard. This means that $1.5 billion of the city's federal stimulus award has neither been claimed nor is currently budgeted for spending in this or future fiscal years, and therefore, is available to be allocated to agencies' budgets in the city's upcoming financial plans. This includes $1.1 billion in

unrestricted federal aid and $383 million in education-specific relief ($280 million for DOE, and $103 million for CUNY).

Current Status of Federal Covid-19 Stimulus Funds					
Dollars in millions					
	A	B	C = A - B	D	E = C - D
Funding Source	Total Grant Allocation	Revenue Claimed	Amount Remaining to Claim	Budgeted FY23-FY25	Total Unbudgeted
ARPA-SLFRF	$5,880	$3,860	$2,020	$905	$1,115
ARPA Education	$4,802	$1,480	$3,322	$3,061	$260
ARPA Higher Education	$71	$10	$60	$-	$60
CRRSAA DOE	$2,136	$1,493	$643	$624	$19
CRRSAA CUNY	$214	$94	$120	$77	$43
Total	$13,103	$6,938	$6,165	$4,667	$1,498

SOURCE: IBO analysis of the New York City Financial Management System; New York City Fiscal Year 2022 Annual Comprehensive Financial Report.

Challenges with Tracking Stimulus Spending. I'd now like to speak a little bit about IBO's Federal Covid Relief Spending Dashboard, the data that we are able to present there, and what we are unable to present due to the inconsistent use of stimulus-specific budget structures by some agencies. IBO's dashboard allows the public to understand how the city has budgeted its stimulus funds and how much of those funds have been spent. For this, we rely on data from the Mayor's Office of Management and Budget (OMB). We update how much the city has budgeted—delineated by agencies and programs— each time the city releases a financial plan. These budgeted amounts are based on dedicated budgeted structures (budget codes/revenue source codes) that OMB has created for the federal stimulus funding.

We also update our dashboard weekly with actual spending data, based again upon those dedicated budget structures that we have received from OMB. We assume that the city will claim a commensurate amount of federal stimulus funds for reimbursement, or a very close amount, to cover the spending in those dedicated codes. Our dashboard does not currently reflect how much the of federal aid the city has claimed to cover that spending because these figures are typically unavailable until the end of the fiscal year. Therefore, IBO's dashboard presents what OMB says it will do; the spending amounts are what OMB expects to claim for reimbursement by the federal government, and the budgeted amounts are what OMB expects to spend.

In preparation for this testimony and based on data in the recently released Annual Comprehensive Financial Report (ACFR) that reports on these actual claims, IBO conducted an analysis to see if the city is claiming federal stimulus revenues to match the expenditure amounts in those dedicated structures. IBO performed this analysis to determine how much of the federal stimulus has been used, and in turn how much is remaining for the current and future fiscal years. According to IBO's dashboard, the city spent $6.8 billion during fiscal years 2021 and 2022, while the city has claimed $6.9 billion, revealing a small difference between our dashboard and claims. Our dashboard additionally shows the city has spent another $1.9 billion in 2023 thus far, which would bring total spending close to $9 billion, to date. (As I previously mentioned the city has not yet submitted claims for 2023, and typically does this near

the close of the fiscal year.) Going forward, IBO is planning to add claims data, when available, to our dashboard to show what the city has actually submitted for reimbursement by the federal government.

Unused Budgeted Amounts. In addition to the somewhat small differences between claims and spending, IBO identified some larger anomalies between claims and budgeted amounts. The attached table includes the final adopted budget amounts for ARPA SLFRF funds as of the June 2022 Adopted Budget and the reimbursement amounts that were described by OMB as being tagged to a specific agency. While most agencies have revenue claims that match or are close to their allocated stimulus funding, there are several that stand out.

There often are perfectly good reasons why the adopted budget funding allocation does not end up matching the claimed revenue for the closing fiscal year. An agency may not spend as much as it anticipated, or it may switch federal funding sources—from federal stimulus funds to FEMA Public Assistance, for example. However, in the instance of the Department of Correction, the financial plan accompanying the 2023 Adopted Budget included $533 million in anticipated stimulus funding for fiscal year 2022, yet when the financial books were closed three months later, they had only claimed $1.3 million. This is not to say that they did not spend $532 million. Stimulus dollars are a fungible pot of money that can be reallocated elsewhere. A dollar is a dollar in the general fund, whether it is federally or locally sourced.

It is, however, an issue of budget transparency, and one of opportunity cost. The budget negotiated between the City Council and the mayor in June assumed an allocation of federal funding to various agencies. Yet, as of the close of the fiscal year, that allocation has shifted, and for at least one agency, substantially. To be clear, these dollars are not lost. The city could add them to the budget right now. However, by allocating those funds to 2022 in the 2023 Adopted Budget Financial Plan, it precluded their ability to be part of the budget for 2023 or future years. Which is to say, that during the adopted budget negotiations, there were $533 million less in federal stimulus funds to address city needs in the current and future fiscal years.

Additionally, it should not require deep insider knowledge to ascertain how much an agency has received in funding, or how much it is intending to claim. Our analysis allocating ARPA-SLFRF claims to agencies required IBO to use an unpublished and unverifiable descriptive field in an obscure accounting report, making it far more difficult to assess revenues after the close of the fiscal year. Conversely, on the expenditure side, both DOE and CUNY budget their anticipated claims outside of the OMB-established naming conventions and funding sources, making it more difficult to assess stimulus usage in real time. All of this information could be more readily presented by the administration.

Department of Education. We also wanted to present our findings related to the Department of Education specifically. As of fiscal year end, DOE had claimed $2.9 billion of its $6.9 billion allocation from education-restricted funding sources. Of the unspent funds, $3.7 billion has been budgeted for 2023 through 2025, leaving about $280 million in unbudgeted funds that must be used by DOE. Note that our dashboard presents $317 million as unbudgeted; this difference is because DOE claimed $37 million more for 2022 than the agency recorded as spent in stimulus budget codes. In addition to the education-specific funding, DOE also claimed about $400 million from the unrestricted ARPA-SLFRF funds through 2022.

Conclusion. In closing, I want to reiterate the key takeaways of our testimony. One, the city has roughly $1.5 billion remaining to budget across the 2023 to 2025 window, including $1.1 billion in unrestricted funds and $383 million in funds restricted for educational use ($280 million for DOE and $103 million CUNY). Two, IBO recommends that the city adhere to its own guidelines, and budget stimulus funding in a way that allows the public to easily know how much each agency is allocated to spend, and how much they end up claiming during the fiscal year. Finally, if there is a significant difference between an agency's allocation and their year-end claims, the administration should provide a reconciliation of that variance. We thank you again for the opportunity to testify and are ready to answer your questions.

ARPA SLFRF Federal Stimulus Claims vs. Budgeted Amounts by Agency Fiscal Year 2022

Agency	Fiscal Year 2022 Revenue Claimed	Funding in Fiscal Year 20222 as of 2023 Adopted Budget	Difference
ACS	$9,881,333	$9,917,374	$36,041
BIC	159,086	159,086	0
COIB	143,000	143,000	0
CUNY	1,413,704	2,520,000	1,106,296
DCAS	59,667,566	60,519,501	851,935
DCLA	11,755,000	11,898,350	143,350
DDC	1,725,000	1,725,000	0
DEP	8,965,098	16,418,298	7,453,200
DFTA	66,067,275	83,690,909	17,623,634
DHS	71,053,167	77,840,617	6,787,450
DOB	24,948,245	27,224,359	2,276,114
DOC	1,324,540	533,324,540	532,000,000
DOE	400,134,062	411,119,570	10,985,508
DOHMH	78,261,605	92,187,027	13,925,422
DOI	600,000	600,000	0
DOP	2,262,433	2,301,296	38,863
DOT	10,856,565	18,619,845	7,763,280
DPR	57,875,466	57,875,466	0
DSNY	441,061,149	441,061,149	0
DSS/HRA	280,614,299	280,614,299	0
DWCP	2,596,000	2,596,000	0
DYCD	39,533,275	39,533,281	6
FDNY	510,702	510,702	0
H+H	286,615,069	457,972,010	171,356,941
HPD	31,691,610	36,528,202	4,836,592
LAW	2,619,356	2,619,356	0
Mayoralty	480,125	2,703,938	2,223,813
OMB	428,000	428,000	0
MOCS	6,129,839	6,308,689	178,850
MISC	0	$88,855,607	$88,855,607
MOCJ	$77,860,915	0	(77,860,915)
NYCEM	1,391,137	2,290,907	899,770
NYPD	566,500,000	566,500,000	0
OATH	116,492	116,492	0
OTI	60,475,560	62,968,952	2,493,392
SBS	262,475,296	299,587,010	37,111,714
TLC	15,000,000	15,000,000	0
(blank)	1,306,886		(1,306,886)
Other	0	794,504	794,504
Total	**$2,884,498,854**	**$3,715,073,336**	**$830,574,482**